



FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REVIEW REPORT
DECEMBER 31, 2022 AND 2021

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**POINT LOBOS FOUNDATION
FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

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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, which comprise the statement of financial position as of December 31, 2022, 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 entity 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.

We are required to be independent of Point Lobos Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying December 31, 2022 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Report on 2021 Financial Statements

The 2021 financial statements were audited by us, and we expressed an unmodified opinion on them in our report dated May 18, 2022. We have not performed any auditing procedures since that date.

Mann, Urrutia, Nelson CPAs

Sacramento, California
July 19, 2023

POINT LOBOS FOUNDATION
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022 AND 2021

	<u>(Unaudited)</u> <u>2022</u>	<u>(Audited)</u> <u>2021</u>
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents (Note 3)	\$ 391,167	\$ 391,811
Investments (Notes 5 and 6)	1,124,336	1,335,607
Accounts receivable	90,833	74,972
Inventory	51,418	23,979
Prepays and deposits	<u>4,607</u>	<u>4,278</u>
Total Current Assets	<u>1,662,361</u>	<u>1,830,647</u>
Non-Current Assets		
Property and equipment, net (Note 7)	17,291	22,721
Intangible assets, net (Note 8)	<u>10,817</u>	<u>28,482</u>
Total Non-Current Assets	<u>28,108</u>	<u>51,203</u>
Total Assets	<u>\$ 1,690,469</u>	<u>\$ 1,881,850</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable	\$ 34,267	\$ 27,718
Accrued paid time off	26,884	30,541
Other liabilities	-	1,339
Current portion of long-term debt (Note 9)	<u>3,639</u>	<u>-</u>
Total Current Liabilities	<u>64,790</u>	<u>59,598</u>
Non-Current Liabilities		
Long-term debt, less current portion (Note 9)	<u>57,000</u>	<u>148,508</u>
Total Non-Current Liabilities	<u>57,000</u>	<u>148,508</u>
Total Liabilities	<u>121,790</u>	<u>208,106</u>
Net Assets		
Without donor restrictions (Note 15)	1,109,350	1,189,098
With donor restrictions (Note 14)	<u>459,329</u>	<u>484,646</u>
Total Net Assets	<u>1,568,679</u>	<u>1,673,744</u>
Total Liabilities and Net Assets	<u>\$ 1,690,469</u>	<u>\$ 1,881,850</u>

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

POINT LOBOS FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022 (Unaudited)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenues			
Membership dues	\$ 245,720	\$ -	\$ 245,720
Grants and donations	279,854	180,530	460,384
In-kind donations (Note 12)	39,855	-	39,855
Merchandise sales, net (Note 10)	57,147	-	57,147
Investment loss, net (Note 6)	(213,012)	-	(213,012)
Fundraising events (Note 11)	14,963	-	14,963
Less: Costs of direct benefits to donors	(10,500)	-	(10,500)
Other income	<u>7,733</u>	<u>-</u>	<u>7,733</u>
Total Support and Revenue	<u>421,760</u>	<u>180,530</u>	<u>602,290</u>
Net assets released from restriction	<u>205,847</u>	<u>(205,847)</u>	<u>-</u>
Total Revenues	<u>627,607</u>	<u>(25,317)</u>	<u>602,290</u>
Expenses			
Program services	466,767	-	466,767
Fundraising	121,596	-	121,596
General and administration	<u>118,992</u>	<u>-</u>	<u>118,992</u>
Total Expenses	<u>707,355</u>	<u>-</u>	<u>707,355</u>
Change in Net Assets	(79,748)	(25,317)	(105,065)
Net Assets - January 1, 2022	<u>1,189,098</u>	<u>484,646</u>	<u>1,673,744</u>
Net Assets - December 31, 2022	<u>\$ 1,109,350</u>	<u>\$ 459,329</u>	<u>\$ 1,568,679</u>

