

**POINT LOBOS FOUNDATION**

**FINANCIAL STATEMENTS**  
**with**  
**INDEPENDENT ACCOUNTANT'S**  
**REVIEW REPORT**

**YEAR ENDED DECEMBER 31, 2019**

**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 public benefit corporation), which comprise the statement of financial position as of December 31, 2019, 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*

McGilloway, Ray, Brown & Kaufman  
Salinas, California  
November 17, 2020

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POINT LOBOS FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2019

ASSETS	
Cash and cash equivalents	\$ 133,359
Account receivables	44,085
Inventory	25,199
Prepays and deposits	10,684
Investments	1,133,946
Collections (Note 3)	-
Property and equipment, net	66,794
Intangible assets, net	35,883
Total assets	<u>\$ 1,449,950</u>
LIABILITIES	
Accounts payable	\$ 20,148
Accrued expenses	12,276
Total liabilities	<u>32,424</u>
NET ASSETS	
Without donor restrictions	
Undesignated	617,312
Board designated	199,846
Total without donor restrictions	<u>817,158</u>
With donor restrictions	
Purpose restricted	600,368
Total net assets	<u>1,417,526</u>
Total liabilities and net assets	<u>\$ 1,449,950</u>

See accompanying notes and independent accountant's review report.

POINT LOBOS FOUNDATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Membership dues	\$ 98,682	\$ -	\$ 98,682
Grants and donations	200,398	640,959	841,357
In-kind donations	24,044	-	24,044
Merchandise sales, net	57,252	-	57,252
Investment return, net	154,186	-	154,186
Fundraising events, net	605	-	605
	<u>535,167</u>	<u>640,959</u>	<u>1,176,126</u>
Net assets released from purpose restrictions	589,835	(589,835)	-
Total revenue and support	<u>1,125,002</u>	<u>51,124</u>	<u>1,176,126</u>
Expenses			
Program services	703,523	-	703,523
Support services			
Fundraising	132,561	-	132,561
General and administration	108,245	-	108,245
Total expenses	<u>944,329</u>	<u>-</u>	<u>944,329</u>
Change in net assets	<u>180,673</u>	<u>51,124</u>	<u>231,797</u>
Net assets, beginning of year	<u>636,485</u>	<u>549,244</u>	<u>1,185,729</u>
Net assets, end of year	<u>\$ 817,158</u>	<u>\$ 600,368</u>	<u>\$ 1,417,526</u>

See accompanying notes and independent accountant's review report.

POINT LOBOS FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services	Support Services		Total
		Fundraising	General and Administration	
Personnel	\$ 224,883	\$ 82,926	\$ 76,054	\$ 383,863
Trail maintenance and restoration	301,673	-	-	301,673
Interpretive aids	2,425	-	-	2,425
Docent training	6,341	-	-	6,341
Vistor services	1,790	-	-	1,790
Uniforms	922	-	-	922
Events and recognition	4,392	93	-	4,485
Transportation	17,905	-	-	17,905
Education outreach and materials	3,300	-	-	3,300
Printing	8,119	584	-	8,703
Occupancy	7,820	7,820	10,893	26,533
Office	5,196	10,590	3,823	19,609
Curation maintenance	33,046	-	-	33,046
Equipment maintenance	1,733	-	-	1,733
Building maintenance	6,025	-	-	6,025
Telephone	4,649	123	161	4,933
Insurance	3,016	2,259	2,029	7,304
Research	29,901	-	-	29,901
Publicity	1,594	5,677	-	7,271
Website	3,311	67	-	3,378
Conferences and meetings	7,530	3,718	3,524	14,772
Professional fees	8,368	17,596	11,761	37,725
Depreciation and amortization	19,584	1,108	-	20,692
Total expenses	<u>\$ 703,523</u>	<u>\$ 132,561</u>	<u>\$ 108,245</u>	<u>\$ 944,329</u>

See accompanying notes and independent accountant's review report.

