

SONOMA ECOLOGY CENTER

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2020

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Sonoma Ecology Center
Sonoma, California

We have reviewed the accompanying financial statements of Sonoma Ecology Center (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



Goranson and Associates, Inc.

717 College Avenue, First Floor, Santa Rosa, CA 95404 Phone: 707/542-1256 Fax 707/978-3090

Report on Summarized Comparative Information

We have previously reviewed Sonoma Ecology Center's financial statements for the December 31, 2019, and we were not aware of any material modifications that should be made on those financial statements in our report dated March 12, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the reviewed financial statements from which it has been derived.

Goranson and Associates, Inc.

May 28, 2021
Santa Rosa, CA

SONOMA ECOLOGY CENTER
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

(With summarized comparative totals for December 31, 2019)

See Independent Accountant's Review Report

	2020	2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 391,482	\$ 383,881
Accounts receivable	593,542	317,589
Prepaid expenses	37,003	37,056
Total current assets	1,022,027	738,526
Fixed assets:		
Furniture and equipment	110,055	101,575
Building	150,000	-
Leasehold improvements	81,628	90,025
Vehicles	87,224	61,061
Subtotal	428,907	252,661
Less accumulated depreciation	(161,064)	(152,445)
Net fixed assets	267,843	100,216
Other assets:		
Restricted investments	409,610	391,965
Total assets	\$ 1,699,480	\$ 1,230,707
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 278,975	\$ 113,233
Deferred revenue	208,811	248,400
Total current liabilities	487,786	361,633
Net assets:		
Without donor restriction	757,760	395,602
With donor restriction	453,934	473,472
Total net assets	1,211,694	869,074
Total liabilities and net assets	\$ 1,699,480	\$ 1,230,707

The accompanying notes are an integral part of these financial statements

SONOMA ECOLOGY CENTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020
(With summarized comparative totals for the year ended December 31, 2019)
See Independent Accountant's Review Report

	Without donor restriction	With donor restriction	2020 Total	2019 Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
SUPPORT AND REVENUE:				
Government contract revenue	\$ 1,062,742		\$ 1,062,742	\$ 1,133,755
Memberships and donations	888,548	\$ 1,167	889,715	573,353
In-kind donations	150		150	104
Program fees	544,623		544,623	519,974
Investment income (loss), net of fees	(372)	62,326	61,954	71,969
Gain (Loss) on disposal of assets	-		-	1
Reimbursable income	361,881	-	361,881	270,851
Other income	66,577	-	66,577	73,705
Net assets released from restriction	52,793	(52,793)	-	-
Cost of goods sold	<u>(20,657)</u>	<u>-</u>	<u>(20,657)</u>	<u>(40,989)</u>
Total support and revenue	<u>2,956,285</u>	<u>10,700</u>	<u>2,966,985</u>	<u>2,602,723</u>
EXPENSES:				
Program	1,777,205		1,777,205	1,677,160
Management and general	557,316		557,316	349,423
Fundraising	<u>289,844</u>		<u>289,844</u>	<u>170,696</u>
Total expenses	<u>2,624,365</u>		<u>2,624,365</u>	<u>2,197,279</u>
CHANGE IN NET ASSETS	331,920	10,700	342,620	405,444
NET ASSETS, BEGINNING	395,602	473,472	869,074	463,630
Prior period adjustment	<u>30,238</u>	<u>(30,238)</u>	<u>-</u>	<u>-</u>
Net ASSETS, BEGINNING RESTATED	425,840	443,234	869,074	463,630
NET ASSETS, ENDING	<u>\$ 757,760</u>	<u>\$ 453,934</u>	<u>\$ 1,211,694</u>	<u>\$ 869,074</u>

The accompanying notes are an integral part of these financial statements

SONOMA ECOLOGY CENTER
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(With summarized comparative totals for the year ended December 31, 2019)
See Independent Accountant's Review Report

	Program	Management and General	Fundraising	2020 Total	2019 Total
Salaries and wages	\$ 853,987	\$ 348,745	\$ 217,938	\$ 1,420,670	\$ 1,237,998
Payroll taxes	77,019	27,831	18,197	123,047	106,760
Employee benefits	40,822	10,030	19,289	70,141	83,176
Professional services	104,715	43,772	5,393	153,880	61,804
Program expenses	23,309	646	1,728	25,683	85,646
Conference expenses	335	633	-	968	13,235
Travel	4,116	1,982	102	6,200	5,753
Building supplies	2,710	2,281	623	5,614	24,500
Postage	274	585	376	1,235	12,567
Equipment repair/maintenance	17,487	10,442	-	27,929	3,694
Printing and copying	1,412	2,408	167	3,987	4,387
Insurance	5,507	31,008	206	36,721	36,335
Telephone	8,777	19,714	-	28,491	28,916
Occupancy	151,441	3,040	-	154,481	92,853
Interest expense	-	1,134	-	1,134	12,795
Depreciation expense	8,657	28,490	-	37,147	17,186
Other operating expenses	114,925	24,407	25,825	165,157	98,823
Reimbursable program expenses	361,712	168	-	361,880	270,851
Total	<u>\$ 1,777,205</u>	<u>\$ 557,316</u>	<u>\$ 289,844</u>	<u>\$ 2,624,365</u>	<u>\$ 2,197,279</u>

