

NOYO CENTER FOR MARINE SCIENCE
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021



This page intentionally left blank.

Noyo Center for Marine Science
Financial Statements
For the years ended December 31, 2022 and 2021
Table of Contents

	<u>Page</u>
List of Officials	i
Independent Auditors' Report	1-2
Financial Statements:	
Statements of Financial Position	4
Statements of Activities	5
Statements of Cash Flow	6
Statements of Functional Expenses	7-8
Notes to Financial Statements	10-19

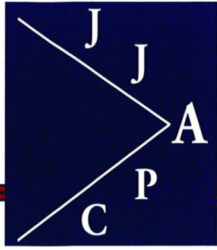
Noyo Center for Marine Science
Financial Statements
For the years ended December 31, 2022 and 2021

List of Officials

Board of Directors

- Dave Turner, Board President
- Peter O'Donohue
- Linda Ruffing, Secretary
- Paul Sweigert
- Ginny Feth-Michel, Treasurer
- Robby Bruce
- Wendi Felson
- Mark Ruedrich

This page intentionally left blank.



JJACPA, Inc.

A Professional Accounting Services Corp.

INDEPENDENT AUDITORS' REPORT

Board of Directors
Noyo Center for Marine Science
Fort Bragg, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Noyo Center for Marine Science (the "Center"), a California not-for-profit organization, which comprise the statement of financial position as of December 31, 2022 and December 31, 2021, 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 accompanying financial statements present fairly, in all material respects the financial position of the Center as of December 31, 2022 and December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 the Center's ability to continue as a going concern for within one year after the date that the financial statements are available to be issued.

Auditor's 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 GAAS 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 are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, 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 the 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 the 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.

October 16, 2023

JJACPA, Inc.
JJACPA, Inc.
Dublin, California

FINANCIAL STATEMENTS

Noyo Center for Marine Science

Statements of Financial Position

December 31, 2022 and 2021

ASSETS	2022	2021
Current Assets:		
Cash and cash equivalents	\$ 141,051	\$ 342,574
Accounts receivable	66,289	52,765
Prepaid expenses	4,779	11,804
Inventories	54,679	40,785
Total current assets	<u>266,798</u>	<u>447,928</u>
Noncurrent Assets:		
Land	660,427	455,165
Building, net	838,474	359,780
Leasehold improvements, net	21,253	21,843
Furniture, fixtures and equipment, net	41,047	33,478
Total assets, being depreciated net	<u>900,774</u>	<u>415,101</u>
Total noncurrent assets	<u>1,561,201</u>	<u>870,266</u>
Total assets	<u>\$ 1,827,999</u>	<u>\$ 1,318,194</u>
LIABILITIES AND NET POSITION		
Liabilities:		
Current Liabilities:		
Accounts payable	\$ 13,749	\$ 22,077
Accrued payroll and related liabilities	52,795	34,395
Other liabilities	8,223	-
Loan payable - current	27,912	1,248
Total current liabilities	<u>102,679</u>	<u>57,720</u>
Noncurrent liabilities:		
Loan payable - EIDL	343,112	148,752
Mortgages payable	381,231	-
Total noncurrent liabilities	<u>724,343</u>	<u>148,752</u>
Total liabilities	<u>827,022</u>	<u>206,472</u>
Net Assets:		
With donor restrictions:		
Time and purpose restrictions	34,274	31,247
Without donor restrictions:		
Unrestricted	966,703	1,080,475
Total net position	<u>1,000,977</u>	<u>1,111,722</u>
Total liabilities and net assets	<u>\$ 1,827,999</u>	<u>\$ 1,318,194</u>

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

Noyo Center for Marine Science
Statements of Activities
For the years ended December 31, 2022 and 2021

