

The Marine Mammal Center

Financial Statements

September 30, 2024
(With Comparative Totals for 2023)



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Marine Mammal Center
Sausalito, CA

Opinion

We have audited the accompanying financial statements of The Marine Mammal Center (the "Center"), which comprise the statement of financial position as of September 30, 2024, 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 The Marine Mammal Center as of September 30, 2024, and the changes in its 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Marine Mammal Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As described in Note 2 to the financial statements, the Center has adopted Financial Accounting Standards Board ("FASB") Topic 326, *Financial Instruments - Credit Losses*. Our opinion is not modified with respect to that matter.

Responsibilities of Management 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, 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 Marine Mammal Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, including omissions, 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 Marine Mammal Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Marine Mammal Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited The Marine Mammal Center's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 30, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Armanino^{LLP}
San Francisco, California

January 24, 2025

The Marine Mammal Center
Statement of Financial Position
September 30, 2024
(With Comparative Totals for 2023)

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 2,752,171	\$ 2,043,462
Operating investments	19,837,731	20,914,969
Accounts receivable	328,364	321,155
Contributions receivable, net	743,926	936,684
Real estate held for sale	2,651,162	-
Prepaid expenses and other assets	740,709	727,768
Endowment investments	3,086,354	2,772,408
Property and equipment, net	<u>24,780,133</u>	<u>23,119,217</u>
Total assets	<u>\$ 54,920,550</u>	<u>\$ 50,835,663</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 1,764,303	\$ 1,616,731
Deferred revenue	11,194	11,163
Related party notes payable	2,715,444	-
Finance lease liabilities	248,996	182,731
Operating lease liability	<u>109,661</u>	<u>119,354</u>
Total liabilities	<u>4,849,598</u>	<u>1,929,979</u>
Net assets		
Without donor restrictions		
Undesignated	33,579,870	34,452,051
Board-designated	<u>12,152,805</u>	<u>10,641,532</u>
Total without donor restrictions	45,732,675	45,093,583
With donor restrictions	<u>4,338,277</u>	<u>3,812,101</u>
Total net assets	<u>50,070,952</u>	<u>48,905,684</u>
Total liabilities and net assets	<u>\$ 54,920,550</u>	<u>\$ 50,835,663</u>

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

The Marine Mammal Center
Statement of Activities
For the Year Ended September 30, 2024
(With Comparative Totals for 2023)

	<u>Without Donor Restrictions</u>		<u>With Donor Restrictions</u>	<u>2024 Total</u>	<u>2023 Total</u>
	<u>Undesignated</u>	<u>Board- Designated</u>			
Support and revenues					
Support					
Contributions and grants	\$ 13,433,559	\$ -	\$ 853,861	\$ 14,287,420	\$ 11,109,237
Bequests	4,353,328	-	-	4,353,328	4,050,017
Government contracts	1,499,851	-	-	1,499,851	3,999,255
Donated materials and services	<u>418,444</u>	<u>-</u>	<u>-</u>	<u>418,444</u>	<u>538,150</u>
Total support	19,705,182	-	853,861	20,559,043	19,696,659
Veterinary science contracts	1,022,077	-	-	1,022,077	171,359
Retail store sales, net	226,606	-	-	226,606	279,730
Education programs	145,221	-	-	145,221	90,834
Rent	80,916	-	-	80,916	80,422
Interest and dividends, net	435,673	294,713	51,333	781,719	615,484
Realized and unrealized gain					
(loss) on investments, net	(24,477)	1,363,924	391,804	1,731,251	930,814
Other	42,017	-	-	42,017	26,979
Net assets released from restriction	<u>918,186</u>	<u>(147,364)</u>	<u>(770,822)</u>	<u>-</u>	<u>-</u>
Total	<u>2,846,219</u>	<u>1,511,273</u>	<u>(327,685)</u>	<u>4,029,807</u>	<u>2,195,622</u>
Total support and revenues	<u>22,551,401</u>	<u>1,511,273</u>	<u>526,176</u>	<u>24,588,850</u>	<u>21,892,281</u>
Functional expenses					
Program services					
Veterinary science	14,324,595	-	-	14,324,595	13,148,554
Education	<u>4,419,647</u>	<u>-</u>	<u>-</u>	<u>4,419,647</u>	<u>3,905,031</u>
Total program services	18,744,242	-	-	18,744,242	17,053,585
Fundraising	2,567,502	-	-	2,567,502	2,426,907
Management and general	<u>2,111,838</u>	<u>-</u>	<u>-</u>	<u>2,111,838</u>	<u>2,011,882</u>
Total functional expenses	<u>23,423,582</u>	<u>-</u>	<u>-</u>	<u>23,423,582</u>	<u>21,492,374</u>
Change in net assets	(872,181)	1,511,273	526,176	1,165,268	399,907
Net assets, beginning of year	<u>34,452,051</u>	<u>10,641,532</u>	<u>3,812,101</u>	<u>48,905,684</u>	<u>48,505,777</u>
Net assets, end of year	<u>\$ 33,579,870</u>	<u>\$ 12,152,805</u>	<u>\$ 4,338,277</u>	<u>\$ 50,070,952</u>	<u>\$ 48,905,684</u>

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

The Marine Mammal Center
Statement of Functional Expenses
For the Year Ended September 30, 2024
(With Comparative Totals for 2023)

