

POINT LOBOS FOUNDATION

FINANCIAL STATEMENTS
with
INDEPENDENT ACCOUNTANT'S
REVIEW REPORT

DECEMBER 31, 2020

McGILLOWAY, RAY, BROWN & KAUFMAN
ACCOUNTANTS & CONSULTANTS

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Point Lobos Foundation
Carmel, California

We have reviewed the accompanying financial statements of Point Lobos Foundation (a non-profit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

McGilloway, Ray, Brown & Kaufman
Salinas, California
September 20, 2021

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POINT LOBOS FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

ASSETS

Cash and cash equivalents	\$ 186,625
Account receivables	66,055
Inventory	28,201
Prepays and deposits	8,031
Investments	1,272,185
Collections (Note 3)	-
Property and equipment, net	28,003
Intangible assets, net	32,182
Total assets	\$ 1,621,282

LIABILITIES

Accounts payable	\$ 14,677
Accrued expenses	21,792
Paycheck Protection Program loan payable	69,468
Economic Injury Disaster Loan - SBA	150,000
Total liabilities	255,937

NET ASSETS

Without donor restrictions	
Undesignated	675,822
Board designated	235,846
Total without donor restrictions	911,668
With donor restrictions	
Purpose restricted	453,677
Total net assets	1,365,345
Total liabilities and net assets	\$ 1,621,282

See accompanying notes to the financial statements.

POINT LOBOS FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Membership dues	\$ 147,033	\$ -	\$ 147,033
Grants and donations	193,212	148,119	341,331
In-kind donations	3,072	-	3,072
Merchandise sales, net	13,945	-	13,945
Investment return, net	118,507	-	118,507
Fundraising events, net (Note 10)	-	-	-
Other Income	19,890		19,890
	<u>495,659</u>	<u>148,119</u>	<u>643,778</u>
Net assets released from purpose restrictions	<u>294,810</u>	<u>(294,810)</u>	<u>-</u>
Total revenue and support	<u>790,469</u>	<u>(146,691)</u>	<u>643,778</u>
Expenses			
Program services	489,302	-	489,302
Support services			
Fundraising	122,019	-	122,019
General and administration	84,638	-	84,638
Total expenses	<u>695,959</u>	<u>-</u>	<u>695,959</u>
Change in net assets	<u>94,510</u>	<u>(146,691)</u>	<u>(52,181)</u>
Net assets, beginning of year	<u>817,158</u>	<u>600,368</u>	<u>1,417,526</u>
Net assets, end of year	<u>\$ 911,668</u>	<u>\$ 453,677</u>	<u>\$ 1,365,345</u>

See accompanying notes to the financial statements.

POINT LOBOS FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services	Support Services		Total
		Fundraising	General and Administration	
Personnel	\$ 162,060	\$ 88,703	\$ 60,534	\$ 311,297
Trail maintenance and restoration	219,577	-	-	219,577
Interpretive aids	1,760	-	-	1,760
Docent training	7,971	-	-	7,971
Vistor services	17,878	-	-	17,878
Uniforms	520	-	-	520
Events and recognition	785	-	-	785
Transportation	7,117	-	-	7,117
Education outreach and materials	798	-	-	798
Printing	6,736	1,162	-	7,898
Occupancy	12,884	8,220	11,292	32,396
Office	10,137	6,808	2,676	19,621
Curation maintenance	4,885	-	-	4,885
Equipment maintenance	2,008	-	-	2,008
Building maintenance	4,737	-	-	4,737
Telephone	2,516	97	97	2,710
Insurance	3,079	2,322	2,071	7,472
Research	918	-	-	918
Publicity	593	2,171	-	2,764
Website	1,230	454	58	1,742
Conferences and meetings	163	363	2,058	2,584
Professional fees	5,133	10,892	5,057	21,082
Depreciation and amortization	15,817	827	795	17,439
Total expenses	<u>\$ 489,302</u>	<u>\$ 122,019</u>	<u>\$ 84,638</u>	<u>\$ 695,959</u>

See accompanying notes to the financial statements.