	Without Donor Restrictions	With Donor Restrictions	Total 2022	Total 2021
Changes in Unrestricted Net Position				
Unrestricted support:				
Discovery Center:				
Sales	\$ 125,253			\$ 123,113
Cost of sales	<u>(86,483)</u>	\$ 38,770	\$ -	<u>(74,960)</u>
			\$ 38,770	\$ 48,153
Slack Tide Café (STC):				
Sales	\$ 57,966			\$ -
Cost of sales	<u>(83,623)</u>	\$ (25,657)	\$ -	<u>-</u>
			\$ (25,657)	\$ -
Rental Income- Cypress Building (net expenses of \$23,101 and \$27,755, respectively)	23,561	-	23,561	22,723
Fundraising and special events (net of expenses of \$1,329 and \$3,531, respectively)	55,414	329	55,743	47,218
Total unrestricted support	<u>92,088</u>	<u>329</u>	<u>92,417</u>	<u>118,094</u>
Other unrestricted revenues:				
Contributions	352,614	200,095	552,709	1,102,734
Investment income (loss)	457	-	457	602
Other	<u>41,813</u>	<u>-</u>	<u>41,813</u>	<u>53,978</u>
Total other unrestricted revenues	<u>394,884</u>	<u>200,095</u>	<u>594,979</u>	<u>1,157,314</u>
Net position released from restrictions:				
Restrictions satisfied by payments	<u>197,397</u>	<u>(197,397)</u>	<u>-</u>	<u>-</u>
Total unrestricted revenues and support	<u>684,369</u>	<u>3,027</u>	<u>687,396</u>	<u>1,275,408</u>
Expenses:				
Program services:				
Programs	<u>357,495</u>	<u>-</u>	<u>357,495</u>	<u>226,315</u>
Total program expenses	<u>357,495</u>	<u>-</u>	<u>357,495</u>	<u>226,315</u>
Support services:				
Management and general	210,591	-	210,591	75,907
Fundraising and special events	<u>230,056</u>	<u>-</u>	<u>230,056</u>	<u>154,429</u>
Total expenses	<u>798,142</u>	<u>-</u>	<u>798,142</u>	<u>456,651</u>
Change in Net Assets	<u>(113,773)</u>	<u>3,027</u>	<u>(110,746)</u>	<u>911,356</u>
NET ASSETS:				
Beginning of year	1,080,475	31,247	1,111,722	200,365
End of year	<u>\$ 966,703</u>	<u>\$ 34,274</u>	<u>\$ 1,000,977</u>	<u>\$ 1,111,722</u>

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

Noyo Center for Marine Science
Statements of Cash Flows
For the years ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from contributions and programs	\$ 580,998	\$ 1,255,979
Receipts from Discovery Center sales, net	38,770	48,153
Receipts from Cypress Building, net	23,561	22,723
Receipts from special events, net	55,743	15,971
Receipts from Slack Tide Cafe, net	(25,657)	-
Payments to vendors for services and supplies	(186,851)	(181,599)
Payments to employees for services	(546,671)	(311,979)
Net cash provided by operating activities	<u>(60,107)</u>	<u>849,248</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Mortgage, EIDL loans received	548,927	(1,759)
Acquisition and construction of capital assets	(690,800)	(797,753)
Net cash used by capital and related financing activities	<u>(141,873)</u>	<u>(799,512)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income received (loss)	457	602
Net cash provided (used) by investing activities	<u>457</u>	<u>602</u>
Net increase in cash	<u>(201,523)</u>	<u>50,338</u>
CASH AND INVESTMENTS:		
Beginning of year	<u>342,574</u>	<u>292,236</u>
End of year	<u>\$ 141,051</u>	<u>\$ 342,574</u>
Presentation in Statement of Financial Position:		
Cash and investments - unrestricted	<u>\$ 141,051</u>	<u>\$ 342,574</u>
Total cash and investments	<u>\$ 141,051</u>	<u>\$ 342,574</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net position	\$ (110,746)	\$ 880,109
Adjustments to reconcile change in net position		
Depreciation	26,530	15,090
Investment (income) loss	(457)	(602)
Changes in operating assets and liabilities:		
Accounts receivable	(13,524)	6,668
Prepaid expenses	7,025	(6,853)
Inventory	(13,894)	(3,800)
Accounts payable	(8,328)	4,718
Accrued payroll and benefits	18,400	4,981
Loan payable - Mortgage Payable, EIDL	26,664	(51,063)
Other liabilities	8,223	-
Net cash provided by operating activities	<u>\$ (60,107)</u>	<u>\$ 849,248</u>
<i>Supplemental disclosures</i>		
Noncash transactions		
In-kind contributions	37,148	\$ -
Cash paid for:		
Taxes	\$ -	\$ -