	Program Services		Support Services		2024 Total	2023 Total
	Veterinary Science	Education	Fundraising	Management and General		
Salaries	\$ 6,432,100	\$ 2,219,748	\$ 1,463,201	\$ 915,910	\$ 11,030,959	\$ 10,365,636
Employee benefits	1,225,414	357,934	208,821	55,948	1,848,117	1,558,904
Payroll taxes	489,249	166,504	109,876	48,181	813,810	752,149
Depreciation and amortization	1,878,852	377,500	5,778	22,807	2,284,937	2,289,713
Professional services	859,112	463,360	220,047	412,131	1,954,650	1,404,694
Animal care costs	1,313,209	208	92	66	1,313,575	1,236,174
Insurance	135,842	54,568	-	407,864	598,274	356,466
Lettershop and acknowledgements	149,429	64,870	317,930	-	532,229	531,464
Utilities	484,355	696	-	1,563	486,614	442,130
Repairs and maintenance	263,535	137,711	-	11,439	412,685	281,820
Travel, conferences and training	233,049	65,784	30,633	69,038	398,504	344,904
Bank charges and interest expense	87,496	69,075	99,081	72,346	327,998	318,645
Outreach and marketing	45,677	255,640	8,302	94	309,713	255,113
Information technology	72,232	31,267	53,587	65,887	222,973	202,123
Supplies	85,483	87,804	319	9,859	183,465	443,203
Staff housing and rent	175,829	-	-	-	175,829	265,215
Telephone	166,397	237	27	414	167,075	179,024
Service district charges	97,560	-	-	-	97,560	91,084
Volunteer and donor relations	44,521	7,213	27,963	1,230	80,927	4,858
Postage and publications	29,142	18,896	15,998	777	64,813	72,220
Dues and subscriptions	27,802	18,103	6,182	2,913	55,000	51,691
Other	19,717	2,508	(5,700)	11,576	28,101	14,037
Meetings	8,593	4,400	5,365	1,795	20,153	18,240
Merchandising expense	-	15,621	-	-	15,621	12,867
	<u>\$ 14,324,595</u>	<u>\$ 4,419,647</u>	<u>\$ 2,567,502</u>	<u>\$ 2,111,838</u>	<u>\$ 23,423,582</u>	<u>\$ 21,492,374</u>

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

The Marine Mammal Center
Statement of Cash Flows
For the Year Ended September 30, 2024
(With Comparative Totals for 2023)

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Change in net assets	\$ 1,165,268	\$ 399,907
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	2,284,937	2,289,713
Amortization of operating lease right-of-use asset	12,431	9,374
Donation of stock	(324,149)	(297,746)
Realized and unrealized gain on investments, net	(1,731,251)	(930,814)
Loss on disposal of property and equipment	-	799
Donated real estate	(2,770,000)	-
Contributions restricted for long-term purposes	(12,509)	(19,400)
Changes in operating assets and liabilities		
Accounts receivable	(7,209)	109,937
Contributions receivable, net	192,758	(59,983)
Employee retention tax credit receivable	-	666,906
Prepaid expenses and other assets	(25,372)	(159,115)
Accounts payable and accrued expenses	164,615	66,391
Deferred revenue	31	(2,698)
Operating lease liability	(9,693)	(5,274)
Net cash provided by (used in) operating activities	<u>(1,060,143)</u>	<u>2,067,997</u>
Cash flows from investing activities		
Purchase of investments	(29,760,819)	(43,417,577)
Proceeds from sale of investments	32,579,511	42,280,112
Purchase of property and equipment	(3,644,709)	(963,019)
Proceeds from sale of property and equipment	-	8,500
Net cash used in investing activities	<u>(826,017)</u>	<u>(2,091,984)</u>
Cash flows from financing activities		
Borrowings on related party notes payable	2,715,444	-
Principal payments on finance lease obligations	(133,084)	(125,840)
Cash received from contributions restricted for long-term purposes	12,509	19,400
Net cash provided by (used in) financing activities	<u>2,594,869</u>	<u>(106,440)</u>
Net increase (decrease) in cash	708,709	(130,427)
Cash and cash equivalents, beginning of year	<u>2,043,462</u>	<u>2,173,889</u>
Cash and cash equivalents, end of year	<u>\$ 2,752,171</u>	<u>\$ 2,043,462</u>

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

The Marine Mammal Center
Statement of Cash Flows
For the Year Ended September 30, 2024
(With Comparative Totals for 2023)

	<u>2024</u>	<u>2023</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	\$ 83,851	\$ 4,858
Supplemental schedule of noncash investing and financing activities		
Property and equipment acquired through finance lease liabilities	\$ 199,349	\$ 131,791
Operating lease right-of-use asset obtained in exchange for operating lease liability	\$ -	\$ 124,628
Acquisition of property and equipment included in accounts payable and accrued expenses	\$ 101,795	\$ -

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

The Marine Mammal Center
Notes to Financial Statements
September 30, 2024

1. NATURE OF OPERATIONS

The Marine Mammal Center (the "Center") is a California nonprofit organization and a global leader in marine mammal health, science and conservation. It is the largest marine mammal hospital in the world. The Center operates physical locations in Sausalito, Morro Bay and Moss Landing, California, as well as in Kona and Maui, Hawai'i. A team of 125 staff and more than 1,400 actively engaged volunteers, contributing 147,000 hours with an estimated workforce value of \$5.7 million or 70 full-time equivalents, make the Center's impact possible and keep it operating 362 days per year.

Mission and vision

The Center is guided and inspired by a shared vision of a healthy ocean for marine mammals and humans alike. The Center's mission is to advance global ocean conservation through marine mammal rescue and rehabilitation, scientific research and education.

Need

The ocean is in trouble. From the depletion of fish stocks to increasing ocean temperatures, human activity threatens marine ecosystems that are vital to the health of the ocean and all life on earth. As a critical first responder to these threats, the Center leads the field in ocean conservation through marine mammal rescue, veterinary science and education. Marine mammals are ecosystem indicators, and these animals provide insights into human and ocean health threats. The Center takes action by supporting a network of scientists and stewards to protect our shared ocean environment for future generations.

Programs

To advance its mission, the Center engages in many program areas, some of which are highlighted below. For a complete overview of the Center's programs and impact, please visit <https://www.marinemammalcenter.org>.

