



LOS ANGELES, CALIFORNIA • EST 1992

**MARINE MAMMAL CARE CENTER LOS ANGELES**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2022**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Marine Mammal Care Center Los Angeles:

### **Opinion**

We have audited the accompanying financial statements of Marine Mammal Care Center Los Angeles (a nonprofit organization), 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Marine Mammal Care Center Los Angeles as of December 31, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal controls 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 Marine Mammal Care Center Los Angeles' internal controls. 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 Marine Mammal Care Center Los Angeles' 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.

*Evergreen Alliance*

Los Alamitos, California

July 11, 2023

**MARINE MAMMAL CARE CENTER LOS ANGELES  
STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2022**

**ASSETS**

**CURRENT ASSETS**

|   |    |                  |
|---|----|------------------|
| Cash and cash equivalents                 | \$ | 985,049          |
| Investments                               |    | 103,130          |
| Bequests receivable                       |    | 285,125          |
| Contributions receivable, current portion |    | 135,775          |
| Prepaid expenses and other current assets |    | 52,241           |
| Inventory                                 |    | <u>25,960</u>    |
| Total Current Assets                      |    | <u>1,587,280</u> |

**NON-CURRENT ASSETS**

|  |  |                |
|--|--|----------------|
| Contributions receivable, non-current portion, net |  | 710,770        |
| Property and equipment, net                        |  | <u>138,188</u> |
| Total Non-Current Assets                           |  | <u>848,958</u> |

**TOTAL ASSETS** \$ 2,436,238

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

|                                       |    |               |
|---------------------------------------|----|---------------|
| Accounts payable and accrued expenses | \$ | 26,019        |
| Accrued employee related expenses     |    | <u>77,179</u> |

**COMMITMENT (NOTE 8)**

**TOTAL LIABILITIES** 103,198

**NET ASSETS**

|                            |  |                  |
|----------------------------|--|------------------|
| Without donor restrictions |  | 871,179          |
| With donor restrictions    |  | <u>1,461,861</u> |

**TOTAL NET ASSETS** 2,333,040

**TOTAL LIABILITIES AND NET ASSETS** \$ 2,436,238

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

**MARINE MAMMAL CARE CENTER LOS ANGELES  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

|  | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>        |
|--|---------------------------------------|------------------------------------|---------------------|
| <b>REVENUE AND SUPPORT</b>                   |                                       |                                    |                     |
| Grants and contributions                     | \$ 750,812                            | \$ 1,083,596                       | \$ 1,834,408        |
| Contributions in-kind                        | 30,156                                | --                                 | 30,156              |
| Bequests                                     | --                                    | 285,125                            | 285,125             |
| Gift shop income, net                        | 28,586                                | --                                 | 28,586              |
| Investment return, net                       | ( 3,721)                              | --                                 | ( 3,721)            |
| Other income                                 | 17,997                                | --                                 | 17,997              |
| Net assets released from restrictions        | <u>728,094</u>                        | <u>( 728,094)</u>                  | <u>--</u>           |
| Total Revenue and Support                    | 1,551,924                             | 640,627                            | 2,192,551           |
| <b>SPECIAL EVENTS</b>                        |                                       |                                    |                     |
| Special events revenue                       | 186,704                               | --                                 | 186,704             |
| Special events revenue – in-kind             | 15,076                                | --                                 | 15,076              |
| Special events expense                       | <u>( 60,923)</u>                      | <u>--</u>                          | <u>( 60,923)</u>    |
| Total Special Events                         | <u>140,857</u>                        | <u>--</u>                          | <u>140,857</u>      |
| <b>TOTAL REVENUE AND SUPPORT</b>             | 1,692,781                             | 640,627                            | 2,333,408           |
| <b>EXPENSES</b>                              |                                       |                                    |                     |
| Program services                             | 1,325,292                             | --                                 | 1,325,292           |
| Supporting services:                         |                                       |                                    |                     |
| Management and general                       | 233,406                               | --                                 | 233,406             |
| Fundraising                                  | <u>281,593</u>                        | <u>--</u>                          | <u>281,593</u>      |
| <b>TOTAL EXPENSES</b>                        | <u>1,840,291</u>                      | <u>--</u>                          | <u>1,840,291</u>    |
| <b>CHANGE IN NET ASSETS</b>                  | ( 147,510)                            | 640,627                            | 493,117             |
| <b>NET ASSETS AT<br/>BEGINNING OF PERIOD</b> | <u>1,018,689</u>                      | <u>821,234</u>                     | <u>1,839,923</u>    |
| <b>NET ASSETS AT<br/>END OF PERIOD</b>       | <u>\$ 871,179</u>                     | <u>\$ 1,461,861</u>                | <u>\$ 2,333,040</u> |