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

Noyo Center for Marine Science
Statement of Functional Expenses
For the year ended December 31, 2022

	Program Services	Management and General	Fundraising and Special events	Total Expenses
Salaries and wages	\$ 180,483	\$ 166,997	\$ 143,533	\$ 491,013
Payroll taxes	14,948	13,831	11,888	40,667
Employee benefits	12,274	11,356	9,761	33,391
Total personnel costs	<u>207,705</u>	<u>192,184</u>	<u>165,182</u>	<u>565,071</u>
Accounting fees	3,939	3,644	3,132	10,715
Fundraising Consultation	-	-	15,608	15,608
Bank charges	423	53	141	617
Depreciation expense	18,196	2,283	6,051	26,530
Contracted Services	8,893	-	600	9,493
Directors and auto insurance	5,314	667	1,767	7,748
Information technology	3,151	395	1,047	4,593
Marketing and promotion	4,643	-	4,643	9,286
Membership dues	-	875	-	875
Recruitment	-	-	-	-
Rent, parking and other occupancy	16,187	2,144	5,382	23,713
Repairs and maintenance	26,824	3,366	8,919	39,109
Utilities	6,308	791	2,097	9,196
Property insurance	2,882	362	958	4,202
Property taxes	1,533	-	-	1,533
Tideland Lease	864	-	-	864
Professional development	1,666	-	-	1,666
Payment processing	2,453	-	5,545	7,998
Permits and licenses	4,899	374	-	5,273
Business expenses	-	95	-	95
Travel	1,654	-	-	1,654
Postage, shipping and delivery	1,017	128	339	1,484
Printing	3,101	-	361	3,462
Supplies and materials	12,443	30	504	12,977
Taxes and filing fees	-	264	-	264
Telephone and internet	2,648	332	880	3,860
Interest	20,752	2,604	6,900	30,256
Total expenses	<u>\$ 357,495</u>	<u>\$ 210,591</u>	<u>\$ 230,056</u>	<u>\$ 798,142</u>
Percentages	44.79%	26.39%	28.82%	100.00%

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

Noyo Center for Marine Science
Statement of Functional Expenses
For the year ended December 31, 2021

	Program Services	Management and General	Fundraising and Special events	Total Expenses
Salaries and wages	\$ 151,351	\$ 50,451	\$ 78,478	\$ 280,280
Payroll taxes	12,736	4,246	6,604	23,586
Employee benefits	7,071	2,357	3,666	13,094
Total personnel costs	<u>171,158</u>	<u>57,054</u>	<u>88,748</u>	<u>316,960</u>
Accounting fees	4,628	1,542	2,400	8,570
Fundraising Consultation	-	-	33,890	33,890
Bank charges	248	83	129	460
Depreciation expense	7,545	3,773	3,772	15,090
Contracted Services	1,593	-	-	1,593
Directors and auto insurance	2,234	745	1,157	4,136
Information technology	2,987	996	1,550	5,533
Marketing and promotion	1,269	-	-	1,269
Membership dues	-	125	-	125
Recruitment	-	-	1,376	1,376
Rent, parking and other occupancy	13,176	4,392	6,832	24,400
Repairs and maintenance	652	218	338	1,208
Utilities	2,426	1,212	1,214	4,852
Property insurance	988	494	494	1,976
Professional development	89	-	-	89
Payment processing	1,525	-	4,573	6,098
Permits and licenses	-	147	-	147
Business expenses	-	657	-	657
Travel	1,736	-	-	1,736
Postage, shipping and delivery	329	65	263	657
Printing	2,035	406	1,628	4,069
Supplies and materials	6,963	2,321	3,610	12,894
Taxes and filing fees	-	99	-	99
Telephone and internet	2,447	816	1,269	4,532
Interest	2,287	762	1,186	4,235
Total expenses	<u>\$ 226,315</u>	<u>\$ 75,907</u>	<u>\$ 154,429</u>	<u>\$ 456,651</u>
Percentages	49.56%	16.62%	33.82%	100.00%

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

NOTES TO FINANCIAL STATEMENTS

Noyo Center for Marine Science
Notes to Financial Statements
For the years ended December 31, 2022 and 2021

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Noyo Center for Marine Science is a non-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. The initiative to develop the Noyo Center for Marine Science grew out of public and municipal efforts to diversify and revitalize the economy and community of Fort Bragg as the former Georgia Pacific lumber mill site (“Noyo Headlands”) redevelopment began.