Veterinary Science

- *Animal Care* - Since 1975, the Center has rescued more than 25,000 marine mammals along 600 miles of California coastline and the Big Island of Hawai'i. With the help of many volunteers and the support of the concerned public, the Center is able to respond to marine mammals in distress. Sick and injured animals are treated and rehabilitated at the Center's state-of-the-art veterinary facilities where they are cared for until they can be released back to their ocean home.
- *Scientific Research* - The Center's veterinary experts develop new clinical techniques to improve marine mammal rehabilitation and care and investigate the reasons why marine mammals strand and how these factors are connected to the ecosystem as well as human health. The Center's scientists also investigate how marine mammals use and interact with their ocean environment to better understand and protect them from many threats.

The Marine Mammal Center
Notes to Financial Statements
September 30, 2024

1. NATURE OF OPERATIONS (continued)

Programs (continued)

- *Teaching Hospital* - The Center is the largest marine mammal teaching hospital and a critical training ground for health and welfare professionals from around the world, combining high-quality animal care with a hands-on learning environment. Veterinary and husbandry professionals can apply for a competitive weeks or months-long internship or externship, residency or international veterinary fellowship, giving veterinarians, veterinary technicians, veterinary students and animal care staff worldwide a chance to learn and train alongside experts onsite at the Center.
- *Cetacean Conservation* - Field research, entanglement response, and finding and implementing solutions to the threats these species face is the focus of the Center's cetacean conservation work. The Center's expert team is already a leading first responder to cetaceans - whales, dolphins and porpoises - in distress. With the expansion of its large whale entanglement response efforts, the Center is now creating the capacity and infrastructure to collaboratively advance whale entanglement response on the West Coast of the United States. The Center has also partnered with the Benioff Ocean Science Laboratory to deploy Whale Safe, technology-based system in the waters off San Francisco to address the growing threat of ship strikes with whales.
- *Ke Kai Ola* - As part of the Center's work to save the Hawaiian monk seal, the Center opened a state-of-the-art hospital and visitor center on the Big Island of Hawai'i in 2014. This hospital, Ke Kai Ola or "the healing sea," includes rehabilitation areas for seal pups, larger pens and pools for juveniles, quarantine areas, and medical facilities. Shortly thereafter, outreach (response) and education programs on the big island followed. In Spring 2022, the Center expanded its Hawaiian monk seal outreach program to Maui, in coordination with the National Oceanic and Atmospheric Administration's ("NOAA") Pacific Islands Regional Office. Of the approximately 1,500 monk seals researchers estimate remain in the wild, nearly 30 percent are alive today directly due to conservation efforts led by NOAA and partners like the Center.

Education

- *Education* - The Center engages and empowers a growing community of diverse environmental stewards and experts to make positive contributions to the health of marine mammals, humans, and our shared ocean. Education programs are impactful, innovative, and inclusive learning experiences for youth, educators, adults, and partners in environmental education and capacity building that inspires conservation action.

The Marine Mammal Center
Notes to Financial Statements
September 30, 2024

1. NATURE OF OPERATIONS (continued)

Programs (continued)

- *Conservation Engagement* - As a conservation leader, the Center seeks to promote meaningful action among its supporters. At the core of its work is the recognition that the Center's mission cannot be achieved without the understanding, commitment and participation of the public. The Center's conservation engagement goal is to share information, while also creating experiences that motivate, inspire and equip people to take concrete actions to protect the ocean and marine mammals.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

The financial statements of the Center have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Net assets and changes therein are classified as follows:

- *Net assets without donor restrictions* - represent resources without restrictions available to support the Center's operations. These include undesignated and Board-designated net assets. Board-designated net assets represent resources without restrictions that are designated by the Board of Directors to be invested long-term or to be set aside for the cash operating reserve fund.
- *Net assets with donor restrictions* - represent contributions whose use by the Center is limited in accordance with donor-imposed stipulations. These stipulations may expire with time and/or may be satisfied by the actions of the Center according to the intention of the donors. These net assets also include amounts to be held in perpetuity as directed by the donors. Income from amounts to be held in perpetuity is available to support activities of the Center as designated by the donors.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Donor restricted contributions received and expended in the same accounting period are recorded in the category of net assets without donor restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor restriction or by law. Expirations of restrictions on net assets (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

The Marine Mammal Center
Notes to Financial Statements
September 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Change in accounting principle

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, Topic 326, *Financial Instruments - Credit Losses*. This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including loan receivables and held-to-maturity debt securities, and some off balance sheet credit exposures such as unfunded commitments to extend credit. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses.

The Center adopted the standard effective October 1, 2023. The impact of the adoption was not material to the financial statements.

Cash and cash equivalents

Cash and cash equivalents consist of funds in checking and money market accounts with original maturities of three months or less from dates of acquisition.

Accounts receivable

Accounts receivable primarily represent amounts billed to customers for program service contracts and amounts due from governmental agencies under cost reimbursement agreements and are stated at the amount management expects to collect from outstanding balances. The Center records an allowance for expected credit losses ("AECL") related to accounts receivable based on historical experience and expectations of future cash flows on receivables at the end of the year. There was no allowance for expected credit losses as of September 30, 2024 as all accounts are considered collectible.

Contributions and contributions receivable

Contributions received are recorded as support without donor restrictions or with donor restrictions, depending on the existence or nature of any donor restrictions. Contributions with donor restrictions are reflected in net assets without donor restrictions if the restriction is released during the same fiscal year in which the contribution was received.