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

**MARINE MAMMAL CARE CENTER LOS ANGELES  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

|                                      | <u>Program<br/>Services</u> | <u>Management<br/>and General</u> | <u>Fundraising</u>    | <u>Total</u>            |
|--------------------------------------|-----------------------------|-----------------------------------|-----------------------|-------------------------|
| <b>PERSONNEL EXPENSES</b>            |                             |                                   |                       |                         |
| Salaries and wages                   | \$ 719,003                  | \$ 89,817                         | \$ 130,625            | \$ 939,445              |
| Employee benefits and taxes          | 107,450                     | 28,373                            | 19,521                | 155,344                 |
| <b>TOTAL PERSONNEL EXPENSES</b>      | <u>826,453</u>              | <u>118,190</u>                    | <u>150,146</u>        | <u>1,094,789</u>        |
| <br><b>OTHER EXPENSES</b>            |                             |                                   |                       |                         |
| Bank and merchant fees               | --                          | 10,476                            | --                    | 10,476                  |
| Depreciation                         | 16,673                      | --                                | --                    | 16,673                  |
| Facility supplies                    | 36,020                      | --                                | --                    | 36,020                  |
| Fish supplies, storage, and delivery | 125,762                     | --                                | --                    | 125,762                 |
| Honorarium speakers                  | 3,200                       | --                                | --                    | 3,200                   |
| Insurance                            | 25,802                      | 3,223                             | 4,687                 | 33,712                  |
| Marketing and community outreach     | 36,797                      | 975                               | 7,539                 | 45,311                  |
| Medical supplies and tests           | 60,629                      | --                                | --                    | 60,629                  |
| Occupancy                            | 17,680                      | 905                               | 1,316                 | 19,901                  |
| Office expense                       | 15,006                      | 2,748                             | 18,160                | 35,914                  |
| Office expense – in-kind             | 30,156                      | --                                | --                    | 30,156                  |
| Professional services:               |                             |                                   |                       |                         |
| Accounting                           | --                          | 31,988                            | --                    | 31,988                  |
| Educators                            | 33,000                      | --                                | --                    | 33,000                  |
| Fundraising                          | --                          | --                                | 75,148                | 75,148                  |
| Grant writer                         | --                          | --                                | 24,133                | 24,133                  |
| Marketing and community outreach     | 62,375                      | --                                | --                    | 62,375                  |
| Animal rescue                        | 10,870                      | --                                | --                    | 10,870                  |
| HR and recruiting (Note 10)          | --                          | 64,221                            | --                    | 64,221                  |
| Repairs and maintenance              | 6,386                       | --                                | --                    | 6,386                   |
| Staff development and conferences    | 2,556                       | 319                               | 464                   | 3,339                   |
| Travel                               | 12,588                      | --                                | --                    | 12,588                  |
| Other                                | 3,339                       | 361                               | --                    | 3,700                   |
| <b>TOTAL OTHER EXPENSES</b>          | <u>498,839</u>              | <u>115,216</u>                    | <u>131,447</u>        | <u>745,502</u>          |
| <br><b>TOTAL EXPENSES</b>            | <br><u>\$ 1,325,292</u>     | <br><u>\$ 233,406</u>             | <br><u>\$ 281,593</u> | <br><u>\$ 1,840,291</u> |

