

**WESTERN FLYER FOUNDATION
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**



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**WESTERN FLYER FOUNDATION
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YEAR ENDED JUNE 30, 2022**

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ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Western Flyer Foundation
Moss Landing, California

Management is responsible for the accompanying financial statements of Western Flyer Foundation, which comprise the statement of financial position as of June 30, 2022 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Salinas, California
April 20, 2023

**WESTERN FLYER FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022**

ASSETS

Cash and Cash Equivalents	\$ 121,023
Accounts Receivable, Net	63,294
Property and Equipment, Net	4,906,648
Investments	<u>4,494</u>
Total Assets	<u><u>\$ 5,095,459</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable	\$ 471,100
Total Liabilities	<u>471,100</u>

NET ASSETS

Without Donor Restrictions:	
Undesignated	4,624,359
Total Without Donor Restrictions	<u>4,624,359</u>
With Donor Restrictions:	
Purpose Restrictions	<u>-</u>
Total With Donor Restrictions	<u>-</u>
Total Net Assets	<u><u>4,624,359</u></u>
Total Liabilities and Net Assets	<u><u>\$ 5,095,459</u></u>

See accompanying Notes to Financial Statements.

**WESTERN FLYER FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND OTHER INCOME			
In-Kind Contributions	\$ 63,674	\$ -	\$ 63,674
Grants	-	93,597	93,597
Contributions	1,365,554	5,000	1,370,554
Total Revenue, Support, and Gains	1,429,228	98,597	1,527,825
Net Assets Released from Restrictions	98,597	(98,597)	-
Total Revenue, Support, and Other Income	1,527,825	-	1,527,825
EXPENSES AND LOSSES			
Program Services Expense:			
Boat Restoration Program	65,496	-	65,496
Education and Outreach Program	83,660	-	83,660
Total Program Services Expenses	149,156	-	149,156
Supporting Services Expense:			
Administrative	15,003	-	15,003
Fundraising	12,008	-	12,008
Total Supporting Services Expenses	27,011	-	27,011
Loss on Uncollectible Promises to Give			-
Impairment Loss on Building			-
Total Expenses and Losses	176,167	-	176,167
CHANGE IN NET ASSETS	1,351,658	-	1,351,658
Net Assets - Beginning of Year	3,272,701	-	3,272,701
NET ASSETS - END OF YEAR	\$ 4,624,359	\$ -	\$ 4,624,359

See accompanying Notes to Financial Statements.

**WESTERN FLYER FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022**

	Program Services			Administrative	Fundraising	Total
	Boat Restoration	Education and Outreach	Total			
Salaries and Wages	\$ -	\$ 52,620	\$ 52,620	\$ 2,923	\$ 2,923	\$ 58,466
Professional Fees	55,090	24,035	79,125	9,626	3,184	91,935
Dues			-	131		131
Advertising			-		4,625	4,625
Postage and Shipping	3,500	-	3,500	-	1,131	4,631
Occupancy	4,978	7,000	11,978	-	-	11,978
Travel	895	5	900	-	-	900
Meals	176	-	176	-	-	176
Utilities	490	-	490	-	-	490
Insurance			-	1,280	-	1,280
Miscellaneous Expenses	367	-	367	1,043	145	1,555
Total Expenses by Function	<u>65,496</u>	<u>83,660</u>	<u>149,156</u>	<u>15,003</u>	<u>12,008</u>	<u>176,167</u>
Total Expenses Included in the Expense Section on the Statement of Activities	<u>\$ 65,496</u>	<u>\$ 83,660</u>	<u>\$ 149,156</u>	<u>\$ 15,003</u>	<u>\$ 12,008</u>	<u>\$ 176,167</u>

See accompanying Notes to Financial Statements.

**WESTERN FLYER FOUNDATION
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 1,351,658
Adjustments to Reconcile Change in Net Assets to Net Cash	
Provided by Operating Activities:	
Changes in Operating Assets and Liabilities:	
Accounts Receivable, Net	(63,294)
Accounts Payable	319,983
Net Cash Provided by Operating Activities	<u>1,608,347</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Operating Investments	(4,494)
Purchases of Property and Equipment	<u>(1,515,926)</u>
Net Cash Used by Investing Activities	<u>(1,520,420)</u>

NET CHANGE IN CASH AND CASH EQUIVALENTS

87,927

Cash and Cash Equivalents - Beginning of Year

33,096

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 121,023

See accompanying Notes to Financial Statements.

**WESTERN FLYER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Western Flyer Foundation (the Foundation, we, us, our) is a nonprofit organization established to stir curiosity by connecting art, literature, and science, drawing from the collaborative vision of John Steinbeck and Edward F. Ricketts. The Foundation's education programs provide creation outreach opportunities both on land and aboard the Western Flyer. We fulfill our mission by focusing our efforts in two primary service areas.

Boat Restoration

The restored Western Flyer is currently being outfitted as a state-of-the-art marine research vessel. The Western Flyer will soon serve as a versatile platform for a Research Program investigating marine ecosystem functions and interactions between human communities and their local marine ecosystems.