The Marine Mammal Center
Notes to Financial Statements
September 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions and contributions receivable (continued)

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional; that is when the barrier has been overcome and right of release/right of return no longer exists. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are recorded at the present value of their estimated future cash flows. The discount on these amounts is computed using risk adjusted market interest rates applicable for dates in which the promises were received. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is established based upon management's judgment including such factors as prior collection history, aging statistics of contributions, and the nature of the receivable. Promises that remain uncollected more than one year after their due dates are written off unless the donor indicates that payment is merely postponed. There was no allowance for doubtful contributions receivable as of September 30, 2024 as all balances are considered collectible.

Unconditional promises to give with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore, are reported within net assets with donor restrictions until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year.

Contributions from bequests are recognized as contributions receivable when the will has dictated the valuation, the Center has an irrevocable right to the bequest, and the amount is measurable.

Inventory

Inventory, which consists of gift store merchandise, is recorded at the lower of cost or net realizable value. Cost is determined using the average cost method. Inventory totaled \$105,172 as of September 30, 2024 and is included as a component of prepaid expenses and other assets on the accompanying statement of financial position.

Investments

Investments are recorded at fair value. Investments received through gifts are recorded at the estimated fair value at the date of donation. Dividend and interest income are accrued when earned.

Unrealized gains and losses that result from market fluctuations are recognized in the period such fluctuations occur. For purposes of determining realized gains or losses, the cost of securities sold is computed based on the weighted average method. Investments include the beneficial interest in the perpetual trust. Realized and unrealized gains (losses) on investments are reported as follows:

The Marine Mammal Center
Notes to Financial Statements
September 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments (continued)

- As increases (decreases) in net assets with donor restrictions if the terms of the donor stipulations impose restrictions on the use of income or require that they be added to (deducted from) the principal of a donor-restricted endowment fund;
- As increases (decreases) in net assets without donor restrictions in all other cases.

Beneficial interest in perpetual trust

The Center is the irrevocable beneficiary of a perpetual trust held by a foundation. The beneficial interest in the trust is included in investments on the statement of financial position and reported at its net asset value, which is estimated as the fair value of the underlying trust assets.

The value of the beneficial interest in the trust is adjusted annually for the change in its estimated fair value. Those changes in value, as well as interest income, are reported as changes in net assets with donor restrictions. The beneficial interest in the trust is part of the Center's donor-restricted endowment funds.

Fair value measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Center determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value (Level 1, Level 2 and Level 3). Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Center has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. There have been no changes in valuation techniques for the year ended September 30, 2024.

The following methods and assumptions were used to estimate the fair value of financial instruments:

- Investments (Level 1). Money market and mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The money market and mutual funds held are deemed to be actively traded.

The Marine Mammal Center
Notes to Financial Statements
September 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements (continued)

- Investments (Level 2). U.S. government bonds and corporate bond securities are valued based upon the most recent bid quotation for identical obligations provided by independent pricing services and from broker quotations.
- Investments (net asset value). The perpetual trust represents an interest in pooled investment funds that are valued at NAV per unit or percentage of ownership as reported by the funds. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. Due to the inherent uncertainty of valuation of non-marketable investments, those estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material.

At September 30, 2024, the Center has no financial instruments that are valued using Level 3 inputs.

Property and equipment

Property and equipment are stated at cost when purchased or constructed, or at the asset's estimated fair value at the time the donated property is received. Depreciation is provided using the straight-line method over the assets' estimated useful lives ranging from 5 to 40 years. The Center capitalizes all property and equipment with a cost greater than \$5,000 and an estimated useful life in excess of one year. Work in progress is depreciated only after the assets are completed and have been placed into service.

Donated property and equipment is recorded at the estimated fair value at the date the contribution is received and considered to be without donor restrictions when placed into service by the Center, unless restricted as to use by explicit donor stipulation. Leasehold improvements are amortized over the shorter of the estimated useful life or the lease term.

Whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recovered, the Center, using its best estimates and projections, reviews for impairment of the carrying value of long-lived identifiable assets to be held and used in the future. Any impairment losses identified are recognized when determined. There was no impairment loss recognized for the year ended September 30, 2024.

Leases

The Center leases property and office equipment under operating and finance leases. The Center determines if an arrangement is a lease at inception. Operating and finance leases are recorded as right-of-use ("ROU") assets and are included in prepaid expenses and other assets and property and equipment, respectively, and operating and finance lease liabilities on the statement of financial position.

The Marine Mammal Center
Notes to Financial Statements
September 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

ROU assets represent the Center's right to use an underlying asset for the lease term and lease liabilities represent the Center's obligation to make lease payments arising from the lease. Operating and finance lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. If the Center's leases do not provide an implicit rate, the Center uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Center's lease agreements do not contain any material residual value guarantees or material restricted covenants.

The Center has elected not to recognize right-of-use assets and lease liabilities for short-term leases and instead records them in a manner similar to operating leases under previous leasing guidelines. A short-term lease is one with a maximum lease term of twelve months or fewer and does not include a purchase option that the lessee is reasonably certain to exercise.

Deferred revenue

Deferred revenue includes funds received in advance for which the Center has not performed the services necessary to earn the revenue. Deferred revenue totaled \$11,194 as of September 30, 2024.

Revenue recognition

Veterinary science contracts, education programs and other revenues are recognized over time as the services are provided and the performance obligation fulfilled.

Government contracts

Government grants are generally received under contracts from federal, state, county and city agencies. These contracts are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Center has incurred expenditures in compliance with specific contract or grant provisions. The Center has elected a simultaneous release option to account for these grants and thus are recorded as revenue without donor restriction upon satisfaction of the barriers. Amounts received prior to incurring qualifying expenditures or performing the required services are reported as a component of deferred revenue. The Center was awarded cost-reimbursable grants of \$457,154 that have not been recognized at September 30, 2024 because qualifying expenditures have not yet been incurred. There were no advance payments received under these contracts as of September 30, 2024.