POINT LOBOS FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

Cash flows from operating activities	
Change in net assets	\$ (52,181)
Adjustments to reconcile net assets to net cash used by operating activities	
Depreciation and amortization	17,439
Realized/unrealized gain on investments	(105,109)
Gain on disposition of property and equipment	(10,947)
(Increase) decrease in current assets and liabilities	
Accounts receivables	(21,970)
Inventory	(3,002)
Prepays and deposits	2,653
Accounts payable	(5,471)
Accrued liabilities	9,516
Net cash used by operating activities	<u>(169,072)</u>
Cash flows from investing activities	
Proceeds from sale of investments	365,016
Purchase of investments	(398,146)
Proceeds from sale of property and equipment	<u>36,000</u>
Net cash provided by investing activities	<u>2,870</u>
Cash flows from financing activities	
Proceeds from Paycheck Protection Program and EIDL loan	69,468
Proceeds from Economic Injury Disaster Loan - SBA	<u>150,000</u>
Net cash provided by financing activities	<u>219,468</u>
Net increase in cash and cash equivalents	53,266
Cash and cash equivalents, beginning of year	<u>133,359</u>
Cash and cash equivalents, end of year	<u><u>\$ 186,625</u></u>

See accompanying notes to the financial statements.

POINT LOBOS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. Summary of Significant Accounting Policies

Organization and Nature of Activities

Point Lobos Foundation (the Foundation) is a California non-profit public benefit corporation founded in February 1978. The Foundation is dedicated to protecting and nurturing Point Lobos State Natural Reserve, educating and inspiring visitors to preserve its unique natural and cultural resources, and strengthening the network of Carmel Area State Parks.

The primary sources of the Foundation's support are from membership dues, contributions and grants.

Financial Statement Presentation

The Foundation prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit entities. The significant accounting and reporting policies used by the Foundation are described subsequently to enhance the usefulness and understandability of the financial statements.

Basis of Accounting

These financial statements have been prepared using the accrual basis of accounting and accounting principles generally accepted in the United States of America.

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 certain reported amounts and disclosures. The Foundation's management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

Classes of Net Assets

The Foundation has classified the individual funds according to donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purposes in performing the primary objectives of the Foundation. The Foundation board may designate assets without restrictions for specific operational purposes from time to time. The Board of Trustees has designated \$49,846 for funding of the General Plan with the California State Parks. (See Note 12).

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 non-profit organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Income Taxes

The Foundation is a tax-exempt organization under Internal Revenue Code Section 509(a)(2) under Section 501(c)(3) and related California code sections. The Foundation may be subject to tax on unrelated business income. No estimated unrelated business income tax was recorded for the year ended December 31, 2020.

POINT LOBOS FOUNDATION
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The Foundation follows the guidance of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740, *Income Taxes*, for accounting for uncertainty in income taxes. Management evaluated the Foundation's tax positions and concluded that the Foundation had maintained its tax-exempt status and had not taken uncertain tax positions that required adjustment to the financial statements.

The Foundation had no interest and penalties related to income taxes for the year ended December 31, 2020.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Foundation considers all unrestricted cash held at a financial institution with an initial maturity of three months or less to be cash equivalents. The Foundation does not consider any of its investments in money market funds held with brokerage firms to be cash equivalents, regardless of their initial maturities.

Account Receivables

Management believes all account receivables are fully collectible; therefore, no allowance for doubtful accounts is recorded. All receivables are expected to be collected within one year.

Inventory

Inventories, consisting of maps and other materials available for sale, is reported at the lower of first in, first out (FIFO) cost and net realizable value.

Investments

The Foundation carries investments in marketable securities with readily determinable fair values at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the investment income in the accompanying Statement of Activities. (See Note 4).

Fair Value Measurements

Investments are recorded at fair value, determined in accordance with the provisions of FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurement*. ASC 820 establishes a fair value hierarchy disclosure framework which prioritizes and ranks the level of market price observable inputs used in measuring investments at fair value.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 – Inputs based on quoted market prices for identical assets or liabilities in an active market. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 – Observable market-based inputs or unobservable inputs that are corroborated by market data. Price inputs are quoted prices for identical or similar financial instruments in markets that are not active; and model-derived valuations in which all significant inputs or significant value drivers are observable in active markets.
- Level 3 – Pricing inputs are unobservable and include situations where there is little, if any, market activity for the investment. These inputs into the determination of fair value require significant management judgment or estimation. Due to the inherent uncertainty of these estimates, these values may differ materially from the values that would have been used had a ready market for these investments existed. Investments that are included in this category generally include private fund investment structures and limited interests.