Education and Outreach

Our Research and Education Programs will be deeply integrated: student data collection is informed by staff research priorities and staff research scientists will support our Education Programs. Work in the Research Program will be carried out by Foundation staff and participating scientists, including undergraduate and graduate students, and partner organizations.

Community Journal Project

This innovative, classroom-based program fosters environmental literacy through the integration of visual arts, ecology, and creative writing. We pair student groups (including middle and high school classes, afterschool groups, and summer programs) with professional artist mentors who lead lessons on scientific illustration, nature journaling, creative nonfiction writing, and local ecology. Through these lessons, students produce nature journals that are proudly displayed in our online art gallery.

Onboard Oceanography

In collaboration with the Naval Postgraduate School and Stanford's Hopkins Marine Station, we have developed an onboard oceanography program for high school and post-secondary science classes. SEACOAST programming will include time on the newly-restored Western Flyer and the opportunity to collect and analyze scientifically valuable oceanographic data on Monterey Bay. The curriculum is modular, allowing teachers to select from a variety of focal areas, and the lessons combine at-sea experiences, in-class activities, and mentorship from undergraduate and graduate student scientists.

**WESTERN FLYER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The accompanying financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The net assets, revenues, gains and losses, other support and expenses and other changes in the accompanying financial statements are classified based on the existence or absence of donor-imposed restrictions. Accordingly, for reporting purposes, net assets of the Organization and changes therein are classified as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) 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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service. 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.

Revenue Recognition

Contributions, including unconditional promises to give and donations, have no exchange component, though many have restrictions as to purpose. Contributions are considered to be without donor restrictions unless specifically restricted by the donor or grantor. Grants received that are unconditional in nature with no barriers to overcome prior to recognition or exchange components are considered contributions. Contributions are recognized as revenues in the period received or promised. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Amounts received that are designed for future periods or restricted by the donor or grantor for specific purpose are reported as with donor restriction support that increases the related net asset class with donor restriction.

Cash and Cash Equivalents

We consider all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

**WESTERN FLYER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable consist primarily of grants and other receivables related to program and operational activities. We determine the allowance for uncollectible accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible. At June 30, 2022 the allowance was \$-0-.

Property and Equipment

We record property and equipment additions over \$2,500 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Donated Services and Materials

The Organization records various types of in-kind contributions. Contributed services are recognized at their fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributions of donated noncash assets are recorded at their fair values in the period received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment.

A number of volunteers have made significant contributions of their time and talent to promote the Organization's programs and activities. No amounts have been recognized in the statement of activities for this time and talent, because the recognition criteria have not been satisfied.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**WESTERN FLYER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

Western Flyer Foundation is organized as California nonprofit corporation and have been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under IRC Section 501(a) as organizations described in Internal Revenue Code (IRC) Section 501(c)(3), qualify for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and have been determined not to be private foundations under IRC Sections 509(a)(1) and (3), respectively. The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Foundation is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes.

Management has considered its tax positions and believes that all of the positions taken in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Organization's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after filed.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of 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, and those differences could be material.

Financial Instruments and Credit Risk

We manage deposit concentration risk by placing cash with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, we have not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from board members, governmental agencies, and foundations supportive of our mission.

Recent Accounting Guidance

In September 2020, the FASB issues ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 was issued to improve generally accepted accounting principles (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this Update address certain stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in an NFP's programs and other activities. The implementation of this standard enhanced the note disclosures around contributed nonfinancial assets and services.

**WESTERN FLYER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements Not Yet Implemented

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). Under the new standard, a lessee recognizes in the balance sheet a liability to make lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term. For nonpublic entities, this new standard is effective for annual reporting periods beginning after December 15, 2021, with early adoption permitted. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The Organization has no plan for early implementation of this standard. At this time, the Organization is evaluating the effect, if any, that the adoption of ASU 2016-02 will have on the financial statements

Subsequent Events

We have evaluated subsequent events through April 20, 2023, the date the financial statements were available to be issued.

NOTE 2 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:

Cash and Cash Equivalents	\$ 121,023
Accounts Receivable	63,294
Total	<u>\$ 184,317</u>

NOTE 3 DONATED PROFESSIONAL SERVICES AND MATERIALS

We received donated professional services as follows during the year ended June 30, 2022.

Professional restoration services	\$63,674
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These meet the requirements for recognition in the statement of activities and are included in professional services and allocated among programs in which they benefit.

NOTE 4 EMPLOYEE BENEFITS

Western Flyer Foundation has adopted a 401(k) plan for eligible employees. WFF will match 100% of the first 5% an employee puts into the 401(k) plan. The plan provides that employees who have attained the age of 18 and completed three months of service may voluntarily contribute to the Plan, up to the maximum contribution allowed by the IRS. Employer contributions are discretionary and are determined and authorized by the board of directors each plan year. During the year ended June 30, 2022 no contributions were made.

**WESTERN FLYER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

NOTE 5 RELATED PARTY TRANSACTIONS

During the year ended June 30, 2022 there were boat restoration services paid to a related party vendor in the amount of \$70,609 from a company owned by a member of our board of directors. In addition, this related party paid for the services for the in-kind services that are noted in the financial statements.

A related party accounted for 45% of the revenue received for the Organization for the year ended June 30, 2022.



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