The Marine Mammal Center
Notes to Financial Statements
September 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated materials, services, property and equipment

Donated materials and equipment are recorded based on the estimated fair value at the date the contribution is made and are reported as support without donor restrictions unless explicit donor stipulations specify how donated assets must be used. Donated services include advertising, IT services, education services and legal services and are recorded as contributions at their estimated fair value only in those instances where the services create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would need to be purchased if not provided by donation.

Retail store sales, net

Retail store sales are recorded when products are sold to customers. Retail store sales revenue is presented on the statement of activities net of cost of goods sold. For the year ended September 30, 2024, revenue from store sales was \$415,076 and the related product cost was \$188,470.

Functional expenses

The costs of providing the various programs, fundraising and other activities have been summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited based on employee time incurred and management's estimate of the usage of resources.

Income tax status

The Center is a qualified organization exempt from Federal income and California franchise taxes under the provisions of Sections 501(c)(3) of the Internal Revenue Code and 23701d of the California Revenue and Taxation Code, respectively.

The Center has evaluated its current tax positions and has concluded that as of September 30, 2024, the Center does not have any significant uncertain tax positions for which a reserve would be necessary.

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 disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Marine Mammal Center
Notes to Financial Statements
September 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates (continued)

Uses of estimates include, but are not limited to, depreciation and useful lives of property and equipment, investment fair values, inventory valuation, the recorded value of beneficial interests, functional expense allocations and the determination of the allowance for uncollectible receivables.

Concentrations of credit risk

Financial instruments that potentially subject the Center to credit risk consist principally of cash and cash equivalents greater than \$250,000 with each financial institution, contributions receivable and investments. The Center periodically reviews its cash and investment policies, evaluates its donors' financial condition and maintains adequate reserves for potential losses, which are based on management's expectations, estimates and historical experience.

As of September 30, 2024, approximately 77% of total gross contributions receivable are comprised of amounts due from three donors. Approximately 30% of total contribution and grant revenue is comprised of amounts from two donors. Approximately 32% of bequest revenue is comprised of amounts from one donor. Approximately 51% of total government contract revenue is comprised of amounts from two funding agencies. Approximately 98% of total veterinary science contract revenue is comprised of amounts from one funding agency for the year ended September 30, 2024.

Comparative totals

The financial statements include certain prior year summarized information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Center's financial statements as of, and for the year ended, September 30, 2023, from which it was derived.

Reclassifications

Certain reclassifications have been made to the prior year information to conform to the current year presentation. Such reclassifications had no effect on total assets, liabilities, net assets, changes in net assets, or cash flows from the amounts previously reported.

3. CONTRIBUTIONS RECEIVABLE

Unconditional promises to give that are expected to be collected after one year are recorded at present value.

The Marine Mammal Center
Notes to Financial Statements
September 30, 2024

3. CONTRIBUTIONS RECEIVABLE (continued)

Contributions receivable, net consisted of the following:

Receivable in less than one year	\$ 625,335
Receivable in one to five years	<u>124,000</u>
	749,335
Less: discount on contributions receivable	<u>(5,409)</u>
	<u><u>\$ 743,926</u></u>

4. PROPERTY AND EQUIPMENT

Property and equipment, net consisted of the following:

Mechanical systems, structures and pools	\$ 20,385,594
Buildings	18,276,465
Office equipment	3,486,605
Land	2,723,376
Furniture and fixtures	1,899,989
Automobiles	1,487,818
Software	1,282,073
Work in progress	1,141,484
Computer equipment	<u>1,102,402</u>
	51,785,806
Accumulated depreciation and amortization	<u>(27,005,673)</u>
	<u><u>\$ 24,780,133</u></u>

Depreciation and amortization expense for the year ended September 30, 2024 was \$2,284,937. During the year ended September 30, 2024, the Center purchased a new facility in Castroville, California (see Note 9) for a purchase price of \$3,125,000. The land portion in the amount of \$2,616,688 is included as a component of land as of September 30, 2024. The building portion in the amount of \$508,312 is included in work in progress as of September 30, 2024.

5. REAL ESTATE HELD FOR SALE

In June 2024, the Center received a donation of real estate which was ultimately sold in November 2024 at a selling price of \$2,770,000 (see Note 18). In September 2024, the Center's Board of Directors approved for the sale of the real estate and subsequently in September 2024, the Center entered into a sales agreement with a purchaser.

The selling price was deemed the fair market value at the date of donation and is recorded in contributions and grants on the statement of activities for the year ended September 30, 2024.

The Marine Mammal Center
Notes to Financial Statements
September 30, 2024

5. REAL ESTATE HELD FOR SALE (continued)

The property has been classified as real estate held for sale on the statement of financial position as of September 30, 2024 for the sale amount, net of estimated costs to sell the property, in the amount of \$2,651,162.

6. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The following table sets forth by level, within the fair value hierarchy, the Center's assets at fair value as of September 30, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 547,426	\$ -	\$ -	\$ 547,426
Money market funds	1,767,169	-	-	1,767,169
Mutual funds	8,899,906	-	-	8,899,906
Corporate bonds	-	4,186,279	-	4,186,279
Government bonds	-	7,303,453	-	7,303,453
Real estate	<u>63,896</u>	<u>-</u>	<u>-</u>	<u>63,896</u>
	<u>\$ 11,278,397</u>	<u>\$ 11,489,732</u>	<u>\$ -</u>	22,768,129
Investments measured at net asset value				<u>155,956</u>
				<u>\$ 22,924,085</u>

The cash and cash equivalents included in investments as of September 30, 2024 represent investments that have been liquidated and pending reinvestment.