POINT LOBOS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
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Concentration of Credit Risk

Credit risk is the failure of another party to perform in accordance with the contract terms. Financial instruments that potentially subject the Foundation to concentrations of credit risk consist primarily of cash and cash equivalents, investments and receivables. The Foundation places its cash and cash equivalents with high-credit, quality financial institutions that are insured up to \$250,000 at December 31, 2020, by the Federal Deposit Insurance Corporation (FDIC).

With respect to investments, the Foundation holds investments in the form of fixed income and equity securities with third-party money managers. The Foundation has never sustained a loss on any investment due to non-performance by these third parties and does not anticipate any non-performance by these parties in the future.

Receivables consist primarily of unsecured amounts due from foundation grants. The credit risk associated with the receivables from grants is mitigated by the number of grants comprising the receivable balance. Management evaluates the collectability of receivables on a regular basis and expects the receivables to be fully collectible.

Collections

The Foundation's collections are made up of artifacts and archives of historical significance, scientific specimens, and art objects that are held for educational and curatorial purposes. Collection items were acquired through contributions since the Foundation's inception and are not recognized as assets on the Statement of Financial Position. Proceeds from deaccessions or insurance recoveries, if any, are reflected as increases in the appropriate net assets classes. (See Note 3).

Property and Equipment and Depreciation Methods

All acquisitions of property and equipment in excess of \$2,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the fair value at the date of donation. Depreciation is computed using primarily the double declining balance and straight-line methods over the estimated useful lives of the related assets, which range from 5 to 15 years.

Intangible Assets

The Foundation has intangible assets in the form of website development costs. In developing assumptions about the useful life of these assets, the Foundation considers the estimated term of expected operation.

Costs that increase the functionality or efficiency of the intangible assets, or otherwise extend the useful life of the assets of \$2,000 or more which are used to conduct the Foundation's business are capitalized. Intangible assets are presented at cost less accumulated amortization. Amortization is computed using the straight-line method over the estimated life of 15 years and it is annually reviewed for impairment.

Revenue Recognition

Grants and donations are recorded as support with donor or without donor restrictions, depending on the existence and nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in net assets without donor restrictions. All other donor restricted support is reported as an increase in net assets with donor 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

POINT LOBOS FOUNDATION
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restrictions and reported in the Statement of Activities as net assets released from restrictions. Membership dues are recognized during the applicable membership period.

Donated Services and In-Kind Donations

Donated marketable securities and other in-kind donations are recorded as contributions at their fair value at the date of donation. The financial statements include \$3,072 in donated rent for the year ended December 31, 2020.

The Foundation generally pays for services requiring specific expertise. However, the Foundation relies on substantial volunteer services - 1,300 hours in 2020 - to further its goals. No amounts have been recognized in the Statement of Activities for generalized volunteer services because the criteria for recognition have not been satisfied. The donations of professional services received are reported when the criteria are satisfied. For the year ended December 31, 2020, there were no additional donated services.

Functional Allocation of Expenses

The cost of providing the various program services and supporting activities of the Foundation have been summarized on a functional basis in the Statement of Activities and Statement of Functional Expenses. An individual expense is allocated to the underlying activity through which it was incurred. The Statement of Activities and in the Statement of Functional Expenses includes certain expenses which must be allocated on a reasonable basis which has been consistently applied. Occupancy and utilities have been allocated based on a pro-rata share space usage of office. Depreciation and amortization have been allocated by the underlying activity the depreciable item serves.

Recently Issued Accounting Standards Updates (ASU)

ASU 2018-08

In June 2018, the FASB issued ASU No. 2018-08, Not-For-Profit Entities (Topic 958) *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this Update provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional. The amendments provide for additional clarifying guidance resulting in greater consistency in application and make the accounting for contributions more operable. The guidance is effective for periods beginning after December 15, 2018. The amendments in this Update should be applied on a modified prospective basis. Retrospective application is permitted. This ASU has been applied to the year presented with no material changes to the financial statements.

Recent and Upcoming Accounting Standards Updates (ASU)

ASU 2014-09

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which amended revenue recognition guidance to clarify the principles for recognizing revenues from contracts with customers. The guidance requires an entity to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, disclosures are required about customer contracts, significant judgement and changes in judgements, and assets recognized from the costs to obtain or fulfill a contract.