The accompanying notes are an integral part of these financial statements

SONOMA ECOLOGY CENTER
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020
(With summarized comparative totals for the year ended December 31, 2019)
See Independent Accountant's Review Report

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 342,620	\$ 405,444
Adjustments to reconcile change in net assets to cash from operations		
Depreciation and amortization	37,147	17,186
(Gain)/loss on disposal of assets	-	(1)
Unrealized loss/(gain) on investments	(57,702)	(64,080)
(Increase) decrease in:		
Accounts receivable	(275,953)	24,263
Prepaid expenses and deposits	53	(581)
Increase (decrease) in:		
Accounts payable and accrued expenses	165,742	(2,081)
Deferred revenue	(39,589)	(122,046)
Total cash provided by operations	172,318	258,104
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net change of fixed assets	(204,774)	(12,508)
(Increase)/decrease in investments	40,057	-
Total cash provided (used) by investing activities	(164,717)	23,760
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net payments on line of credit	-	(84,472)
NET CHANGE IN CASH	7,601	161,124
CASH, beginning of year	383,881	222,757
CASH, end of year	\$ 391,482	\$ 383,881
Supplemental information:		
Cash paid for interest	\$ 1,134	\$ 12,795

The accompanying notes are an integral part of these financial statements

SONOMA ECOLOGY CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 ORGANIZATION

Sonoma Ecology Center (Center) is a tax-exempt California corporation established in 1990 to enrich and preserve the ecological health in Sonoma Valley through community supported research, education, restoration, and preservation. Funding is derived primarily from contributions, government grants, and program fees.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The financial statements of the Center have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation – The Center reports information regarding its financial position and activities on an accrual basis according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

Net assets without donor restriction – Net assets that are not subject to donor-imposed restrictions. These also may be designated for specific purposes by action of the Board of Directors.

Net assets with donor restriction – Net assets that are subject to donor-imposed stipulations that may be fulfilled by actions of the Center to meet the stipulations or that become net assets without donor restriction at the date specified by the donor.

Net assets released from donor restriction – Net assets with donor restriction are “released” to net assets without donor restriction when the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed.

Other Basis of Presentation Policies – Revenues or support are reported as increases in net assets without donor restriction unless subject to donor-imposed restrictions. If temporary restrictions are fulfilled in the same time period the revenue or support is received, the Center reports the revenue or support as unrestricted. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restriction unless restricted by explicit donor stipulation or by law.

Cash and Cash Equivalents – For purposes of the Statements of Cash Flows, the Center considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

SONOMA ECOLOGY CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Concentrations of Credit Risk – The Center maintains cash balances at local financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times during the year, the Center held cash and cash equivalent balances in excess of federally insured limits.

Accounts Receivable – The Center records grants and contracts that have been awarded as income as it is worked, earned and then billed for reimbursement. At December 31, 2019, 29 percent of amounts due to the Center are over 90 days old. Due to the nature of the financial transactions, management believes that all amounts due to the Center will be realized and therefore no allowance for doubtful accounts has been recorded.

Investments – Investments are made up of stocks, mutual funds, treasury funds and certificates of deposits and are reported at their fair values in the statement of financial position. The fair value of the equities securities are based upon quoted prices in active markets (Level 1 measurements). Realized and unrealized gains and losses are included in the change in net assets and are included in the statement of activities as net realized and unrealized gains on investments.

Fair Value Measures – The Center reports its fair value measures by using a fair value hierarchy defined by generally accepted accounting principles (GAAP) that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3).

The three level of the fair value hierarchy under GAAP are:

Level 1 – Unadjusted quoted prices in active markets accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability

Level 3 – Prices for valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (inputs are supported by little or no market activity).

SONOMA ECOLOGY CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Property and equipment – The Center capitalizes all expenditures for property and equipment in excess of \$1,000. Property and equipment are stated at cost or, if donated, at fair value at date of donation. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment or the related lease terms ranging from five to forty years.