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

**MARINE MAMMAL CARE CENTER LOS ANGELES  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**CASH FLOWS FROM OPERATING ACTIVITIES**

|  |    |                  |
|--|----|------------------|
| Change in net assets   | \$ | 493,117          |
| Adjustments to reconcile change in net assets<br>to net cash used in operating activities: |    |                  |
| Realized loss on sales of investments  |    | 132              |
| Unrealized loss on investments   |    | 7,513            |
| Depreciation   |    | 16,673           |
| Change in operating assets and liabilities:  |    |                  |
| Bequests receivable  | (  | 285,125)         |
| Contributions receivable   | (  | 449,545)         |
| Prepaid expenses and other current assets  | (  | 2,406)           |
| Inventory  |    | 7,532            |
| Accounts payable and accrued expenses  |    | 969              |
| Accrued employee related expenses  |    | 43,095           |
| Net Cash Used In Operating Activities  | (  | <u>168,045</u> ) |

**CASH FLOWS FROM INVESTING ACTIVITIES**

|                                       |   |                 |
|---------------------------------------|---|-----------------|
| Purchases of equipment                | ( | 29,868)         |
| Purchases of investments              | ( | 964)            |
| Net Cash Used In Investing Activities | ( | <u>30,832</u> ) |

**NET CHANGE IN CASH AND  
CASH EQUIVALENTS**

( 198,877)

**CASH AND CASH EQUIVALENTS AT  
BEGINNING OF YEAR**

1,183,926

**CASH AND CASH EQUIVALENTS AT  
END OF YEAR**

\$ 985,049

**SUPPLEMENTAL DISCLOSURES**

|                                |      |
|--------------------------------|------|
| Cash paid for interest         | NONE |
| Cash paid for income taxes     | NONE |
| Noncash investing transactions | NONE |
| Noncash financing transactions | NONE |

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



**MARINE MAMMAL CARE CENTER LOS ANGELES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**NOTE 1 – Organization**

**ABOUT US:** The Marine Mammal Care Center Los Angeles (MMCC) is a 501(c)(3) non-profit organization and a leader in the field of marine mammal health and conservation. MMCC is the only organization authorized by National Oceanic and Atmospheric Administration (NOAA) to respond to marine mammals in distress along the entire Los Angeles County coastline from Malibu to Seal Beach, Catalina Island, and at sea. MMCC has rehabilitated nearly 10,000 marine mammals and returned them to their ocean home since its founding in 1992.

Located in San Pedro, MMCC operates 24 hours a day, 365 days a year, with a staff of approximately 18 and approximately 200 actively engaged volunteers, and with a budget of just over \$2 million.

**MISSION AND VISION:** The mission of MMCC is to inspire ocean conservation through marine animal rescue and rehabilitation, education, and research. Our vision is of a healthy ocean ecosystem where people and marine life thrive together. Marine mammals are ecosystem indicators, and these animals provide insights into human and ocean health threats. We are taking action today to support a network of professionals and stewards to protect our shared ocean environment for future generations.

**NEED:** Our ocean is in trouble. Human activity is threatening marine ecosystems that have been thriving since before our arrival. From increasing ocean temperatures and acidification to the depletion of fish stocks, our ocean, vital to all life on earth, needs our help. As an essential first responder to these threats, MMCC is a leader in the field of ocean conservation through marine mammal response, veterinary medicine, science, and education.

**OUR WORK:** To advance our mission, we focus our work on three key program areas:

**Animal Care**

Field Response  
Rehabilitation  
Animal Welfare

**Education**

Youth Education  
Professional Education  
Public Education

**Research**

Clinical Research  
Collaborative Research

**ANIMAL CARE:** Since 1992, we've cared for close to 10,000 marine mammals along 70 miles of Los Angeles County coastline and Catalina Island. With a volunteer force of 200 and the support of the concerned public, MMCC is able to treat and rehabilitate sick and injured animals at our wildlife veterinary facility until they can be released back to their ocean home.

**MARINE MAMMAL CARE CENTER LOS ANGELES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**NOTE 1 – Organization (*continued*)**

**RESEARCH:** As a partner in the NOAA Stranding Network, we help to grow the scientific understanding of the animal populations we treat by tracking population trends, evolving treatment protocols and standards, and developing best practices to deliver outstanding care to animals in need. We also collaborate with scientists from around the country to conduct non-invasive research.