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

POINT LOBOS FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021 (Audited)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenues			
Membership dues	\$ 214,535	\$ -	\$ 214,535
Grants and donations	142,882	114,426	257,308
In-kind donations (Note 12)	8,089	-	8,089
Merchandise sales, net (Note 10)	43,527	-	43,527
Investment returns, net (Note 6)	128,696	-	128,696
Fundraising events, net (Note 11)	7,290	-	7,290
Other income	20,000	-	20,000
PPP loan forgiveness	<u>127,903</u>	<u>-</u>	<u>127,903</u>
Total Support and Revenue	<u>692,922</u>	<u>114,426</u>	<u>807,348</u>
Net assets released from restrictions	<u>83,457</u>	<u>(83,457)</u>	<u>-</u>
Total Revenues	<u>776,379</u>	<u>30,969</u>	<u>807,348</u>
Expenses			
Program services	278,053	-	278,053
Fundraising	123,464	-	123,464
General and administration	<u>97,432</u>	<u>-</u>	<u>97,432</u>
Total Expenses	<u>498,949</u>	<u>-</u>	<u>498,949</u>
Change in Net Assets	277,430	30,969	308,399
Net Assets, January 1, 2021	<u>911,668</u>	<u>453,677</u>	<u>1,365,345</u>
Net Assets, December 31, 2021	<u>\$ 1,189,098</u>	<u>\$ 484,646</u>	<u>\$ 1,673,744</u>

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

POINT LOBOS FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022 (Unaudited)

	Program Services	Supporting Services		Total
		Fundraising	General & Administration	
Personnel	\$ 194,027	\$ 60,549	\$ 70,499	\$ 325,075
Office expenses	25,704	14,139	15,546	55,389
Professional services	8,546	8,559	20,901	38,006
Administration	742	3,964	3,868	8,574
Docent support	22,781	-	-	22,781
Location-based services	12,012	-	-	12,012
Visitor services	10,175	-	-	10,175
Youth programs	10,081	-	-	10,081
Fund development	630	23,884	-	24,514
Membership programs	21,029	2,416	93	23,538
Reserve stewardship	141,077	1,518	1,518	144,113
Depreciation and amortization	7,937	554	554	9,045
Loss on disposal of asset	<u>12,026</u>	<u>6,013</u>	<u>6,013</u>	<u>24,052</u>
TOTAL EXPENSES	\$ <u>466,767</u>	\$ <u>121,596</u>	\$ <u>118,992</u>	\$ <u>707,355</u>

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

POINT LOBOS FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021 (Audited)

	Program Services	Supporting Services		Total
		Fundraising	General & Administration	
Personnel	\$ 144,697	\$ 88,924	\$ 60,947	\$ 294,568
Office expenses	21,866	17,583	14,643	54,092
Professional services	2,985	7,244	13,181	23,410
Administration	175	3,736	6,361	10,272
Docent support	14,670	-	-	14,670
Location-based services	9,167	-	-	9,167
Visitor services	4,308	-	-	4,308
Youth programs	2,551	-	-	2,551
Fund development	492	814	-	1,306
Membership programs	19,328	2,800	190	22,318
Reserve stewardship	49,908	1,825	1,572	53,305
Depreciation and amortization	<u>7,906</u>	<u>538</u>	<u>538</u>	<u>8,982</u>
TOTAL EXPENSES	\$ <u>278,053</u>	\$ <u>123,464</u>	\$ <u>97,432</u>	\$ <u>498,949</u>

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

POINT LOBOS FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>(Unaudited)</u> <u>2022</u>	<u>(Audited)</u> <u>2021</u>
<u>Cash Flows from Operating Activities</u>		
Change in net assets	\$ (105,065)	\$ 308,399
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	9,045	8,982
Unrealized loss (gains) on investments	215,993	(92,818)
Realized loss (gains) on investments	9,034	(21,785)
PPP loan forgiveness	-	(127,903)
Decrease/(increase) in:		
Accounts receivable	(15,861)	(8,917)
Inventory	(27,439)	4,222
Prepays and deposits	(329)	3,753
Increase/(decrease) in:		
Accounts payable	6,549	9,668
Accrued liabilities	(4,996)	13,461
Net Cash Provided by Operating Activities	<u>86,931</u>	<u>97,062</u>
<u>Cash Flows from Investing Activities</u>		
Proceeds from sale of investments	275,527	318,210
Purchase of investments	<u>(275,233)</u>	<u>(354,202)</u>
Net Cash Provided by (Used for) Investing Activities	<u>294</u>	<u>(35,992)</u>
<u>Cash Flows from Financing Activities</u>		
Principal payments on notes payable	(87,869)	(1,492)
Proceeds from issuance of long-term debt	<u>-</u>	<u>58,255</u>
Net Cash (Used for)/Provided by Financing Activities	<u>(87,869)</u>	<u>56,763</u>
Change in Cash and Cash Equivalents	<u>(644)</u>	<u>117,833</u>
Cash and Cash Equivalents, Beginning of Year	<u>391,811</u>	<u>273,978</u>
Cash and Cash Equivalents, End of Year	<u>\$ 391,167</u>	<u>\$ 391,811</u>
Supplemental Disclosure of Non-Cash Activity		
PPP loan forgiveness	<u>\$ -</u>	<u>\$ 127,903</u>

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

POINT LOBOS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 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.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and are available for general operations.