Expenditures for major renewals and betterments that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of the asset may not be recoverable. Impairment is recognized if the sum of the undiscounted estimated future cash flows expected to result from the use of the asset is less than the carrying value. When an impairment loss is recognized, the asset's carrying value is reduced to its estimated fair value.

Deferred Revenue – Deferred revenue consists of government funding received but not yet earned. Recognition of revenue occurs when agreed upon services are performed.

Income Taxes Status – The Center is exempt from Federal and State Income taxes under Internal Revenue Code Section 501(c)(3) and California Franchise Tax Board Code Section 23701d. Therefore, no provision for income taxes has been made in the accompanying financial statements. In addition, the Internal Revenue Service has determined the Center is not a “private foundation” within the meaning of Section 509(a) of the Internal Revenue Code.

Management of the Center considers the likelihood of changes by taxing authorities in its filed tax returns and recognizes a liability for or discloses potential significant changes if management believes it is more likely than not for a change to occur, including changes to the Center’s status as a not-for-profit entity. Management believes the Center met the requirements to maintain its tax-exempt status and has no income subject to unrelated business income tax. The Center’s tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

SONOMA ECOLOGY CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Contributions – Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of contribution.

Unrestricted contributions and grants are recorded as unrestricted revenue when received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

All donor-restricted contributions and grants are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services. Costs are based on the time and effort method per program.

In-kind donations – The Center receives in-kind donations of program supplies and fundraiser items. These donations are reported at fair market value and are included in contributions on the Statement of Activities and Expenses on the Statement of Functional Expenses.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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. Accordingly, actual results could differ from these estimates.

Reclassifications – Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations

SONOMA ECOLOGY CENTER
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Summarized Comparative Financial Information – The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Center’s reviewed financial statements for the year ended December 31, 2019, from which the summarized information was derived.

NOTE 3 LIQUIDITY

The following reflects the Center’s financial assets of December 31, 2020, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year.

Financial assets at year end		\$ 1,394,634
Less those available for general expenditures within one year due to:		
Donor restricted funds		<u>(453,934)</u>
Total financial assets available to meet cash needs for general expenditures within one year		<u>\$ 940,700</u>
Financial assets		
Cash and cash equivalents		\$ 391,482
Accounts receivable		593,542
Restricted investments		<u>409,610</u>
Total financial assets		<u>\$ 1,394,634</u>

SONOMA ECOLOGY CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4 FAIR VALUE MEASUREMENTS AND INVESTMENTS

The following table presents the assets and liabilities recognized in the accompanying statements of financial position that are measured at fair value on a recurring basis and the level within the fair value hierarchy in which those fair value measurements fall at December 31, 2020:

Level 2, Pooled Investment Funds	\$ <u>409,610</u>
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Investment returns are summarized as follows:

Investment gain	\$ <u>61,954</u>
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NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

The Center's expendable endowment consists of funds designated by a donor to maintain the Van Hoosear Wildlife Preserve. Net assets associated with the expendable endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

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

Expendable endowment net asset composition as of December 31, 2020:

Marin Community Foundation	\$ <u>409,610</u>
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SONOMA ECOLOGY CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS, continued

Changes in expendable endowment net assets for the year ended December 31, 2020:

Endowment net assets, beginning of the year	\$ 391,965
Change in market value	57,326
Interest and dividend income	4,988
Grants paid	(35,000)
Management fees	<u>(9,669)</u>
Endowment net assets, end of the year	<u>\$ 409,610</u>

From time to time, the fair value of assets associated with individual donor-restricted expendable endowment funds may fall below the level that the donor or UPMIFA requires the Center to retain as a fund of perpetual duration.

The Center has other restricted net assets based on time and program restrictions totaling \$44,324 at December 31, 2020.

Total net assets with donor restriction at December 31, 2020 are \$453,934

NOTE 6 BENEFICIAL INTEREST IN ENDOWMENT

An endowment fund is held at the Marin Community Foundation (Foundation) whereby the Center is the beneficiary of the income earned from the endowment. At December 31, 2020, the value of the assets held for the Center at the Foundation totaled \$384,809. There is also an expendable fund as seen in Note 5.

NOTE 7 PRIOR PERIOD ADJUSTMENT

The Center recorded a prior period adjustment to restate released restricted net assets.

NOTE 8 SUBSEQUENT EVENTS

The Center has evaluated subsequent events through May 28, 2021, the date the financial statements were available to be issued and determined that there were no events occurring subsequent to December 31, 2020 that would have a material impact on the Center's results of operations or financial position.