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ASU No. 2014-09 is effective for annual reporting in fiscal years beginning after December 15, 2018. In June 2020, FASB issued ASU No. 2020-05 Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842) to delay the effective date for annual reporting to fiscal years beginning after December 15, 2019. The Foundation is adopting this ASU using the modified retrospective method in 2020, which resulted in no material changes to its financial statements.

ASU 2016-02

In February 2016, the FASB issued ASU No. 2016-02, which amends the FASB Accounting Standards Codification and creates Topic 842, *Leases*, requiring organizations to recognize lease assets and lease liabilities on the statement of net position and requiring disclosure of key information about leasing arrangements. The guidance is effective for periods beginning after December 15, 2020. ASU No. 2016-02 mandates a modified retrospective transition method. In June 2020, FASB issued ASU No. 2020-05 Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842) to delay the effective date for annual reporting to fiscal years beginning after December 15, 2021. The Foundation is currently evaluating the impact of the pending adoption of this new standard on its financial statements.

ASU 2020-07

In September 2020, the FASB issued ASU No. 2020-07 (Topic 958), *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, or gifts-in-kind. The guidance is effective for periods beginning after June 15, 2021. The amendment in this Update is required to be applied on a retrospective basis. The Foundation is currently evaluating the impact of the pending adoption of this new standard on its financial statements and expects the impact to be de minimis.

2. Financial Assets Availability, Liquidity and Reserves Management

The following reflects the Foundation's financial assets as of December 31, 2020, reduced by amounts not available for general expenditure due to contractual or donor-imposed restrictions within one year. Amounts not available include amounts set aside for liquidity reserve upon approval of the Board of Directors.

The following assets available to meet cash needs for general expenditure within one year:

Cash and cash equivalents	\$ 186,625
Account receivables	66,055
Investments	<u>1,272,185</u>
Financial assets as of December 31, 2020	1,524,865
Less:	
Amounts subject to donor restrictions	(453,677)
Amount set aside for general plan	(49,846)
Amount set aside for restoration	(36,000)
Amount set aside for liquidity reserve	<u>(150,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 835,342</u></u>

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

POINT LOBOS FOUNDATION
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To help manage unanticipated liquidity needs, the Foundation has designated, at a minimum, a fund that is equal to three months of average operating costs. The calculation of average monthly operating costs includes all recurring, predictable expenses such as salaries and benefits, occupancy, office, program, and ongoing professional services. Depreciation, in-kind, and other non-cash expenses are not included in the calculation. The amount of the fund target minimum will be calculated each year after approval of the annual budget as one quarter of the approved expense budget, excluding depreciation, in-kind and other non-cash expenses. Total board designated operating reserve fund was \$150,000 as of December 31, 2020.

The Fund was established through approval of the Board of Directors to provide an internal source of funds for situations such as a sudden increase in expenses, one-time unbudgeted expenses, unanticipated loss in funding, or uninsured losses.

3. The Whalers Cabin and the Whaling Station Museum Collections

The Foundation's collections are made up of artifacts and documents of historical significance, scientific specimens and art objects that are held for educational and curatorial purposes. These items are cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed continuously. The majority of the collection is on a long-term loan to California Department of Parks and Recreation, for display at The Whalers Cabin and The Whaling Station Museum buildings at Point Lobos State Natural Reserve. The objects in the collection were acquired over several years and have an appraised value of \$142,905. No collection items were deaccessioned in 2020.

4. Investments

Investments are presented in the financial statements on a recurring basis at fair value based on quoted market prices for identical assets or liabilities in an active market (Level 1).

Investments consist of the following at December 31, 2020:

	Cost	Fair Value (Level 1)	Unrealized Appreciation
Cash and money market funds	\$ 87,353	\$ 87,353	\$ -
Mutual Funds	1,007,977	1,184,832	176,855
	<u>\$ 1,095,330</u>	<u>\$ 1,272,185</u>	<u>\$ 176,855</u>

Money market funds and mutual funds are classified as Level 1 instruments as there are quoted market prices in active markets for identical assets. The mutual funds' current price is the value of the financial asset share, unit or contract as priced at the close of the market on the last day of the statement period or the last available price.

