



LOS ANGELES, CALIFORNIA • EST 1992

## **FINANCIAL STATEMENTS**

December 31, 2025

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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, 2025, 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 (the Organization) as of December 31, 2025, 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 the Organization 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 Organization's 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 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 Organization'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 Organization'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.



Long Beach, California  
May 28, 2026

**MARINE MAMMAL CARE CENTER LOS ANGELES**

**STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2025**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 1,422,967
Investments	127,985
Bequests receivable	6,225
Contributions receivable, current portion	335,000
Grants receivable	47,782
Prepaid expenses	67,629
Inventory	<u>218,089</u>
Total current assets	<u>2,225,677</u>

**NONCURRENT ASSETS**

Contributions receivable, net of current portion and discount	507,560
Property and equipment, net	478,158
Operating lease right-of-use assets	<u>90,359</u>
Total noncurrent assets	<u>1,076,077</u>

**TOTAL ASSETS** \$ 3,301,754

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable and accrued expenses	\$ 83,425
Accrued employee-related expenses	118,197
Operating lease liabilities, current portion	<u>46,100</u>
Total current liabilities	<u>247,722</u>

**NONCURRENT LIABILITIES**

Operating lease liabilities, net of current portion	<u>46,634</u>
Total noncurrent liabilities	<u>46,634</u>

**NET ASSETS**

Without donor restrictions	1,897,054
With donor restrictions	<u>1,110,344</u>
Total net assets	<u>3,007,398</u>

**TOTAL LIABILITIES AND NET ASSETS** \$ 3,301,754

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, 2025**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>			
Grants and contributions	\$ 2,609,698	\$ 805,660	\$ 3,415,358
In-kind contributions	1,392,477	-	1,392,477
Gift shop income, net	15,792	-	15,792
Investment return, net	47,329	-	47,329
Other income	11,034	-	11,034
Loss on disposal of property and equipment	(8,267)	-	(8,267)
Net assets released from restrictions	<u>1,065,346</u>	<u>(1,065,346)</u>	<u>-</u>
<b>TOTAL REVENUE AND SUPPORT</b>	<u>5,133,409</u>	<u>(259,686)</u>	<u>4,873,723</u>
<b>EXPENSES</b>			
Program services	4,082,683	-	4,082,683
Management and general	423,217	-	423,217
Fundraising	<u>259,812</u>	<u>-</u>	<u>259,812</u>
<b>TOTAL EXPENSES</b>	<u>4,765,712</u>	<u>-</u>	<u>4,765,712</u>
<b>CHANGE IN NET ASSETS</b>	367,697	(259,686)	108,011
<b>NET ASSETS AT BEGINNING OF PERIOD</b>	<u>1,529,357</u>	<u>1,370,030</u>	<u>2,899,387</u>
<b>NET ASSETS AT END OF PERIOD</b>	<u>\$ 1,897,054</u>	<u>\$ 1,110,344</u>	<u>\$ 3,007,398</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, 2025**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<b>PERSONNEL EXPENSES</b>				
Salaries and wages	\$ 1,385,618	\$ 188,170	\$ 136,851	\$ 1,710,639
Employee benefits	106,092	14,407	10,478	130,977
Payroll taxes	<u>97,099</u>	<u>13,186</u>	<u>9,590</u>	<u>119,875</u>
<b>TOTAL PERSONNEL EXPENSES</b>	<u>1,588,809</u>	<u>215,763</u>	<u>156,919</u>	<u>1,961,491</u>
<b>OTHER EXPENSES</b>				
Automobile	46,646	481	438	47,565
Depreciation and amortization	59,090	8,024	5,836	72,950
In-kind	1,384,830	7,647	-	1,392,477
Insurance	54,333	9,570	5,366	69,269
Occupancy	86,435	2,066	1,640	90,141
Office	174,692	51,769	40,410	266,871
Other employee-related	40,440	3,542	1,622	45,604
Outreach	-	-	12,260	12,260
Patient food and medical supplies	370,841	-	-	370,841
Professional services	270,957	124,343	35,238	430,538
Travel	<u>5,610</u>	<u>12</u>	<u>83</u>	<u>5,705</u>
<b>TOTAL OTHER EXPENSES</b>	<u>2,493,874</u>	<u>207,454</u>	<u>102,893</u>	<u>2,804,221</u>
<b>TOTAL EXPENSES</b>	<u>\$ 4,082,683</u>	<u>\$ 423,217</u>	<u>\$ 259,812</u>	<u>\$ 4,765,712</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, 2025**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 108,011
Adjustments to reconcile change in net assets to net cash from operating activities:	
Net realized and unrealized gains on investments	(2,489)
Depreciation and amortization	72,950
Amortization of operating lease right-of-use assets	(90,359)
Loss on disposal of property and equipment	8,267
Change in operating assets and liabilities:	
Contributions receivable, net of discount	80,120
Grants receivable	46,469
Prepaid expenses	(33,284)
Inventory	(131,032)
Accounts payable and accrued expenses	38,905
Accrued employee-related expenses	5,887
Operating lease liabilities	92,734
Net Cash Provided By Operating Activities	<u>196,179</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of property and equipment	(203,820)
Net purchases and sales of investments	(4,506)
Dividends and interest reinvested	(4,803)
Net Cash Used In Investing Activities	<u>(213,129)</u>