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met, either by actions of the Foundation and/or the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When a restriction expires, 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.

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.

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.

Accounts Receivable

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, are reported at the lower of first in, first out (FIFO) cost and net realizable value.

POINT LOBOS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are classified into the following categories:

- Available-for-sale securities, reported at fair value, with unrealized gains and losses included in earnings.
- Held-to-maturity securities, which management has the positive intent and ability to hold to maturity reported at amortized cost, adjusted for the accretion of discounts and amortization of premiums.

Management determines the appropriate classification of its investments at the time of purchase and may only change the classification in certain limited circumstances. All transfers between categories are accounted for at fair value in the period which the transfer occurs.

Gains or losses on the sale of investment securities are computed on the specific identification method.

An investment security is impaired when its carrying value is greater than its fair value. Investment securities that are impaired are evaluated on at least a quarterly basis and more frequently when economic or market conditions warrant such an evaluation to determine whether such a decline in their fair value is other than temporary. Management utilizes criteria such as the magnitude and duration of the decline and the intent and ability of the Foundation to retain its investment in the securities for a period of time sufficient to allow for an anticipated recovery in fair value, in addition to the reasons underlying the decline, to determine whether the loss in value is other than temporary. The term "other than temporary" is not intended to indicate that the decline is permanent, but indicates that the prospect for a near-term recovery of value is not necessarily favorable, or that there is a lack of evidence to support a realizable value equal to or greater than the carrying value of the investment. Once a decline in value is determined to be other than temporary, and management does not intend to sell the security or it is more likely than not that the Foundation will not be required to sell the security before recovery, for debt securities, only the portion of the impairment loss representing credit exposure is recognized as a charge to earnings, with the balance recognized as a charge to other comprehensive income. If management intends to sell the security or it is more likely than not that the Foundation will be required to sell the security before recovering its forecasted cost, the entire impairment loss is recognized as a charge to earnings.

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, 2022 and 2021 by the Federal Deposit Insurance Corporation (FDIC).

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 4).

Property and Equipment

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 straight-line methods over the estimated useful lives of the related assets, which range from 5 to 15 years.

POINT LOBOS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 5 years and it is annually reviewed for impairment.

Accrued Paid Time Off

It is the Foundation's policy to accumulate earned but unused paid time off, which will be paid to employees upon separation of employment. Paid time off at the Foundation encompasses time off for vacation, sick time, and holidays. All full-time employees, scheduled for 40 hours in a week, and part-time employees, scheduled for 30+ hours per week, are eligible to accrue paid time off. For employees who have been employed less than 6 years, accrual rates are 10.33 hours per pay period for full-time employees and 0.119 hours per hour worked for part-time employees. For employees who have been employed less than 11 years, but more than 6 years, accrual rates are 12.33 hours per pay period for full-time employees and 0.142 hours per hour worked for part-time employees. For employees who have been employed more than 11 years, accrual rates are 14.33 hours per pay period for full-time employees and 0.165 hours per hour worked for part-time employees. Employee's accrued paid time off is capped at 1.5 times the annual rate of accrual.

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 restrictions and reported in the Statement of Activities as net assets released from restrictions. Membership dues are recognized during the applicable membership period. Merchandise sales revenue is recognized at the point of sale. Revenue from fundraising events is recognized when the event takes place.

Donated Services and In-Kind Donations

In-kind contributions are reflected as contributions at their estimated fair value at the date of donation and are reported as support without donor restrictions unless explicit donor stipulations specify how donated assets must be used. Contributions of tangible assets are recorded at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or assets.

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 years ended December 31, 2022 and 2021.

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 years ended December 31, 2022 and 2021.

POINT LOBOS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 the Statement of Functional Expenses include 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.

Reclassifications

Certain reclassifications have been made to the 2021 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

Recently Adopted Accounting Pronouncements

ASU 2016-02 - Leases (Topic 842)

Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with a term of more than 12 months. Unlike current GAAP, which requires only capital leases to be recognized on the balance sheet, ASU No. 2016-02 will require both operating and finance leases to be recognized on the balance sheet. Additionally, the ASU will require disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases, including qualitative and quantitative requirements. The Foundation adopted this accounting guidance for its December 31, 2022 year-end. There was no impact to the Foundation's financial statements as a result of adopting this standard.