Comprising over a third of the City’s total jurisdiction, including nearly three miles of Fort Bragg’s (“City”) coastline, the redevelopment of the Georgia Pacific lumber mill site has been the focal activity of the City of Fort Bragg for a number of years. Through many workshops and meetings, the Fort Bragg community identified a marine science and education center as a high priority to anchor initial Noyo Headlands reuse activities and help generate living wage jobs in the community. The Noyo Center Development will become a showcase for sustainable development on the Noyo Headlands and around the community with a mission to explore our dynamic connection with the ocean and to inspire the next generation of ocean and environmental leaders.

Located in Fort Bragg, California, the 11.5-acre Noyo Center site is situated adjacent to recently protected coastal lands. Together the Noyo Center and Noyo Headlands Park will lead the redevelopment of a 400-acre former timber mill site spanning more than three miles of Fort Bragg’s waterfront. The City of Fort Bragg transferred the title to the Noyo Center on July 7, 2021.

The Noyo Center will be the only marine research and education center active year-round within a largely inaccessible 250-mile stretch of the northern California coast. The site is ideal for interpreting a spectacular array of marine and terrestrial habitats. Colleges, universities, and other agencies throughout the region are eager to conduct research in this location due to the abundant and diverse species assemblages supported by:

- Oceanographic features resulting in significant ecosystem productivity in zones of upwelling, river-ocean interface, eddy formation (the large Mendocino Eddy), and two large underwater canyons (Noyo Canyon and Vizcaino Canyon);
- A diversity of accessible marine substrates (rocky benches, surge channels, sand and cobble beaches, many off shore monuments).

In completing its purpose, Noyo Center for Marine Science (“Center”) is led by the Board of Directors comprised of eight individuals. The organization is responsible for all aspects of Center activities.

Program and Supporting Services

Program services - includes expenses supporting the Center’s:

- Downtown Fort Bragg Discovery Center Science Museum ("Discovery Center") exhibits, including the Virtual Reality Dome, 26-foot articulated Orca Skeleton and the growing marine mammal skeleton exhibits,
- The recovery of the Bull Kelp forest ecosystem,
- Youth education, and
- Community and ocean science initiatives, including the citizen science program, marine mammal survey and beach cleanup programs.

Noyo Center for Marine Science
Notes to Financial Statements, Continued
For the years ended December 31, 2022 and 2021

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,
Continued

Program and Supporting Services, Continued

- Responds to deceased marine mammals in Southern Mendocino county as part of the West coast Marine Mammal Stranding Network.

Management and General – Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Center's program strategy through the Executive Director; secure proper administrative functioning of the Board of Directors; maintain competent legal services for the program administration of the Center; and, manage the financial and budgetary responsibilities of the Center.

Fundraising and Special Events

Fundraising and Special Events consists of activities that are directly associated with raising contributions from donors to help maintain and expand the Center and its projects such as Help the Kelp, Blue Whale project, Summer Science Camps, Noyo trips to the sea, and community events.

Basis of Accounting

These financial statements have been prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses when incurred and accordingly reflect all significant receivables, payables, and other liabilities.

A. Cash and Cash Equivalents

As noted, above, cash and investments are maintained at Community First Credit Union and Flagstar Bank.

Concentration of Credit and Market Risk

Financial instruments that potentially expose the Center to concentrations of credit and market risk consist primarily of cash and cash equivalents in Community First Credit Union and Flagstar Bank, although amounts held are insured up to \$250,000, and no balance exceeded that amount.

The Center has not experienced any losses on its cash and investments.

B. Accounts Receivable

Accounts receivable are stated at unpaid balances with no allowance for doubtful accounts as all amounts are deemed collectible as they are payable through governmental entities. There are also pledges from individuals, business and foundations, which have been collected subsequent to year end.

C. Inventory

Discovery Center retail inventory consists of clothing (t-shirts, sweatshirts and hats), jewelry and related items to promote the Center and provide displays and information regarding Center activities. The remaining inventory on hand as of December 31, 2022, was \$54,679 and \$40,785 as of December 31, 2021.