**EDUCATION:** MMCC’s education programs provide virtual and in-person engagements to diverse audiences. Key audiences include K-12 schools, volunteers, conservation partners, and the general public. MMCC focuses on educational strategies that align with the best teaching and learning methods, including adopting reflective practices, being inquiry-driven, and learner-centric. Our programs highlight the role people play in environmental conservation and the knowledge of “how to” support a healthy ocean environment.

MMCC is also a unique training ground for veterinary and animal care professionals -- combining hands-on practical experience, innovative medicine, and meaningful professional collaboration between our staff, visiting veterinary and marine science students, interns, and residents with a high-quality animal care focus. Veterinary professionals and students can apply for competitive internships or externships that provide professional training alongside experts onsite at MMCC.

**COMMUNITY ENGAGEMENT:** As a conservation organization, MMCC goes beyond informing the community to take meaningful action. At the core of our work is the recognition that our mission cannot be achieved without the public's understanding, commitment, and participation. We share information while creating experiences that motivate, inspire, and equip people to take concrete actions to protect the ocean and marine mammals.

**NOTE 2 – Summary of Significant Accounting Policies**

***Basis of Presentation of Financial Statements***

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with United States Generally Accepted Accounting Principles (US GAAP). The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

**MARINE MAMMAL CARE CENTER LOS ANGELES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**NOTE 2 – Summary of Significant Accounting Policies *(continued)***

***Cash and Cash Equivalents***

All cash and highly liquid financial instruments with an original maturity of three months or less when purchased, and which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents.

***Investments***

Investments are recorded at cost when purchased, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair value in the statement of financial position. Net investment return is reported in the statement of activities and consists of dividend income, interest income, realized and unrealized capital gains or losses, less investment management fees. See Note 4.

***Bequests Receivable***

During the year ended December 31, 2022, the Organization became aware of two bequests committed through family trusts. Both bequests were funded in the subsequent year.

***Contributions Receivable***

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. The Organization determines the allowance for doubtful contributions based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contributions are written off when deemed uncollectible. Conditional promises to give are not included as support until the conditions are substantially met.

***Inventory***

Inventory consists of goods to be sold in the gift shop and is stated at the lower of cost or market, or at the fair market value at the time of receipt if the inventory was donated.

**MARINE MAMMAL CARE CENTER LOS ANGELES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**NOTE 2 – Summary of Significant Accounting Policies (*continued*)**

***Property and Equipment***

The Organization's policy is to capitalize asset additions over \$5,000. Property and equipment are stated at cost, with the exception of donated equipment, which is recorded at fair market value on the date received. Depreciation has been provided on the straight-line method over the useful lives of the assets, which are generally three to twenty years. Expenditures for repairs and maintenance are expensed as incurred.

***Classification of Net Assets***

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-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 grantor restrictions.

*Net Assets with Donor Restrictions* – Net assets subject to donor or grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, for example contributed assets that may or will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, for example stipulating that resources be maintained in perpetuity. Law may extend those limits to investment returns from those resources and to other enhancements (diminishments) of those resources. Thus, laws extend to donor-imposed restrictions. Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. When a restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets are reclassified to net assets without donor restrictions and reported on the statement of activities as net asset released from restrictions.

***Revenue Recognition***

Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Program service fees and event sponsorships that are received in advance are deferred to the applicable period in which the related services are performed or the event occurs. Gift shop income has been reported net of cost of goods sold of \$45,443.

**MARINE MAMMAL CARE CENTER LOS ANGELES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**NOTE 2 – Summary of Significant Accounting Policies *(continued)***

***In-Kind Contributions and Donated Services***

Contributed goods and facilities are recorded at fair value at the date of donation. Contributed services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received. During the year ended December 31, 2022, the Organization received \$30,156 in contributed goods that were utilized to support programmatic activities and \$15,076 in contributed goods and services for special events.

***Marketing and Community Outreach***

Marketing and community outreach expenditures are charged to operations when incurred. Marketing and outreach expense for the year ended December 31, 2022 was \$107,686, of which \$62,375 was paid to outside consultants as professional fees.