Investments consisted of the following:

Operating investments	\$ 19,837,731
Endowment investments	<u>3,086,354</u>
	<u>\$ 22,924,085</u>

The Marine Mammal Center
Notes to Financial Statements
September 30, 2024

7. LINE OF CREDIT

In April 2024, the Center entered into an agreement with a bank and one of its investment portfolio managers for a revolving line of credit in the amount of \$7,500,000. The line of credit is a demand facility which allows the bank to demand repayment in full at any time. Additionally, it is an uncommitted facility as the bank has no obligation to make loans. As collateral at the time a loan is made on the facility, the Center will pledge non-endowment securities held by the investment manager. The facility allows for two types of advances, (1) variable rate advances, and (2) fixed rate advances. Variable rate advances bear interest at a variable rate equal to the secured overnight financing rate ("SOFR"), as defined, plus a spread as determined by the bank. Fixed rate advances bear finance charges at a fixed rate of interest as agreed to by the bank and borrower, plus a spread as determined by the bank. During 2024 the Center made no draws on the line of credit and as of September 30, 2024, there was no outstanding balance on the Center's line of credit.

8. LEASES

Operating leases

The Center has one long-term operating lease with the Natural Energy Laboratory of Hawai'i Authority ("NELHA") in Kona, Hawai'i, where it constructed a healthcare facility for the Hawaiian monk seal. The lease has operating payments ranging from \$891 to \$919 per month during the year ended September 30, 2024 and has a successive option to renew the term of the lease for periods of five years per renewal option, upon written notice by the Center. The Center executed a renewal option through October 2028 and anticipates executing the subsequent renewal option to secure operations through October 2033. As of September 30, 2024 the operating lease ROU asset was \$102,823 and is included in prepaid expenses and other assets on the statement of financial position.

Additional information related to operating leases is as follows:

Operating lease expense	\$ 13,910
Operating cash flows from operating leases	\$ 10,778
Weighted average remaining lease term in months	109
Weighted average discount rate	4.06%

The total staff housing and rent expense incurred by the Center was \$175,829 for the year ended September 30, 2024, which includes rent expense for the NELHA operating lease, operating leases for staff housing held under monthly cancelable lease arrangements, and the utility expenses paid as part of the leasing agreements.

The Marine Mammal Center
Notes to Financial Statements
September 30, 2024

8. LEASES (continued)

Finance lease assets

The Center has entered into various finance lease agreements to finance the acquisition of IT equipment. The lease agreements require monthly payments ranging from \$326 to \$3,834, expiring at various dates through May 2027. As of September 30, 2024, the finance lease ROU asset was \$224,969 and is included in property and equipment on the statement of financial position.

Additional information related to finance leases is as follows:

Amortization of ROU asset (included in depreciation and amortization)	\$	186,337
Interest on finance lease liability	\$	1,074
ROU asset obtained in exchange for lease obligation		199,349
Weighted average remaining lease term in months		24.9
Weighted average discount rate		4.18%

Future minimum lease payments for operating and finance leases are as follows:

<u>Year ending September 30,</u>	<u>Operating Leases</u>	<u>Finance Leases</u>	<u>Total</u>
2025	\$ 11,208	\$ 137,115	\$ 148,323
2026	11,940	99,484	111,424
2027	12,720	23,682	36,402
2028	13,548	-	13,548
2029	14,427	-	14,427
Thereafter	<u>69,339</u>	<u>-</u>	<u>69,339</u>
	133,182	260,281	393,463
Less: imputed interest	<u>(23,521)</u>	<u>(11,285)</u>	<u>(34,806)</u>
	<u>\$ 109,661</u>	<u>\$ 248,996</u>	<u>\$ 358,657</u>

9. RELATED PARTY NOTES PAYABLE

In May 2024, the Center entered into three note payable agreements with two members of the Board of Directors to borrow a total of \$2,750,000 to assist the Center in purchasing a new facility in Castroville, California. This triage facility will replace the vacated facility identified under the Moss Licenser agreement (see Note 10). All three notes mature in April 2031 and are secured by non-endowment assets of the Center.

Each of the notes payable require monthly principal and interest payments and call for a 25-year amortization. Monthly principal payments range from approximately \$1,000 to \$4,200. Each of the notes have a provision which allows a demand for repayment to be made. The total potential demand for repayment on the notes is \$1,200,000 as of September 30, 2024.

The Marine Mammal Center
Notes to Financial Statements
September 30, 2024

9. RELATED PARTY NOTES PAYABLE (continued)

Two of the notes payable in the combined amount of \$1,750,000 bear interest at the one-month term SOFR rate plus 1.0% as determined two U.S. Government Securities Business Days prior to the last business day of each month. The interest rates on these notes are adjusted monthly.

The third note payable in the amount of \$1,000,000 bears interest based on the 5-year U.S. Treasury note rate plus 2.5%. The interest rate on this note is adjusted annually.

The future maturities of the notes payable are as follows:

Year ending September 30,

2025	\$ 87,204
2026	92,692
2027	93,399
2028	93,892
2029	94,427
Thereafter	<u>2,253,830</u>
	<u><u>\$ 2,715,444</u></u>

10. COMMITMENTS AND CONTINGENCIES

Cooperative agreement

The Center occupies most of its land through license agreements, the largest of which is the seven-acre site in the Marin Headlands, Golden Gate National Recreation Area ("Marin Headlands"). In 2002, the National Park Service ("NPS") issued a memorandum regarding the imposition of service district charges on an annual basis. In August 2007, the NPS and the Center finalized a twenty-five (25) year Cooperative Agreement (the "Agreement"), which requires the Center to pay monthly service district charges to cover common area maintenance services. Monthly service district charges are determined upon obtaining a special use permit every year. The total service district charges were \$97,560 during the year ended September 30, 2024.