POINT LOBOS FOUNDATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2019

Cash flows from operating activities	
Change in net assets	\$ 231,797
Adjustments to reconcile net assets to net cash provided by operating activities	
Depreciation and amortization	20,692
Unrealized gain on investments	(134,313)
(Increase) decrease in current assets and liabilities	
Accounts receivables	50,005
Inventory	8,938
Prepays and deposits	(5,890)
Accounts payable	4,740
Accrued liabilities	(7,552)
Net cash provided by operating activities	<u>168,417</u>
Cash flows from investing activities	
Proceeds from sale of investments	115,919
Purchase of investments	(305,805)
Purchase of property and equipment	(61,853)
Purchase of intangible assets	(500)
Net cash used by investing activities	<u>(252,239)</u>
Net decrease in cash and cash equivalents	(83,822)
Cash and cash equivalents, beginning of year	<u>217,181</u>
Cash and cash equivalents, end of year	<u><u>\$ 133,359</u></u>
Supplemental Disclosures	
Noncash investing and financing transactions	
Acquisition of intangible assets	
Cost of intangible asset placed in service	\$ 7,000
Less amount recorded in work-in-process	(6,500)
Cash paid for intangible assets	<u><u>\$ 500</u></u>

See accompanying notes and independent accountant's review report.

POINT LOBOS FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**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 10).

**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, 2019.

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, 2019.

***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 ASC 820, *Fair Value Measurements and Disclosures*. 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  
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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, 2019, by the Federal Deposit Insurance Corporation (FDIC).

With respect to investments, the Foundation holds investments in the form of fixed income 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 approximate 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***

Grant 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.

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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 \$11,069 in donated rent for the year ended December 31, 2019.

The Foundation generally pays for services requiring specific expertise. However, the Foundation relies on substantial volunteer services – 2,382 hours in 2019 - 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, 2019, the Foundation recognized \$12,975 in donated services. The donated services received were for time spent constructing and remodeling the Information Station at the Reserve. Amounts have been recognized in the Statement of Activities.

***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 depreciated item serves.

***Recently Issued Accounting Pronouncements***

**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.

***Upcoming Accounting Pronouncements***

**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.

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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. 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 currently evaluating the impact of the pending adoption of this new standard on 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.

**2. Financial Assets Availability, Liquidity and Reserves Management**

The following reflects the Foundation's financial assets as of December 31, 2019, 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	\$ 133,359
Account receivables	44,085
Investments	<u>1,133,946</u>
Financial assets as of December 31, 2019	1,311,390
Less:	
Amounts subject to donor restrictions	(600,368)
Amount set aside for general plan	(49,846)
Amount set aside for liquidity reserve	<u>(150,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 511,176</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

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expenses. To total board designated operating reserve fund was \$150,000 as of December 31, 2019.

This 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 2019.

**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, 2019:

	Cost	Fair Value (Level 1)	Unrealized Appreciation
Cash and money market funds	\$ 125,679	\$ 125,679	\$ -
Equities	523,790	598,884	75,094
Fixed income	390,861	409,383	18,522
	<u>\$ 1,040,330</u>	<u>\$ 1,133,946</u>	<u>\$ 93,616</u>

For the year ended December 31, 2019, investment return, net consisted of:

Interest and dividends	\$ 25,484
Unrealized gain	134,313
Investment fees	(5,611)
Investment return net	<u>\$ 154,186</u>

**5. Property and Equipment, net**

Property and equipment at December 31, 2019 consists of:

Furniture and fixtures	\$ 43,459
Machinery and equipment	48,495
Vehicles	60,048
Total depreciable assets	152,002
Less accumulated depreciation	(85,208)
Property and equipment, net	<u>\$ 66,794</u>

Depreciation expense for the year ended December 31, 2019 was \$10,637.

POINT LOBOS FOUNDATION  
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**6. Intangible Assets, net**

The following is a summary of intangible assets as of December 31, 2019:

	June 30, 2019	Additions	Disposals	June 30, 2020
Website development costs	\$ 46,800	\$ 7,000	\$ (12,300)	\$ 41,500
Less: Accumulated amortization	(7,862)	(10,055)	12,300	(5,617)
Intangible assets, net	<u>\$ 38,938</u>	<u>\$ (3,055)</u>	<u>\$ -</u>	<u>\$ 35,883</u>

Amortization expense for the year ended December 31, 2019 was \$10,055. Estimated annual amortization expense for the next five years is \$3,700 per year.