***Income Tax Status***

The Organization has received tax-exempt status from the Internal Revenue Service and California Franchise Tax Board under Section 501(c)(3) of the Internal Revenue Code and under Revenue and Taxation Code Section 23701d, respectively.

Since the Organization is exempt from federal and state income tax liability, no provision is made for current or deferred income taxes. The Organization uses the same accounting methods for tax and financial reporting. Management has considered its tax positions and believes that all of the positions taken in its federal and state exempt organization returns are more likely than not to be sustained upon examination. The Organization's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

***Estimates***

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenses. Actual results could differ from such estimates and those differences could be material.

**MARINE MAMMAL CARE CENTER LOS ANGELES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**NOTE 2 – Summary of Significant Accounting Policies *(continued)***

***Financial Instruments and Credit Risk***

Deposit concentrations are managed by placing cash with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with contributions receivable are considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from foundations supportive of the mission.

***Accounting Pronouncements Adopted***

In February 2016, the FASB issued ASU 2016-02, *Leases*. ASU 2016-02 requires entities to recognize all leased assets on the statement of financial position with a corresponding liability resulting in a gross up of the statement of financial position. Entities will also be required to present additional disclosures regarding the nature and extent of leasing activities. ASU 2016-02 became effective for nonpublic business entities for the annual reporting period beginning after December 15, 2021.

In September 2020, FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 is aimed to improve financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. ASU 2020-07 became effective for nonpublic business entities for the annual reporting period beginning after June 15, 2021.

***Subsequent Events***

The Organization has evaluated subsequent events through July 11, 2023, which is the date the financial statements were available to be issued and noted no items to disclose.

**MARINE MAMMAL CARE CENTER LOS ANGELES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**NOTE 3 – Liquidity and Availability**

At December 31, 2022, the Organization had the following financial assets available to meet cash needs for general expenditures within one year:

|  |                    |
|--|--------------------|
| Cash and cash equivalents                                    | \$ 985,049         |
| Investments  | 103,130            |
| Bequests receivable  | 285,125            |
| Contributions receivable, current portion                    | <u>135,775</u>     |
| Total financial assets                                       | 1,509,079          |
| <br>   |                    |
| Less: donor-imposed restrictions on current financial assets | ( <u>751,092</u> ) |
| <br>   |                    |
| Total  | <u>\$ 757,987</u>  |

As part of the Organization’s liquidity management plan, a portion of any operating surplus is maintained in savings accounts.

**NOTE 4 – Fair Value Measurement**

The Organization reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell assets in an orderly transaction in the principal, most advantageous market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the assets, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the assets based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the figures market participants would use in pricing the asset based on the best information available.

A three-tier hierarchy categorizes the inputs as follows:

- *Level 1* inputs are quoted prices (unadjusted) in active markets for identical assets that the Organization has the ability to access at the measurement date.
- *Level 2* inputs are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- *Level 3* inputs are unobservable inputs for the asset.

**MARINE MAMMAL CARE CENTER LOS ANGELES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**NOTE 4 – Fair Value Measurement (continued)**

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to an assessment of the quality, risk or liquidity profile of the asset.

The following table presents assets that are measured at fair value on a recurring basis at December 31, 2022:

|   | <u>Fair Value Measurements at Reporting Date Using</u>  |  |  |
|---|---|--|--|
|   | <u>Quoted<br/>Prices in<br/>Active<br/>Markets for<br/>Identical<br/>Assets<br/>(Level 1)</u> | <u>Significant<br/>Other<br/>Observable<br/>Inputs<br/>(Level 2)</u> | <u>Significant<br/>Unobservable<br/>Inputs<br/>(Level 3)</u> |
| Beneficial interest in assets<br>held by community foundation | \$ --   | \$ --  | \$ 103,130   |

**NOTE 5 – Contributions Receivable**

Unconditional promises to give are estimated to be collected as follows at December 31:

|                                | <u>2022</u>        |
|--------------------------------|--------------------|
| Less than one year             | \$ 135,775         |
| Greater than one year          | <u>900,000</u>     |
| Total contributions receivable | 1,035,775          |
| Net present value discount     | ( <u>189,230</u> ) |
| Total                          | <u>\$ 846,545</u>  |

There was no allowance for doubtful contributions at December 31, 2022. There was a 5% net present value discount recognized as of December 31, 2022 for \$189,230 on a 10-year receivable commitment made in 2022.