Land license agreements

In 2001, the Center entered into agreements with LSP Morro Bay, LLC (the "Morro Licensors") and LSP Moss Landing (the "Moss Licensors") (collectively, the "Licensors") to construct, operate and maintain two triage facilities for twenty (20) years commencing June 1, 2001. The Center paid \$20 to each Licensors for the right to occupy the property where the triage facilities were constructed, and fund the property improvements which are included in the statement of financial position. The Center is also required to pay an annual licensor fee of \$1 per year to each licensor for occupancy. The Licensors reserve the right to terminate the agreements at any time during the term of the agreements, with or without cause and without obligation to the Center, by having written notice delivered to the Center ninety days prior to the termination date specified in the notice.

The Marine Mammal Center
Notes to Financial Statements
September 30, 2024

10. COMMITMENTS AND CONTINGENCIES (continued)

Land license agreements (continued)

In 2007, the original Moss Licenser sold the Moss Landing property to Dynegy Moss Landing, LLC ("Dynegy"). In April 2018, Dynegy merged with Vistra Energy Corp. ("Vistra"). The Licenser agreement with the Center transferred with the sale of the property. During 2021, the Center entered into a new agreement with Dynegy, extending the license to occupy the property through December 31, 2023. In November 2023, the licensing agreement with Dynegy was extended through December 31, 2024 and the licensing agreement with the Morro Licenser was extended through December 31, 2025. As of December 31, 2024, the Center vacated the Moss premises.

Contingent liabilities

The Center's buildings, structures, pools, and current work-in-progress are located on land that is not owned by the Center. The Center occupies the land through various agreements with government and private entities. Many of these agreements are subject to termination at any time and without cause. The Center may recognize a loss of the net book value for buildings, structures, pools, and current work-in-progress located on unowned property if occupancy agreements were terminated and the Center was forced to relocate.

11. NET ASSETS WITHOUT DONOR RESTRICTIONS

The Board of Directors designated operating reserves to help ensure the long-term financial stability of the Center, by creating a resource to manage cash flow and maintain financial flexibility, meet unfunded, critical and unexpected organization needs, and to promote public and donor confidence in the long-term sustainability of the Center.

In May 2018, the Board of Directors approved a policy to maintain in reserve the equivalent of six months of operating expenses and one year of capital expenses to ensure continuity of operations, should funds become otherwise unavailable. The amount held in reserve is determined each year in September when the annual budget is approved by the Board of Directors, and remains at that set point for the following fiscal year.

The Marine Mammal Center
Notes to Financial Statements
September 30, 2024

12. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following:

Restricted for a specified purpose	
Veterinary science	\$ 638,328
Education	6,687
Morro Bay operations capital	49,010
Conservation	<u>232,898</u>
	<u>926,923</u>
Restricted for passage of time	
Contributions receivable without donor restrictions	325,000
Accumulated endowment earnings	<u>453,545</u>
	<u>778,545</u>
To be held in perpetuity	
Donor-restricted endowment funds	<u>2,632,809</u>
	<u>2,632,809</u>
	<u>\$ 4,338,277</u>

Net assets with donor restrictions released from restriction during the year were as follows:

Passage of time - contributions receivable without donor restrictions	\$ 25,000
Veterinary science	471,480
Education	75,000
El Niño emergency fund	57,642
Endowment distribution	<u>141,700</u>
	<u>\$ 770,822</u>

13. ENDOWMENT

The Center's endowments totaling \$3,086,354 are included as endowment investments on the statement of financial position. The endowment is comprised of donor restricted funds with a principal balance totaling \$2,632,809 and accumulated endowment earnings of \$453,545 as of September 30, 2024.

The State of California enacted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") effective January 1, 2009, the provisions of which apply to endowment funds existing on or established after that date. Net asset classifications of donor-restricted endowment funds subject to an enacted version of UPMIFA have been accounted for appropriately in these financial statements.

The Marine Mammal Center
Notes to Financial Statements
September 30, 2024

13. ENDOWMENT (continued)

Interpretation of relevant law

The Board of Directors of the Center has interpreted the California enacted version of UPMIFA as allowing the Center to appropriate for expenditure or accumulate so much of an endowment fund as the Center determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise in the gift instrument, the assets in an endowment fund shall be donor restricted assets until appropriated for expenditure by the Board of Directors. The remaining portion of the donor restricted endowment fund that is not classified as held in perpetuity is restricted for the passage of time, until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. The Center has one donor-restricted endowment fund comprised of a perpetual trust. Both the principal balance and earnings are to be held in perpetuity, other than the annual distribution from the perpetual trust which is reflected as a release from restriction.

Spending policy

In accordance with UPMIFA, the Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Center and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Center
- (7) The investment policies of the Center

Each year, the Center makes available for appropriation the earnings from the endowment investment balance. The Center's objective is to maintain the original fair value of the endowment assets held in perpetuity as well as to provide additional growth through new gifts and investment returns. For the year ended September 30, 2024 the Board of Directors approved an appropriation in the amount of \$141,700.

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the donor or UPMIFA requires the Center to retain as a fund of perpetual duration. There were no deficiencies of this nature as of September 30, 2024.

The Marine Mammal Center
Notes to Financial Statements
September 30, 2024

13. ENDOWMENT (continued)

Investment policy, strategies, and objectives

The Center adopted an investment policy that is monitored by the Board of Directors for the endowment funds, as well as the board-designated short-term and long-term operating reserves (see Note 11). The Board subscribes to the modern portfolio theory of prudent investment, and thus may cause the principal of the endowment to be invested in real or personal property mortgages, deeds of trust, stocks, bonds, debentures, and other securities both government and private. The Board of Directors may also direct that the principal of endowment be invested, in whole or in part, in a pooled income fund, mutual fund, or other form of common fund. The investment policy sets ranges for asset allocation.