For the year ended December 31, 2020, investment return, net consisted of:

Interest and dividends	\$ 21,197
Unrealized gain	83,327
Realized gain	21,782
Investment fees	(7,799)
Investment return, net	<u>\$ 118,507</u>

POINT LOBOS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

5. Property and Equipment, net

Property and equipment at December 31, 2020 consists of:

Furniture and fixtures	\$ 43,459
Machinery and equipment	48,495
Vehicles	21,506
	113,460
Total depreciable assets	113,460
Less accumulated depreciation	(85,457)
	\$ 28,003

Depreciation expense for the year ended December 31, 2020 was \$13,738.

6. Intangible Assets, net

The following is a summary of intangible assets as of December 31, 2020:

	December 31, 2019	Additions	Disposals	December 31, 2020
Website development costs	\$ 41,500	\$ -	\$ -	\$ 41,500
Less: Accumulated amortization	(5,617)	(3,701)	-	(9,318)
	\$ 35,883	\$ (3,701)	\$ -	\$ 32,182

Amortization expense for the year ended December 31, 2020 was \$3,701. Estimated annual amortization expense for the next five years is \$3,700 per year.

7. Paycheck Protection Program Loan Payable

On May 11, 2020, the Foundation received a loan from Wells Fargo Bank in the amount of \$69,468 under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrues interest at 1%, but payments are not required to begin for six months after the funding of the loan. The Foundation is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal government.

On April 23, 2021, the loan was forgiven by the U.S. Small Business Administration and the Foundation recognized the income in 2021 in accordance with FASB ASC Topic 470 – Debt.

8. Economic Injury Disaster Loan - SBA

The Foundation applied for and was approved a 30-year, \$150,000 loan under the Economic Injury Disaster Loan (EIDL) program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration (SBA). Principal and interest payments are \$641 per month and the loan accrues interest at 2.75%. The SBA extended initial payments on loans until 24 months from the date of the note. In addition, \$5,000 was received as part of the EIDL Emergency Advance and is included in the statement of activities as grants and donations. Proceeds from any EIDL advance would be deducted from the loan forgiveness amount on the Paycheck Protection Program.

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Scheduled principal payments on the note payable are as follows:

<u>Year ending December 31,</u>	
2021	\$ -
2022	1,794
2023	3,662
2024	3,764
2025	3,869
Thereafter	136,911
	<u>\$ 150,000</u>

9. Merchandise Sales, net

For the year ended December 31, 2020, merchandise sales, net was as follows:

	Information		
	Total	Station	Maps
Sales	\$ 22,821	\$ 13,395	\$ 9,426
Cost of goods sold	8,876	7,180	1,696
Merchandise sales, net	<u>\$ 13,945</u>	<u>\$ 6,215</u>	<u>\$ 7,730</u>

10. Fundraising Events, net

For the year ended December 31, 2020, net profit on fundraising special events was zero due to the Shelter-in-Place orders issued by Monterey County and COVID-19. In the past, the Foundation usually held the Moonlight Walk fundraising event. However, in 2020 the Foundation was unable to plan any events.

11. Net Assets – With Donor Restrictions

Donor restricted net assets consist for the following purposes as of December 31, 2020:

Subject to specified purpose:

Sister Anna Voss Memorial Fund	\$ 126,905
Trail and facility maintenance	30,997
Information Station remodel	2,000
Whalers Cabin	28,854
School outreach transportation	6,747
Intern program and research	21,419
Restoration	57,940
Habitat conservation and protection	110,832
Office relocation and communications	10,000
Hudson House	57,933
Discover Point Lobos	50
Total	<u>\$ 453,677</u>

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NOTES TO FINANCIAL STATEMENTS
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Released from donor restricted net assets for the year ended December 31, 2020, are as follows:

Release for satisfaction of specific purpose:

Sister Anna Voss Memorial Fund	\$ 18,783
Trail and facility maintenance	4,325
COVID-19 Relief	600
Information Station remodel	10,009
Whalers Cabin	7,566
Sea Lion Point	16,417
School outreach transportation	5,927
Intern program and research	918
Restoration	22,500
Habitat conservation and protection	93,107
Garrapata State Park	60,000
Hudson House	54,658
Total	<u><u>\$ 294,810</u></u>

12. Board Designated Net Assets

Board designated net assets consist for the following purposes as of December 31, 2020:

General Plan	\$ 49,846
Liquidity reserve	150,000
Restoration	36,000
Total	<u><u>\$ 235,846</u></u>

In 2011, the Board designated funds for funding up to 50% for the General Plan, up to a maximum of \$250,000. The balance of the funds designated for the General Plan at December 31, 2020, consists of the following:

Total Designated	\$ 250,000
Expended through December 31, 2019	(200,154)
Expended in 2020	-
Board Designated as of December 31, 2020	<u><u>\$ 49,846</u></u>

The General Plan is further discussed in Note 15, Commitments – Memorandum of Understanding (MOU) California State Parks.