Noyo Center for Marine Science
Notes to Financial Statements, Continued
For the years ended December 31, 2022 and 2021

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,
Continued

D. Property and Equipment and Depreciation

Purchased property and equipment are stated at cost. It is the policy of the Center to capitalize property and equipment over \$5,000. Depreciation of property and equipment is calculated using the straight-line cost recovery method based on estimated useful lives of the related assets, which range from five to thirty-nine years, or over the lesser of the term of the lease or the estimated useful life of the asset for assets under capital lease.

E. Donated Assets

Donations of furniture and equipment are recorded at their estimated fair value at the date of receipt or unconditional promise to give. Donated land and buildings are reported at the appraised value of the property when received. Such donations are reported as unrestricted support 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 restricted support. Absent donor stipulations regarding how long the donated assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Center reclassifies temporarily restricted net assets to unrestricted net assets at that time.

On March 1, 2021, the Center received an unrestricted donation of land and buildings (Cypress Building). The fair value of the donation, based on a current appraisal was \$530,000.

F. Classification of Net Assets

The financial statements of the Center have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Center reports information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has no current designations.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. At December 30, 2022, the Center had \$34,274 of net assets with donor-imposed restrictions.

Noyo Center for Marine Science
Notes to Financial Statements, Continued
For the years ended December 31, 2022 and 2021

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,
Continued

G. Revenue Recognition

The Center reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenues from memberships, program fees, and retail sales are considered exchange transactions. Revenues from exchange transactions are recognized when control of good and services are transferred to the Center's customers in an amount that reflects the consideration the Center expects to be entitled to in those goods or services when they meet the criteria for recognition under Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Payment received in advance of the transaction are recorded as deferred revenue.

H. Contributions

Contributions are recorded as revenues at fair value at the date of receipt or unconditional promise to give, and as assets or decreases of liabilities or expenses, depending on the form of the benefit received. Donor-restricted contributions, whose restrictions are met in the same reporting period, are reported as unrestricted contributions.

I. Contributed Services

Donated services are recognized as contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Center. Many individuals volunteer their time and perform a variety of tasks that assist the Center in providing program services, administration and development, these services do not meet the criteria for recognition as contributed services as defined above.

J. Income Taxes

The Center is a California not-for-profit corporation that 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 and is classified by the Internal Revenue Service as other than a private foundation.

K. Functional Allocation of Expenses

Costs of providing the Center's programs and other activities have been summarized in the Statements of Functional Expenses for the applicable years. During the year, such costs were accumulated into separate accounts as either direct for program services or direct management and administrative costs. Indirect costs were allocated to the programs based on payroll expenses.

Noyo Center for Marine Science
Notes to Financial Statements, Continued
For the years ended December 31, 2022 and 2021

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

L. 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 at the date of the financial statements and the reported amounts of support, revenue and expenses during the period. Accordingly, actual results could differ from those estimates.

M. Change in Accounting Principle

During the year ended December 31, 2022, the Center adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which improves generally accepted accounting principles in the United States (U.S. GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this Update address certain stakeholders' concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in a NFP's programs and other activities. The ASU was adopted retrospectively and did not change the recognition and measurement requirements for those contributed nonfinancial assets.

N. Subsequent events

Management of the Center has evaluated events and transactions subsequent to September 29, 2023, for potential recognition or disclosure in the financial statements. See Note 12 for a discussion of subsequent events.

2. LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

Financial assets available to meet general expenditures within one year	2022	2021
Cash and cash equivalents	\$ 141,051	\$ 342,574
Accounts receivable	66,289	52,765
Total financial assets at December 31,	<u>207,340</u>	<u>395,339</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>(34,274)</u>	<u>(31,247)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 173,066</u>	<u>\$ 364,092</u>

Investment income for December 31, 2022, and 2021, at fair value was as follows:

	2022	2021
Dividends and interest income	\$457	\$602
Sales of securities	-	-
Net investment income	<u>\$ 457</u>	<u>\$ 602</u>

Noyo Center for Marine Science
Notes to Financial Statements, Continued
For the years ended December 31, 2022 and 2021

2. LIQUIDITY, Continued

As of December 31, 2022, the Center has \$34,274 of net assets with donor restrictions held for the development of the LA-Bone-atory, a building to be constructed on the Center's Headlands site to house the skeleton of the Center's 73-foot blue whale amounting to \$31,004, volunteer development of \$3,038 and \$232 for web design and displays in the Discovery Center.