Endowment net asset composition by type of fund as of September 30, 2024 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donors	\$ -	\$ 2,632,809	\$ 2,632,809
Accumulated endowment earnings	<u>-</u>	<u>453,545</u>	<u>453,545</u>
	<u><u>\$ -</u></u>	<u><u>\$ 3,086,354</u></u>	<u><u>\$ 3,086,354</u></u>

Changes in endowment net assets for the fiscal year ended September 30, 2024 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance, September 30, 2023	<u>\$ -</u>	<u>\$ 2,772,408</u>	<u>\$ 2,772,408</u>
Endowment activity			
Contributions received for endowment principal	-	12,509	12,509
Realized and unrealized gains on investments, net	-	391,804	391,804
Interest and dividends, net	<u>-</u>	<u>51,333</u>	<u>51,333</u>
Total endowment activity	-	455,646	455,646
Endowment assets appropriated for expenditure	<u>-</u>	<u>(141,700)</u>	<u>(141,700)</u>
	<u>-</u>	<u>313,946</u>	<u>313,946</u>
Balance, September 30, 2024	<u><u>\$ -</u></u>	<u><u>\$ 3,086,354</u></u>	<u><u>\$ 3,086,354</u></u>

The Marine Mammal Center
Notes to Financial Statements
September 30, 2024

13. ENDOWMENT (continued)

Investment policy, strategies, and objectives (continued)

In June 1990, The Marine Mammal Center Endowment Fund of the Marin Community Foundation (the "Marin Community Foundation") was established. The purpose of the endowment fund was to receive contributions for the benefit of the Center. This endowment is not reflected on the Center's financial statements as the Marin Community Foundation has variance power and requires oversight over the endowment.

Activity in the Marin Community Foundation Fund during the year was as follows:

Balance, beginning of year	\$ 973,374
Net gain	167,791
Interest and dividends	13,779
Investment fees	(1,718)
Administrative fees	(6,972)
Distributions	<u>(44,900)</u>
Balance, end of year	<u><u>\$ 1,101,354</u></u>

14. LIQUIDITY AND FUNDS AVAILABLE

As part of the Center's liquidity management, financial assets are structured so that they are available as its general expenditures, liabilities and other obligations come due. To meet liquidity needs, the Center has available: cash and cash equivalents, net of any restricted cash held for collateral; accounts receivable and contributions receivable that will be collected from customers and donors within one year and that are not subject to donor-imposed restrictions; and investments considered current, net of investments restricted by donor restrictions or board designations. While Board-designated net assets are not available for general expenditure, they can be drawn upon with the Board's approval.

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Notes to Financial Statements
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14. LIQUIDITY AND FUNDS AVAILABLE (continued)

The following is a quantitative disclosure which describes assets that are available within one year of September 30, 2024 to fund general expenditures and other obligations when they become due:

Financial assets	
Cash and cash equivalents	\$ 2,752,171
Operating investments	19,837,731
Accounts receivable	328,364
Contributions receivable, current	<u>625,335</u>
	<u>23,543,601</u>
Less: amounts unavailable for general expenditures within one year	
Donor-imposed restrictions for a specified purpose	(926,923)
Board-designated reserves	<u>(12,152,805)</u>
	<u>(13,079,728)</u>
	<u><u>\$ 10,463,873</u></u>

The Center also has a line of credit available for use. The balance available at September 30, 2024 is \$7,500,000 (see Note 7).

15. DONATED MATERIALS AND SERVICES

Donated materials and services during the year were valued as follows:

Legal services	\$ 140,434
Educational experiences	85,710
Other materials	66,149
Advertising and other consulting services	60,000
Other services	56,151
IT services	<u>10,000</u>
	<u><u>\$ 418,444</u></u>

Donated materials and services valuation techniques

Donated legal, advertising and other consulting services, IT services, and other services are valued at the estimated fair value based on current rates for similar or identical services. Donated educational experiences and materials are valued at the fair value based on estimated wholesale values that would be received for selling similar products in the United States.

The Marine Mammal Center
Notes to Financial Statements
September 30, 2024

15. DONATED MATERIALS AND SERVICES (continued)

Donor restrictions and donated materials and services use

The donated materials and services received during the year ended September 30, 2024 included no donor restrictions. Donated legal services include services from attorneys advising the Center on various strategic, administrative and legal matters. Donated advertising and other consulting services includes services provided by a marketing agency to assist in providing strategic advertising, branding and digital solutions for the Center. Donated IT services includes professional IT managed services utilized throughout the Center. Donated educational experiences include various boat trips and cruises for Ocean Ambassadors. Other donated materials which primarily consist of donated supplies were fully utilized in fundraising and administrative events. Other donated services consist of various donated professional services, including graphic design, platform migration assistance, and application setup.

Volunteer service hours

Volunteer service hours were valued using the Bureau of Labor Statistics' value of volunteer time for the State of California and were estimated at approximately \$5.7 million. The value of this contributed time is not reflected in these financial statements as the services do not meet the recognition criteria.

Volunteer services hours during the year were as follows:

Animal care	70,135
Animal rescue	62,059
Education	8,813
Other	<u>5,832</u>
	<u><u>146,839</u></u>

16. RETIREMENT PLAN

On January 1, 2009, the Center established a retirement plan (the "Plan") adopted under the Internal Revenue Code Section 401(k) and covering substantially all eligible employees. The Center may make discretionary matching contributions to the Plan. The Center made contributions of \$309,835 during the year ended September 30, 2024.

17. RELATED PARTY TRANSACTIONS

The Center received approximately \$300,000 in contributions from members of the Board of Directors during the year ended September 30, 2024. The Center also received three notes payable from two members of the Board of Directors in the total amount of \$2,750,000 (see Note 9).

The Marine Mammal Center
Notes to Financial Statements
September 30, 2024

18. SUBSEQUENT EVENTS

In November 2024, the Center finalized the sale of their real estate held for sale (see Note 5). The Center sold the property for a sales price of \$2,770,000.

The Center has evaluated all subsequent events through January 24, 2025, the date the financial statements were available to be issued. Other than the above, there are no other material subsequent events that would require disclosure.