**NET CHANGE IN CASH AND CASH EQUIVALENTS** (16,950)

**CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR** 1,439,917

**CASH AND CASH EQUIVALENTS, END OF YEAR** \$ 1,422,967

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

## MARINE MAMMAL CARE CENTER LOS ANGELES

### NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2025

#### NOTE 1 – Organization

##### *Nature of the Organization and its Mission*

The Marine Mammal Care Center Los Angeles is a 501(c)(3) non-profit organization and a leader in the field of marine mammal health and conservation. Marine Mammal Care Center Los Angeles (the Organization) is the only organization authorized by the National Oceanic and Atmospheric Administration (NOAA) to respond to marine mammals in distress year-round along the entire Los Angeles County coastline from Malibu to Long Beach, Catalina Island, and at sea.

**SOUTHERN CALIFORNIA COAST - AN ECOSYSTEM LIKE NO OTHER:** California borders the vast Pacific Ocean, which accounts for nearly half of the world's ocean area and supports a significant portion of the planet's biodiversity. Just offshore, the California current serves as a vital feeding ground for billions of fish, mammals and birds. These consistently cool waters contribute to the state's mild and welcoming coastal climate.

The Channel Islands National Marine Sanctuary, situated off the coast of Southern California, is renowned for its remarkable biodiversity and stunning kelp forests. These underwater ecosystems are teeming with vibrant marine life. Twenty seven different species of whales and dolphins visit or inhabit the Channel Islands, including the world's largest congregation of blue whales, as well as fin, humpback, and gray whales. Common dolphins, orcas, and Risso's dolphins are also frequent visitors.

Five species of pinnipeds, including California sea lions, elephant seals and harbor seals, rely on the sanctuary for feeding and breeding. In fact, more than 80 percent of all California sea lions are born on the Channel Islands in June of every year. Additionally, 60 species of seabirds, such as the rare Scripps's murrelet and California brown pelican, nest, feed and migrate here.

**LOS ANGELES COUNTY:** Los Angeles County (LA County) has more marine mammal rescues per mile of coastline than anywhere else in the country but also the least remaining critical shoreline habitat in all of California. This disappearing shoreline – characterized by rock formations and beaches where people and buildings or encroachment aren't prevalent – creates an essential habitat area for marine mammals, allowing them to rest, wait out storms, give birth, nurse pups, or recover when sick or injured. Without these places, sick marine mammals have no choice but to come ashore on LA County beaches that are heavily populated by people. This creates public safety and public health issues that are unique to LA County.

**MARINE MAMMAL CARE CENTER LOS ANGELES**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

**NOTE 1 – Organization (Continued)**

***Nature of the Organization and its Mission (Continued)***

The county's coastline provides recreational and environmental amenities that generate over \$4 billion in international tourism to the Los Angeles area annually. LA County is also home to the busiest port complex in the United States; close to 45 percent of all oceanic freight entering the country comes ashore through the twin ports at Los Angeles and Long Beach. Together, these ports contribute more than one million jobs to a vibrant economy.

Conservation and commerce can and need to coexist. The Organization is committed to working with our partners in LA County to make it the model for how marine wildlife can thrive in an urban ocean environment.

**MISSION AND VISION:** The mission of the Organization is to inspire ocean conservation through marine mammal rescue and rehabilitation, education, and research. Our vision is of a healthy ocean ecosystem where people and marine life thrive together.

**NEED:** Our ocean is in trouble. Human activity threatens marine ecosystems that have been thriving since before humans arrived. From increasing ocean temperatures and acidification to the depletion of fish stocks, our ocean, vital to all life on Earth, needs our help.