ASU 2020-07 – Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)

Under the new guidance, not-for-profit entities that receive contributed nonfinancial assets will be required to provide enhanced presentation and disclosures regarding the type and valuation of the receipts of nonfinancial assets. The requirements in the ASU require presentation of the receipt of nonfinancial assets as a separate line item in the statement of activities. The ASU also requires additional disclosures regarding qualitative information about the monetization or utilization of the nonfinancial assets, any donor-imposed restrictions on the use of the nonfinancial assets, and a description of the valuation techniques and inputs used to determine the fair value on the date the nonfinancial assets were received. The amendments in this ASU should be applied on a retrospective basis. The Foundation adopted this accounting guidance for its December 31, 2022 year-end. There was no impact to the Foundation's financial statements as a result of adopting this standard.

POINT LOBOS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2: LIQUIDITY AND AVAILABILITY

The Foundation regularly monitors liquidity required to meet its operating needs and commitments.

The following table shows the financial assets held by the Foundation and the amounts of those assets which could be readily available within one year of the statement of financial position date to meet general expenditures:

	(Unaudited) <u>December 31, 2022</u>	(Audited) <u>December 31, 2021</u>
Cash and cash equivalents	\$ 391,167	\$ 391,811
Investments	1,124,336	1,335,607
Accounts receivable	<u>90,833</u>	<u>74,972</u>
 Total financial assets	 1,606,336	 1,802,390
Less:		
Amounts subject to general restrictions	459,329	484,646
Board designated funds	<u>243,579</u>	<u>235,846</u>
 Financial assets available to meet general expenditures within one year	 <u>\$ 903,428</u>	 <u>\$ 1,081,898</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.

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. As of December 31, 2022 and 2021, total board designated operating reserve funds were \$150,000.

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.

POINT LOBOS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 3: CASH AND CASH EQUIVALENTS

Cash and cash equivalents totaled \$391,167 and \$391,811 at December 31, 2022 and 2021, respectively. Bank balances totaled \$359,812 and \$378,382 at December 31, 2022 and 2021, respectively.

The Foundation maintains funds within a bank. As of December 31, 2022, the balance of \$127,808 was fully insured by the Federal Deposit Insurance Corporation (FDIC). As of December 31, 2021, the Foundation's total bank balance in excess of insured limits was \$39,459.

Additionally, the Foundation maintains funds within a brokerage firm. As of December 31, 2022 and 2021, balances of \$232,004 and \$88,923 were fully insured by the Securities Investor Protection Corporation (SIPC).

NOTE 4: 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 2022 or 2021.

NOTE 5: FAIR VALUE MEASUREMENTS

The Foundation measures fair value in accordance with FASB Accounting Standards Codification ASC 820. ASC 820 applies to all financial instruments that are being measured and reported on a fair value basis. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure 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 measurements involving significant unobservable inputs (Level 3 measurements).

The applicable level of the fair value hierarchy is as follows:

- Level 1 - Inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities. Valuations for assets and liabilities traded in active exchange markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
- Level 2 - Inputs other than quoted prices within Level 1 that are observable, either directly or indirectly. Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.
- Level 3 - Inputs are unobservable. Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets and liabilities.

POINT LOBOS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
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NOTE 5: FAIR VALUE MEASUREMENTS (CONTINUED)

The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of their investments. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or 2 inputs are not available.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used during the years ended December 31, 2022 and 2021.

Exchange-traded funds (ETF) and Mutual funds: Valued like an individual stock on the stock exchange, tracks the yield and return of an index, such as the S&P 500, the Dow Jones, or the Russell 2000, resulting in a Level 1 valuation.

International bonds: Valued using quoted prices on active markets for similar international bonds plus accrued interest, resulting in a Level 2 valuation.

Assets measured at fair value on a recurring basis at December 31, 2022 were as follows (Unaudited):

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 325,216	\$ 325,216	\$ -	\$ -
Exchange-traded funds	627,850	627,850	-	-
International bonds	<u>171,270</u>	<u>-</u>	<u>171,270</u>	<u>-</u>
Total	<u>\$ 1,124,336</u>	<u>\$ 953,066</u>	<u>\$ 171,270</u>	<u>\$ -</u>

Assets measured at fair value on a recurring basis at December 31, 2021 were as follows (Audited):

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 345,688	\$ 345,688	\$ -	\$ -
Exchange-traded funds	822,177	822,177	-	-
International bonds	<u>167,742</u>	<u>-</u>	<u>167,742</u>	<u>-</u>
Total	<u>\$ 1,335,607</u>	<u>\$ 1,167,865</u>	<u>\$ 167,742</u>	<u>\$ -</u>

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, the Foundation believes the valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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NOTE 6: INVESTMENTS

The Foundation's investments consist of mutual funds, exchange-traded funds and international bonds, all classified as available-for-sale.