13. Concentrations

For the year ended December 31, 2020, revenue received for grants and donations was approximately 53% of total revenue. One donor contributed approximately 15% of total revenue received for grants and donations.

14. Lease Commitments

In March of 2017 and May of 2018, the Foundation entered a five year noncancellable operating lease for two copiers. For the year ended December 31, 2020, the copier leases amounted to \$2,940.

POINT LOBOS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
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Future minimum lease payments for these copiers under this noncancellable operating leases are as follows:

<u>Year ending December 31,</u>	
2021	\$ 2,940
2022	2,243
2023	652
	<u>\$ 5,835</u>

In May 2018, the Foundation entered into a noncancellable operating lease for its administrative office for a five-year term. For the year ended December 31, 2020, lease expense under this lease amounted to \$31,990.

Future minimum lease payments for the facility under this noncancellable operating lease are as follows:

<u>Year ending December 31,</u>	
2021	\$ 31,990
2022	31,990
2023	10,662
	<u>\$ 74,642</u>

15. Commitments

Memorandum of Understanding (MOU) California State Parks

The Foundation entered into a Memorandum of Understanding (MOU) with California State Parks (CSP) in 2011 to provide one-half of the funding for the preparation of a General Plan for the Properties, up to a maximum funding by the Foundation of \$250,000. The Properties are defined as Point Lobos State Natural Reserve, Point Lobos Ranch property, Carmel River State Beach, and the Hatton Canyon property. Under the MOU the Foundation will reimburse CSP within 30 days after receipt of an acceptable billing statement from CSP. The Board has reserved net assets as designated for this commitment. (See Note 12).

Park It! Stewardship Fund

The Park It! initiative is a community-based coalition among multiple state, federal and local agencies to implement developed and supported solutions to improve traffic safety and enhance public access now facing public lands between the Carmel River and the southern end of Garrapata State Park and, if successful, expand further south in Big Sur and elsewhere.

On September 20, 2018, the Foundation and the Big Sur Land Trust entered into an agreement for the establishment of the Park It! Stewardship Fund, with the Community Foundation for Monterey County (CFMC). The agreement provides a vehicle for any cash contributions to the fund to be used for the projects initiated by Park It!. The funds are held by CFMC in their general fund and are invested according to their investment policies. The Foundation has committed to contribute a total of \$50,000 to support Park It! and has contributed \$24,376 through 2020, with a remaining commitment of \$25,624.

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16. Risk and Uncertainties

COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus, COVID-19, as a pandemic, which continues to spread throughout the United States. The impacts of COVID-19 may have a material adverse impact on the Foundation.

Future potential impacts the Foundation could face are a continued reduction in merchandise and grant revenue. In addition, COVID-19 could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could affect future grant and donor funding.

Any of the foregoing could harm the Foundation and management cannot anticipate all of the ways in which health epidemics such as COVID-19 could adversely impact the Foundation. Although management is continuing to monitor and assess the effects of the COVID-19 pandemic, the ultimate impact of the COVID-19 outbreak or a similar health epidemic is highly uncertain and subject to change.

No adjustments have been made to these financial statements as a result of this uncertainty.

17. Subsequent Events

Paycheck Protection Program Loan – 2nd draw

Subsequent to year end, the Foundation applied for and was approved a \$58,435 loan under the Paycheck Protection Program 2nd draw created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrues interest at 1%, but payments are not required to begin for six months after the funding of the loan. The Foundation is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal government.

Date of Management Review

In connection with the preparation of the financial statements and in accordance with FASB ASC Topic 855, *Subsequent Events*, the Foundation has evaluated subsequent events after the statement of financial position date of December 31, 2020 through September 20, 2021, which was the date the financial statements were available to be issued and determined there were no other items to be disclosed.