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.

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

- 1. Rehabilitation:** The Organization rehabilitates sick and injured marine mammals at our hospital until they can be released back to the wild. Annually, the Organization cares for 250 to 500 sea lions, elephant seals, fur seals, and harbor seals. Since 1992, we've cared for more than 10,000 marine mammals. As a partner in the NOAA Stranding Network, the Organization helps grow scientific understanding of the animal populations we treat by tracking the occurrence of disease and human-related stranding events. Our experts develop treatment protocols and best practices to deliver outstanding care to animals in need and collaborate with scientists from around the country to conduct non-invasive research.

## MARINE MAMMAL CARE CENTER LOS ANGELES

### NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

#### NOTE 1 – Organization (Continued)

##### *Nature of the Organization and its Mission (Continued)*

2. **Rescue and Response:** The Organization rescues and responds to marine mammals along the entire coast of LA County, including Catalina Island, and recent trends indicate that strandings will continue to increase, with cyclical spikes occurring more frequently. Causes of strandings include malnutrition, infectious diseases, entanglements, and toxicity from harmful algal blooms, among other threats. On average, our experts respond to 750 to 1,000 reports of marine mammals in distress each year. Additionally, in 2023, the Organization joined NOAA's National Large Whale Entanglement Response Network to help save the growing number of whales entangled in fishing gear that traverse our coastline.
3. **Education and Community Engagement:** The Organization's education programs provide learning opportunities for K-12 students, community organizations, conservation partners, and the public. Our programs are designed to be inquiry-driven and learner-centric, emphasizing the important role that we all play in environmental stewardship. We create experiences that motivate, inspire and equip people to take concrete actions to protect the ocean and marine mammals. The Organization is also a unique training ground for veterinary and animal care professionals. Our Teaching Hospital combines hands-on practical experience, innovative medicine and meaningful professional collaboration.

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

##### *Basis of Presentation*

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

##### *Use of Estimates*

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported changes in the Organization's net assets during the reporting period. Actual results could differ from those estimates.

MARINE MAMMAL CARE CENTER LOS ANGELES

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2025

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

***Financial Statement Presentation***

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets, revenue, and gains and losses are classified based on the existence or absence of donor-imposed restrictions.

***Without donor restrictions*** - Net assets available for use in general operations and not subject to donor restrictions.

***With donor restrictions*** - Net assets subject to donor-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. 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.

***Cash and Cash Equivalents and Concentration of Credit Risk***

For the purpose of the statement of cash flows, the Organization considers all highly liquid instruments with a maturity of three months or less when purchased to be cash equivalents. At December 31, 2025, and throughout the year, the Organization has maintained cash balances in its bank in excess of federally insured limits. The Organization maintains its cash and cash equivalents with high quality financial institutions and has not experienced any losses in such accounts.

***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.)

**MARINE MAMMAL CARE CENTER LOS ANGELES**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

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

***Bequests Receivable***

The Organization has at times been named beneficiary of various estates. Bequests received under such estates are not recorded until the Organization has a legal right to such assets, the distribution of assets to the Organization is probable, and the amount of the distribution can be reasonably estimated. The Organization's estimate is subject to uncertainty because it involves significant assumptions. The nature of the uncertainty results from a lack of information from third-party trustees regarding remaining amounts of trust assets and future distributions. It is at least reasonably possible that a change in the estimate will occur in the near term, and the effect of the change would be material to the financial statements. During the year ended December 31, 2025, there were no new bequests committed through family trusts.

***Grants and Contributions Receivable***

Grants and contributions receivable are recorded at net realizable value. Pledges expected to be collected over a period in excess of one year are recorded at the present value of their estimated future cash flows, discounted using an estimated market return rate. Amortization of the discounts is included in grants and contributions on the statement of activities. Conditional promises to give are not included as support until the conditions are substantially met. The Organization expects to collect all unconditional promises to give. Therefore, no allowance for credit losses has been recorded.

***Inventory***

Inventory consists of fish stock and items available for sale in the gift shop. Purchased inventory is stated at the lower of cost or net realizable value on a first-in, first-out basis. Donated inventory is stated at the fair market value at the time of receipt.

***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 of donation. Depreciation has been provided on the straight-line method over the useful lives of the assets, which are generally three to twenty years. Amortization on leasehold improvements are based on the shorter of the expected useful lives of the improvements or the term of the lease. Expenditures for repairs and maintenance are expensed as incurred.