Investments consisted of the following at December 31, 2022 (Unaudited):

	<u>Fair Value</u>	<u>Cost</u>
Mutual funds	\$ 325,216	\$ 356,677
Exchange-traded funds	627,850	508,874
International bonds	<u>171,270</u>	<u>205,157</u>
Total Investments	<u>\$ 1,124,336</u>	<u>\$ 1,070,708</u>

Investments consisted of the following at December 31, 2021 (Audited):

	<u>Fair Value</u>	<u>Cost</u>
Mutual funds	\$ 345,688	\$ 342,391
Exchange-traded funds	822,177	548,047
International bonds	<u>167,742</u>	<u>175,489</u>
Total Investments	<u>\$ 1,335,607</u>	<u>\$ 1,065,927</u>

The following schedule summarizes investment activity reported in the Statements of Activities:

	<u>(Unaudited)</u> <u>December 31, 2022</u>	<u>(Audited)</u> <u>December 31, 2021</u>
Investment (Loss) Income, net:		
Dividends/Interest	\$ 24,418	\$ 26,395
Realized capital gains/losses	(9,034)	21,785
Unrealized gains/losses	(215,993)	92,818
Fees	<u>(12,403)</u>	<u>(12,302)</u>
Total Investment (Loss) Income, net	<u>\$ (213,012)</u>	<u>\$ 128,696</u>

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NOTE 7: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	(Unaudited) <u>December 31, 2022</u>	(Audited) <u>December 31, 2021</u>
Depreciable assets - without donor restrictions		
Furniture and Fixtures	\$ 43,459	\$ 43,459
Automobiles	21,506	21,506
Machinery and Equipment	<u>48,495</u>	<u>48,495</u>
Total depreciable assets	113,460	113,460
Less: Accumulated depreciation	<u>(96,169)</u>	<u>(90,739)</u>
Property and equipment, net	<u>\$ 17,291</u>	<u>\$ 22,721</u>

Depreciation expense for the years ended December 31, 2022 and 2021 was \$5,430 and \$5,282, respectively.

NOTE 8: INTANGIBLE ASSETS

Intangible assets consisted of the following:

	(Unaudited) <u>December 31, 2022</u>	(Audited) <u>December 31, 2021</u>
Intangible assets - without donor restrictions		
Website development costs	\$ <u>17,000</u>	\$ <u>41,500</u>
Total intangible assets	17,000	41,500
Less: Accumulated amortization	<u>(6,183)</u>	<u>(13,018)</u>
Intangible assets, net	<u>\$ 10,817</u>	<u>\$ 28,482</u>

Amortization expense for the years ended December 31, 2022 and 2021 was \$3,615 and \$3,700, respectively.

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NOTE 9: LONG-TERM DEBT

Economic Injury Disaster Loan - SBA

In 2020, the Foundation applied and was approved for 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.

Future principal payments due on notes payable at December 31, 2022 are as follows:

<u>Year Ending December 31:</u>	<u>Amount</u>
2023	\$ 3,639
2024	3,741
2025	3,845
2026	3,952
2027	4,062
Thereafter	<u>41,400</u>
Total	<u>\$ 60,639</u>

NOTE 10: MERCHANDISE SALES, NET

Merchandise sales, net of cost of goods sold were as follows:

	<u>(Unaudited)</u> <u>December 31, 2022</u>	<u>(Audited)</u> <u>December 31, 2021</u>
Sales	\$ 110,843	\$ 69,255
Cost of goods sold	<u>53,696</u>	<u>25,728</u>
Merchandise sales, net	<u>\$ 57,147</u>	<u>\$ 43,527</u>

NOTE 11: FUNDRAISING EVENTS

Proceeds from fundraising events for the years ended December 31, 2022 and 2021 were \$14,963 and \$7,290, respectively.