3. CASH AND CASH EQUIVALENTS

The Center's investments are reported at fair value in the accompanying combined statements of financial position. Following is a description of valuation methodologies used for investments measured at fair value.

Cash represents working capital held in bank accounts in high quality financial institutions in the United States.

Cash equivalents represent short term highly liquid investments with maturities of three months or less when purchased that do not have donor-imposed restrictions that limit their use.

Financial instruments that potentially subject the Center to concentration of risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. As of December 31, 2022, and 2021, the Center did not have deposits in excess of the FDIC insured limit.

Fair Value Measurements

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides 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 unobservable inputs (Level 3 measurements).

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. As a

Noyo Center for Marine Science
Notes to Financial Statements, Continued
For the years ended December 31, 2022 and 2021

3. CASH AND CASH EQUIVALENTS, Continued

practical expedient, certain investments are measured at fair value on the basis of net asset value. The fair value of these investments is not included in the fair value hierarchy.

The schedules below present and report the types of investments of the Center at fair value as of June 30, 2022 and 2021:

2022	Fair Value			
	Total	Level 1	Level 2	Level 3
Checking	\$ 42,330	\$ 42,330	-	-
Checking, Signature NY	34,394	34,394	-	-
Third-party cash	5,696	5,696	-	-
Savings & short-term investment	58,631	58,631	-	-
Total	\$ 141,051	\$ 141,051	\$ -	\$ -

Third-party cash consists of: PayPal \$4,344, and Stripe \$1,352.

2021	Fair Value			
	Total	Level 1	Level 2	Level 3
Checking	\$ 58,116	\$ 58,116	-	-
Checking, Signature NY	240,218	240,218	-	-
Third-party cash	5,187	5,187	-	-
Savings & short-term investment	39,053	39,053	-	-
Total	\$ 342,574	\$ 342,574	\$ -	\$ -

Third-party cash consists of: PayPal: \$3,715, and Stripe: \$1,472.

4. ACCOUNTS RECEIVABLE

Accounts receivable balances as of December 31, 2022, and 2021, consisted of all receivables (aged up to greater than 90 days from their due date) with the following categorization:

	2022		2021	
	Total	Percentage	Total	Percentage
Grants	\$ 34,484	52.0%	\$ 1,144	2.2%
Pledges	-	0.0%	22,269	42.2%
Tax credits	-	0.0%	10,635	20.2%
TOT	17,558	26.5%	15,010	28.4%
Merchandise Sales	12,347	18.6%	3,146	6.0%
Other	1,900	2.9%	561	1.1%
Total	\$ 66,289	100.0%	\$ 52,765	100.0%

Amounts receivable for the transient occupancy tax (TOT) are collected by the City and if canceled, the Center would experience significant revenue loss and possible program elimination.

Noyo Center for Marine Science
Notes to Financial Statements, Continued
For the years ended December 31, 2022 and 2021

5. PROPERTY AND EQUIPMENT

Capital asset activity for the year ended December 31, 2022, was as follows:

	Balance Jan 1, 2022	Additions	Adjustments/ Retirements	Balance Dec 31, 2022
Capital assets, not being depreciated:				
Land	\$ 455,165	\$ 205,262	\$ -	\$ 660,427
Total capital assets, not being depreciated	455,165	205,262	-	660,427
Capital assets, being depreciated:				
Building	367,435	497,203	-	864,638
Improvements	23,024	-	-	23,024
Construction in progress	-	-	-	-
Furniture, fixtures & equipment	41,278	15,000	-	56,278
Machinery and office equipment	18,340	-	-	18,340
Total capital assets, being depreciated	450,077	512,203	-	962,280
Less: accumulated depreciation	(34,976)	(26,530)	-	(61,506)
Total capital assets, being depreciated net	415,101	485,673	-	900,774
Net book value	\$ 870,266	\$ 690,935	\$ -	\$ 1,561,201

Capital asset activity for the year ended December 31, 2021, was as follows:

	Balance Jan 1, 2021	Additions	Adjustments/ Retirements	Balance Dec 31, 2021
Capital assets, not being depreciated:				
Land	\$ -	\$ 455,165	\$ -	\$ 455,165
Total capital assets, not being depreciated	-	455,165	-	455,165
Capital assets, being depreciated:				
Building	-	367,435	-	367,435
Improvements	23,024	-	-	23,024
Furniture, fixtures & equipment	34,878	6,400	-	41,278
Machinery and office equipment	18,340	-	-	18,340
Total capital assets, being depreciated	76,242	373,835	-	450,077
Less: accumulated depreciation	(19,887)	(15,089)	-	(34,976)
Total capital assets, being depreciated net	56,355	358,746	-	415,101
Net book value	\$ 56,355	\$ 813,911	\$ -	\$ 870,266

On March 1, 2021, the Center received an unrestricted donation of land and building (Cypress Building). The fair value of the donation was \$530,000 based on an appraisal.

Noyo Center for Marine Science
Notes to Financial Statements, Continued
For the years ended December 31, 2022 and 2021

6. ACCOUNTS PAYABLE

Accounts payable at December 31, 2022, consisted of amounts with the following concentrations, in which an amount payable to West Business Development Center exceeded 70% for December 31, 2022 of total payables, but all amounts were diluted by amounts payable to other vendors and do not represent a specific concentration with any single vendor:

	2022	
	Total	Percentage
City of Fort Bragg	\$ 413	3.0%
West Business Development Center	9,711	70.6%
AMS	1,140	8.3%
Harverst Market	286	2.1%
Employee Expense Reimbursements	813	5.9%
Other	1,386	10.1%
Total	<u>\$ 13,749</u>	<u>100.0%</u>

7. ECONOMIC INJURY DISASTER LOAN

On July 13, 2021, the Center received a Economic Injury Disaster Loan (EIDL) of \$150,000 from the Small Business Administration. The loan proceeds are used solely as working capital to alleviate economic injury caused by disaster occurring in the month of January 31, 2022 and continuing thereafter. The loan bears interest at the rate of 2.75% per annum. Monthly installment payments of \$641, including principal and interest will begin twenty-four months from the loan effective date (June 2022) at the balance of principal and interest due on thirty (30) years.

On May 11, 2022, the Center received a second EIDL of \$200,000 from the Small Business Administration. The bears interest at the rate of 2.75% per annum. Monthly installment payment of \$1,569, including principal and interest until April 11, 2050.

8. LOAN PAYABLE

On February 4, 2022, the Center purchased a waterfront property in Noyo Harbor for \$700,000. The Center funded the acquisition by encumbering the Cypress Building in the amount of \$397,500, a first trust deed from the Seller in the amount of \$160,000. The remaining funds to complete the acquisition were provided by the Center. The Cypress Building loan bears interest of 4.5% until December 26, 2026. On December 26, 2026, the interest rate will be adjusted based on the Constant Maturity Treasury Index for 5 Year Treasuries. Principal and interest payments in the monthly amount of \$2,227 begin March 5, 2022. The Cypress Building loan has a maturity date of February 2032.

The Seller's note bears interest of 4% until August 2022. The Seller's note was amended on July 29, 2022, to extend the term an additional two months. The Center repaid the note in full on October 1, 2022.

9. RECENT ACCOUNTING PRONOUNCEMENTS

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Center has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly.

Noyo Center for Marine Science
Notes to Financial Statements, Continued
For the years ended December 31, 2022 and 2021

9. RECENT ACCOUNTING PRONOUNCEMENTS, Continued

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842). Under ASU 2016-02, a lessee will recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-to-use asset representing its right to use the underlying asset for the lease term. The amendments of this ASU are effective for reporting periods beginning after December 15, 2022. The Center will be required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. Management is currently assessing the impact the adoption of ASU 2016-02 will have on its financial statements and disclosures.

10. RELATED PARTIES

During 2022, a niece of the Executive Director was a summer camp intern in the Center's Discovery Center and earned \$1,112. During 2022, the Center also contracted with a son of a Board Member to perform grant writing in the amount of \$16,845.

11. SUBSEQUENT EVENTS

The Center has evaluated subsequent events occurring after the Statement of Net Position through the date of October 16, 2023, which is the date these financial statements were available to be issued. The Center sold the Cypress building on June 30, 2023. The Center also closed the Slack Tide Cafe in August 2023.