**MARINE MAMMAL CARE CENTER LOS ANGELES**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

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

***Revenue Recognition***

Revenue is recognized when earned. Grants and 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 \$114,919 for the year ended December 31, 2025.

***In-Kind Contributions***

Contributions of donated services are recognized, according to U.S. GAAP, if (a) the services create or enhance nonfinancial assets, or (b) the services would have been purchased if not provided by donation, require specialized skills, and are provided by individuals possessing those skills. For the year ended December 31, 2025, the Organization recognized \$1,392,477 of in-kind contribution revenue for donated supplies, services, and facilities. (See Note 8.)

***Marketing Expense***

Marketing expenditures are charged to operations when incurred. Marketing expense for the year ended December 31, 2025 was \$69,893, which is included in professional fees on the statement of functional expenses.

***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. Expenses that can be identified with a specific program or supporting service are charged directly to the related program or service. Expenses that are associated with more than one program or supporting service are allocated based on reasonable allocation methods determined by management.

**MARINE MAMMAL CARE CENTER LOS ANGELES**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

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

***Leasing Arrangements***

The Organization determines if an arrangement contains a lease at inception based on whether the Organization has the right to control the asset during the contract period and other facts and circumstances.

The Organization's policy for determining its lease discount rate used for measuring lease liabilities is to use the rate implicit in the lease whenever that rate is readily determinable. If the rate implicit in the lease is not readily determinable, then the Organization has elected to use the risk-free discount rate, as permitted by U.S. GAAP, determined using a period comparable with that of the lease term.

The Organization has elected a policy to account for short-term leases, defined as any lease with a term of less than 12 months, by recognizing all components of the lease payment in the financial statements in the period in which the obligation for the payments is incurred.

***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 Section 23701(d) of the Revenue and Taxation Code, respectively.

The Organization recognizes the financial statement benefit of tax positions, such as filing status of tax-exempt, only after determining that the relevant tax authority would more likely than not sustain the position following an audit. The Organization is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal and California purposes is generally three and four years, respectively.

***Subsequent Events***

Except as disclosed in Note 10, the Organization has evaluated subsequent events through May 28, 2026, which is the date the financial statements were available to be issued.

**MARINE MAMMAL CARE CENTER LOS ANGELES**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

**NOTE 3 – Liquidity and Availability**

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

Financial assets at year end:	
Cash and cash equivalents	\$ 1,422,967
Investments	127,985
Bequests receivable	6,225
Contributions receivable, current portion	335,000
Grants receivable	<u>47,782</u>
Total financial assets	<u>1,939,959</u>
Less amounts not available to be used within one year:	
Restricted for donor-imposed purpose or time	<u>(1,110,344)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 829,615</u>

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**NOTE 4 – Investments**

The Organization follows the guidance required for fair value measurements of financial and nonfinancial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring or nonrecurring basis. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques.

MARINE MAMMAL CARE CENTER LOS ANGELES

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2025

NOTE 4 – Investments (Continued)

The Organization groups its assets measured at fair value in three levels, based on the markets in which the assets are traded and the reliability of the assumptions used to determine fair value. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities 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 or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The following table presents information about the Organization’s assets that are measured at fair value on a recurring basis at December 31, 2025 and indicates the fair value hierarchy level of the valuation techniques utilized to determine such fair value:

	<u>Fair Value Measurements at Reporting Date Using</u>			
	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
Beneficial interest in assets				
held by community foundation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127,985</u>	<u>\$ 127,985</u>

**MARINE MAMMAL CARE CENTER LOS ANGELES**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

**NOTE 4 – Investments (Continued)**

As of December 31, 2025, the Organization’s investments in level 3 funds are valued using information from fund managers. The Organization does not have any unfunded commitments and there are no lock-up provisions that restrict redemptions. The investment fund representing the level 3 investment is currently under liquidation. The balance had not been disbursed at December 31, 2025 and is expected to be reinvested according to the Organization’s investment policies. The table below presents information about changes in assets measured at fair value on a recurring basis using level 3 inputs to determine fair value:

Balance at January 1, 2025	116,187
Dividends and interest reinvested	4,803
Net realized and unrealized gains on investments	2,489
Net purchases and sales of investments	<u>4,506</u>
Balance at December 31, 2025	<u>\$ 127,985</u>

**NOTE 5 – Contributions Receivable**

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

Less than one year	\$ 335,000
Greater than one year	<u>600,000</u>
Total contributions receivable	935,000
Less discount to net present value of 5%	<u>(92,440)</u>
Total	<u>\$ 842,560</u>

There was no allowance for credit losses deemed necessary by management at December 31, 2025 as all items were expected to be collected in full.