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NOTE 12: IN-KIND CONTRIBUTIONS

The Foundation received the following non-cash donations of materials, services, and free use of facilities that have been reflected in the financial statements for the years ended:

	<u>(Unaudited)</u> <u>December 31, 2022</u>	<u>(Audited)</u> <u>December 31, 2021</u>
Management and general:		
Donated rent	\$ 33,572	\$ 3,072
Fundraising:		
Materials and supplies	<u>6,283</u>	<u>5,017</u>
Total contributed nonfinancial assets	<u>\$ 39,855</u>	<u>\$ 8,089</u>

All donated assets were utilized by the Foundation's programs and supporting services. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise not be performed by the Foundation. There were no donor-imposed restrictions associated with the donation of these assets. Donated facilities are valued at the fair value of similar facilities available to rent for event purposes. The donated materials and supplies are valued at the wholesale prices that would be received for selling similar products.

NOTE 13: OPERATING LEASES

In March of 2017 and May of 2018, the Foundation entered a five year noncancellable operating lease for two copiers. For the years ended December 31, 2022 and 2021, lease expense totaled \$2,243 and \$2,802, respectively.

Future minimum lease payments under these agreements are as follows:

<u>Year Ending December 31:</u>	<u>Lease</u> <u>Payments</u>
2023	\$ <u>652</u>
Total future lease payments	\$ <u>652</u>

In May 2018, the Foundation entered into a noncancellable operating lease for its administrative office for a five-year term. For the years ended December 31, 2022 and 2021, lease expense under this lease totaled \$31,990 and \$31,990, respectively.

Future minimum lease payments under these agreements are as follows:

<u>Year Ending December 31:</u>	<u>Lease</u> <u>Payments</u>
2023	\$ <u>10,662</u>
Total future lease payments	\$ <u>10,662</u>

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NOTE 14: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2022 and 2021 consisted of the following:

	(Unaudited) <u>December 31, 2022</u>	(Audited) <u>December 31, 2021</u>
Sister Anna Voss Memorial Fund	\$ 141,067	\$ 138,120
Trail and facility maintenance	30,826	36,306
Information Station interpretive materials	2,000	2,000
Whalers Cabin	28,427	27,148
School outreach	42,636	37,374
Intern program and research	19,666	20,542
Restoration	12,939	42,940
Habitat conservation and protection	39,567	95,832
Office communications	10,000	10,000
Hudson House	48,369	49,204
Carmel River State Beach Fund	83,832	22,500
Docent Programs	<u>-</u>	<u>2,680</u>
Total Net Assets with Donor Restrictions	<u>\$ 459,329</u>	<u>\$ 484,646</u>

Net assets released from donor restrictions as of December 31, 2022 and 2021 consisted of the following:

	(Unaudited) <u>December 31, 2022</u>	(Audited) <u>December 31, 2021</u>
Trail and facility maintenance	\$ 5,480	\$ 1,191
COVID-19 Relief	-	300
Whalers Cabin	3,721	5,007
Entrance Project	50,000	-
School outreach	28,175	18,448
Intern program and research	876	876
Restoration	30,000	15,000
Habitat conservation and protection	56,266	15,000
Hudson House	835	8,729
Carmel River State Beach Fund	7,097	2,500
Docent Programs	<u>23,397</u>	<u>16,406</u>
Total Net Assets released from restrictions	<u>\$ 205,847</u>	<u>\$ 83,457</u>

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NOTE 15: BOARD DESIGNATED NET ASSETS

Board designated net assets consisted of the following:

	<u>(Unaudited)</u> <u>December 31, 2022</u>	<u>(Audited)</u> <u>December 31, 2021</u>
General Plan	\$ 49,846	\$ 49,846
Liquidity reserve	150,000	150,000
Restoration	<u>43,733</u>	<u>36,000</u>
 Total Board Designated Net Assets	 <u>\$ 243,579</u>	 <u>\$ 235,846</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, 2022, consisted of the following:

Total Designated	\$ 250,000
Expended through December 31, 2021	(200,154)
Expended in 2022	<u>-</u>
 Board Designated as of December 31, 2022	 <u>\$ 49,846</u>

The General Plan is further discussed in Note 17, Commitments – Memorandum of Understanding (MOU) California State Parks.

NOTE 16: CONCENTRATIONS

For the years ended December 31, 2022 and 2021, revenue received for membership dues was approximately 37% and 27% of total revenue, respectively.

NOTE 17: 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 15).

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 to 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 \$34,328 through 2022, with a remaining commitment of \$15,672.

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NOTE 18: SUBSEQUENT EVENTS

Subsequent events have been evaluated through July 19, 2023, which is the date the financial statements were issued. Management has determined no other subsequent events requiring disclosure have occurred.