**7. Merchandise Sales, net**

For the year ended December 31, 2019, merchandise sales, net was as follows:

	Total	Information Station	Maps
Sales	\$ 93,172	\$ 51,625	\$ 41,547
Cost of goods sold	35,920	29,762	6,158
Merchandise sales, net	<u>\$ 57,252</u>	<u>\$ 21,863</u>	<u>\$ 35,389</u>

**8. Fundraising Events, net**

For the year ended December 31, 2019, net profit on fundraising special events was as follows:

Gross proceeds	\$ 4,830
In-kind donations	7,478
Total revenues	<u>12,308</u>
Expenses	<u>11,703</u>
Net profit	<u>\$ 605</u>

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**9. Net Assets – With Donor Restrictions**

Donor restricted net assets consist for the following purposes as of December 31, 2019:

Subject to specified purpose:

Sister Anna Voss Memorial Fund	\$ 125,219
Trail and facility maintenance	30,322
Information Station remodel	10,009
Whalers Cabin	36,370
Sea Lion Point	16,417
School outreach transportation	2,673
Intern program and research	22,337
Restoration	30,441
Habitat conservation and protection	203,940
Office relocation and communications	10,000
Hudson House	112,590
Discover Point Lobos	50
Total	<u><u>\$ 600,368</u></u>

Released from donor restricted net assets for the year ended December 31, 2019, are as follows:

Release for satisfaction of specific purpose:

Sister Anna Voss Memorial Fund	\$ 16,879
Trail and facility maintenance	3,915
Docent support	4,015
Information Station remodel	9,891
Whalers Cabin	42,315
Sea Lion Point	21,983
School outreach transportation	19,260
Intern program and research	29,870
Restoration	163,774
Habitat conservation and protection	238,674
Office relocation and communications	12,328
Board development	3,717
Hudson House	22,408
Discover Point Lobos	806
Total	<u><u>\$ 589,835</u></u>

**10. Board Designated Net Assets**

Board designated net assets consist for the following purposes as of December 31, 2019:

General Plan	\$ 49,846
Liquidity reserve	150,000
Total	<u><u>\$ 199,846</u></u>

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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, 2019, consists of the following:

Total Designated	\$ 250,000
Expended through December 31, 2018	(200,154)
Expended in 2019	<u>-</u>
Board Designated as of December 31, 2019	<u><u>\$ 49,846</u></u>

The General Plan is further discussed in Note 13, Commitment – Memorandum of Understanding (MOU) California State Parks.

**11. Concentrations**

For the year ended December 31, 2019, revenue received for grants and donations was approximately 71% of total revenue. One donor contributed approximately 68% of total revenue received for grants and donations.

**12. 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, 2019, the copier leases amounted to \$2,688.

Future minimum lease payments for these copiers under this noncancellable operating leases are as follows:

<u>Year ending December 31,</u>	
2020	\$ 2,688
2021	2,688
2022	1,976
2023	<u>596</u>
	<u><u>\$ 7,948</u></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, 2019, lease expense under this lease amounted to \$31,990, which \$7,997 was received as a donation.

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

<u>Year ending December 31,</u>	
2020	\$ 31,990
2021	31,990
2022	31,990
2023	<u>10,662</u>
	<u><u>\$ 106,632</u></u>

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**13. 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 10).

***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 \$22,626 to date, with a remaining commitment of \$27,374 due in 2021.

**14. Subsequent Events**

***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.

***Paycheck Protection Program Loan***

Subsequent to year end, the Foundation applied for and was approved for a 24-month, \$69,468 loan under the Paycheck Protection Program 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.

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In addition, \$5,000 was received as part of the Economic Injury Disaster Loan (EIDL) Emergency Advance. Proceeds from any EIDL advance would be deducted from the loan forgiveness amount on the Paycheck Protection Program.

***Date of Management Review***

In connection with the preparation of the financial statements and in accordance with ASC Topic 855, *Subsequent Events*, the Foundation has evaluated subsequent events after the statement of financial position date of December 31, 2019 through November 17, 2020, which was the date the financial statements were available to be issued and determined there were no other items to be disclosed.