MARINE MAMMAL CARE CENTER LOS ANGELES

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2025

**NOTE 6 – Property and Equipment**

Property and equipment is summarized as follows:

Equipment	\$	334,929
Vehicles		237,209
Leasehold improvements		<u>125,788</u>
		697,926
Less accumulated depreciation and amortization		<u>(249,318)</u>
		448,608
Construction in Progress		<u>29,550</u>
Total	\$	<u>478,158</u>

Depreciation and amortization expense for the year ended December 31, 2025 was \$72,950.

**NOTE 7 – Leases**

The Organization has entered into various leases for office and hospital space. The lease terms expire at various dates through January 2028. Certain leases contain provisions for renewal options and for increasing rent due to increased expenses, taxes, and cost of living. Only lease options that the Organization believes are reasonably certain to exercise are included in the measurement of the operating lease right-of-use assets and liabilities.

While all of the agreements provide for minimum lease payments, some include payments adjusted for inflation for direct expenses. Variable payments that are not determinable at lease commencement are not included in the measurement of the lease right-of-use assets and liabilities. The lease agreements do not include any material residual value guarantees.

The components of operating lease expenses that are included in occupancy in the statement of functional expenses were as follows for the year ended December 31, 2025:

Operating lease costs	\$	43,236
Variable and short term lease costs		<u>4,060</u>
	\$	<u>47,296</u>

MARINE MAMMAL CARE CENTER LOS ANGELES

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

**NOTE 7 – Leases (Continued)**

The following summarizes the supplemental cash flow information related to operating leases for the year ended December 31, 2025:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	\$	43,236
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Noncash investing and financing activity:

Right-of-use assets obtained in exchange for new operating lease liabilities	\$	131,964
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The weighted-average remaining lease term and discount rate of operating leases as of December 31, 2025 were as follows:

Weighted-average remaining lease term	1.98 years
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Weighted-average discount rate	3.92%
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The maturities of operating lease liabilities as of December 31, 2025 are as follows:

**Year Ending  
December 31,**

2026	\$	48,912
2027		41,795
2028		<u>5,956</u>
Total minimum lease payments		96,663
Less amount representing interest		<u>(3,929)</u>
Present value of minimum lease payments		92,734
Less current portion		<u>(46,100)</u>
	\$	<u><u>46,634</u></u>

**MARINE MAMMAL CARE CENTER LOS ANGELES**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

**NOTE 8 – Net Assets With Donor Restrictions**

Net assets with donor restrictions consisted of the following as December 31, 2025:

<u>Purpose</u>	<u>January 1, 2025</u>	<u>Additions</u>	<u>Releases</u>	<u>December 31, 2025</u>
Capacity building	\$ 108,361	\$ 82,000	\$ (190,361)	\$ -
Education	42,407	133,660	(176,067)	-
Rehabilitation	290,357	370,000	(398,798)	261,559
Passage of time	<u>928,905</u>	<u>220,000</u>	<u>(300,120)</u>	<u>848,785</u>
	<u>\$ 1,370,030</u>	<u>\$ 805,660</u>	<u>\$ (1,065,346)</u>	<u>\$ 1,110,344</u>

**NOTE 9 – Donated Goods and Services**

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

Donated services	\$ 754,443
Donated supplies	34,974
Donated facilities	<u>603,060</u>
 Total	 <u>\$ 1,392,477</u>

Donated services received by the Organization during the year ended December 31, 2025 were provided without donor restrictions and were used to support ongoing program operations. The Organization receives substantial volunteer services for which the hours are tracked. The value of donated services was estimated using valuation tools provided by independent sector annual research and reputable online employment platforms. The value of donated supplies was determined based on their fair market value at the time of donation, reflecting the amount a willing buyer would pay a willing seller in an open market. Donated facilities are based on the fair market value of similar properties in the same region.

**MARINE MAMMAL CARE CENTER LOS ANGELES**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2025**

**NOTE 10 – Subsequent Event**

In February 2026, the Organization completed a merger with Marine Animal Rescue, Rehabilitation, and Release into the Nature Environment, Inc. The merger received the required approvals from the State of California, with Marine Mammal Care Center Los Angeles as the surviving entity.