**MARINE MAMMAL CARE CENTER LOS ANGELES  
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**NOTE 6 – Property and Equipment**

Property and equipment are summarized as follows at December 31:

|                                   | <b>2022</b>    |
|-----------------------------------|----------------|
| Equipment                         | \$ 208,596     |
| Vehicles                          | 21,500         |
| Computers                         | 2,106          |
| Leasehold Improvements            | 51,048         |
|                                   | 283,250        |
| <br>Less accumulated depreciation | <br>( 145,062) |
| <br>Total                         | <br>\$ 138,188 |

Depreciation expense for the year ended December 31, 2022 was \$16,673.

**NOTE 7 – Net Assets With Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes or periods at December 31:

|  | <b>2022</b>      |
|--|------------------|
| Subject to expenditure for specified purpose:  |                  |
| Education  | \$ 42,634        |
| Capacity building  | 22,332           |
| <br>Subject to the passage of time:  |                  |
| Promises to give that are not restricted by donors,<br>but which are unavailable for expenditure until due | 1,396,895        |
| <br>Total  | <br>\$ 1,461,861 |

**MARINE MAMMAL CARE CENTER LOS ANGELES  
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**NOTE 7 – Net Assets With Donor Restrictions *(continued)***

Net assets released from donor restrictions included the following during the year ended December 31:

|   | <b>2022</b> |
|---|-------------|
| Satisfaction of purpose restrictions:           |             |
| Capacity building                               | \$ 427,667  |
| Ocean conservation and sustainability education | 46,507      |
| Education                                       | 149,224     |
| Medical equipment                               | 8,421       |
| Research  | 35,000      |
| Hospital management                             | 61,275      |
| Total   | \$ 728,094  |

**NOTE 8 – Commitment**

The Organization has a 12-month lease commitment for a mobile office and equipment which was renewed in December 2022. Additionally, the Organization has a remaining agreement with a consulting organization to assist with strategic development and advocacy with one month remaining as of December 31, 2022.

**NOTE 9 – Donated Goods and Services**

The Organization’s financial statements include the following in-kind contribution revenue for the year ended December 31:

|                  | <b>2022</b> |
|------------------|-------------|
| Donated goods    | \$ 40,232   |
| Donated services | 5,000       |
| Total            | \$ 45,232   |

Donated goods and services received by the Organization during the year ended December 31, 2022 were provided without donor restrictions and were used to support ongoing program operations. The value of donated goods was estimated based on comparable sales of similar items at retail prices within the local market available to the Organization, and the value of donated services was estimated based on comparable services by qualified professionals within the local market available to the Organization.

**MARINE MAMMAL CARE CENTER LOS ANGELES  
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**NOTE 9 – Donated Goods and Services *(continued)***

The Organization receives substantial volunteer services. The volunteer hours are tracked by the Organization. Donated services of \$5,000 are recognized in the statement of activities for the year ended December 31, 2022, because they meet the criteria specified by generally accepted accounting principles. Additional services that are tracked were not recognized because they do not meet the criteria. Volunteer hours totaling 10,587 were not recorded in the statement of activities for the year ended December 31, 2022, but are valued at approximately \$376,473 using valuation tools provided by independent sector annual research.

**NOTE 10 – Functional Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural and functional classification detail of expenses. Certain costs have been allocated among the programs and supporting services benefited. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, employee benefits and taxes, insurance, marketing and community outreach, occupancy, office expense, staff development and conferences, and other, which are allocated on the basis of estimates of time and effort.

Management notes that the expense line “HR (human resources) and recruiting” includes \$62,802 of a non-recurring expense related to the Organization’s CEO search. Without this expense, the Organization’s supporting services rate would align with past years’.