

**WESTERN FLYER FOUNDATION
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**



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**WESTERN FLYER FOUNDATION
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YEAR ENDED JUNE 30, 2023**

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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, 2023, 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
July 10, 2024

WESTERN FLYER FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023
(SEE ACCOUNTANTS' COMPILATION REPORT)

ASSETS

Cash and Cash Equivalents	\$ 48,887
Accounts Receivable, Net	14,447
Property and Equipment, Net	6,660,337
Investments	<u>4,494</u>
Total Assets	<u><u>\$ 6,728,165</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable	\$ 129,574
Related Party Notes Payable	<u>252,813</u>
Total Liabilities	382,387

NET ASSETS

Without Donor Restrictions:	
Undesignated	<u>6,345,778</u>
Total Net Assets	<u><u>6,345,778</u></u>
Total Liabilities and Net Assets	<u><u>\$ 6,728,165</u></u>

See accompanying Notes to Financial Statements.

WESTERN FLYER FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023
(SEE ACCOUNTANTS' COMPILATION REPORT)

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND OTHER INCOME			
In-Kind Contributions	\$ 253,218	\$ -	\$ 253,218
Grants	42,407	185,362	227,769
Other Revenue	25	-	25
Contributions	1,326,774	322,000	1,648,774
Total Revenue, Support, and Gains	1,622,424	507,362	2,129,786
Net Assets Released from Restrictions	507,362	(507,362)	-
Total Revenue, Support, and Other Income	2,129,786	-	2,129,786
EXPENSES AND LOSSES			
Program Services Expense:			
Boat Restoration Program	54,319	-	54,319
Education and Outreach Program	148,808	-	148,808
Total Program Services Expenses	203,127	-	203,127
Supporting Services Expense:			
Administrative	149,860	-	149,860
Fundraising	55,380	-	55,380
Total Supporting Services Expenses	205,240	-	205,240
Total Expenses	408,367	-	408,367
CHANGE IN NET ASSETS	1,721,419	-	1,721,419
Net Assets - Beginning of Year	4,624,359	-	4,624,359
NET ASSETS - END OF YEAR	\$ 6,345,778	\$ -	\$ 6,345,778

See accompanying Notes to Financial Statements.

WESTERN FLYER FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023
(SEE ACCOUNTANTS' COMPILATION REPORT)

	Program Services			Supporting Services		
	Boat Restoration	Education and Outreach	Total	Administrative	Fundraising	Total
Salaries and Wages	\$ 6,138	\$ 68,088	\$ 74,226	\$ 70,269	\$ 35,725	\$ 180,220
Payroll Taxes	935	6,114	7,049	3,096	2,726	12,871
Employee Benefits	-	2,221	2,221	2,344	1,202	5,767
Payroll Service Fee	-	-	-	2,245	-	2,245
Professional Fees	1,225	15,522	16,747	39,752	5,880	62,379
Dues	-	395	395	405	434	1,234
Advertising	2,233	32,792	35,025	900	400	36,325
Postage and Shipping	2,920	-	2,920	5	732	3,657
Occupancy	11,321	-	11,321	-	-	11,321
Travel	16,746	521	17,267	1,770	182	19,219
Meals	1,246	122	1,368	274	108	1,750
Utilities	1,409	-	1,409	577	-	1,986
Insurance	9,630	6,780	16,410	11,240	4,108	31,758
Interest Expense	-	-	-	2,813	-	2,813
Supplies	-	16,128	16,128	9,947	191	26,266
Conferences and Meetings	-	125	125	77	450	652
Printing and Publication	63	-	63	-	355	418
Miscellaneous Expenses	453	-	453	4,146	2,887	7,486
Total Expenses by Function	54,319	148,808	203,127	149,860	55,380	408,367
Total Expenses Included in the Expense Section on the Statement of Activities	\$ 54,319	\$ 148,808	\$ 203,127	\$ 149,860	\$ 55,380	\$ 408,367

See accompanying Notes to Financial Statements.

**WESTERN FLYER FOUNDATION
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023
(SEE ACCOUNTANTS' COMPILATION REPORT)**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 1,721,419
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Changes in Operating Assets and Liabilities:	
Accounts Receivable, Net	48,847
Accounts Payable	<u>(341,526)</u>
Net Cash Provided by Operating Activities	<u>1,428,740</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Property and Equipment	<u>(1,753,689)</u>
Net Cash Used by Investing Activities	<u>(1,753,689)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Borrowing on Notes Payable	<u>252,813</u>
Net Cash Provided (Used) by Financing Activities	<u>252,813</u>

NET CHANGE IN CASH AND CASH EQUIVALENTS

(72,136)

Cash and Cash Equivalents - Beginning of Year

121,023

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 48,887

See accompanying Notes to Financial Statements.

WESTERN FLYER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023
(SEE ACCOUNTANTS' COMPILATION REPORT)

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 through marine research, education, and a blend of science and art inspired by John Steinbeck, Ed Ricketts, and their journey on the Western Flyer. We fulfill our mission through the following primary service areas.

Boat Restoration

The Western Flyer is currently being restored and outfitted as a state-of-the-art marine research vessel. The vessel 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 free marine science education programs inspire connection to and curiosity about the ocean. We guide K-12 students through hands-on lessons that encourage deep observation, connect high schoolers with supportive mentoring communities, and open new horizons for post-secondary students through experiential, at-sea STEM programs developed in partnership with Stanford University and the Naval Postgraduate School. While open to all, our programs prioritize students who experience barriers to accessing the ocean and outdoor education programs.

We have rapidly become a mainstay at public events and science festivals throughout the Monterey Bay region, with locals and visitors alike excited to visit the restored Western Flyer and experience firsthand its inspiring story of curiosity, exploration, and rebirth. By participating in community-focused events and festivals, we raise awareness about the historic *Western Flyer* and the legacy of John Steinbeck and Ed Ricketts while providing opportunities for the public to interact with the iconic vessel.

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.

WESTERN FLYER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023
(SEE ACCOUNTANTS' COMPILATION REPORT)

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

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.

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.

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, 2023 the allowance was \$-0-.

WESTERN FLYER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023
(SEE ACCOUNTANTS' COMPILATION REPORT)

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

WESTERN FLYER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023
(SEE ACCOUNTANTS' COMPILATION REPORT)

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

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

The Foundation manages 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.

Subsequent Events

We have evaluated subsequent events through July 10, 2024, the date the financial statements were available to be issued.

Adoption of New Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, *Leases (ASC 842)*. The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. Management noted no significant impact on the financial statements as the Foundation does not have operating or financing leases.

WESTERN FLYER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023
(SEE ACCOUNTANTS' COMPILATION REPORT)

NOTE 2 PROPERTY AND EQUIPMENT-NET

Property and equipment consist of the following at June 30, 2023

Equipment	\$ 197,469
Construction in Progress	<u>6,462,868</u>
Subtotal	6,660,337
Less: Accumulated Depreciation and Amortization	-
Total Property and Equipment, Net	<u><u>\$ 6,660,337</u></u>

Depreciation expense for the year ended June 30, 2023 was \$-0-.

NOTE 3 NOTES PAYABLE

On March 23, 2023, the Foundation obtained a loan from Gregg Drilling & Testing, Inc., in the amount of \$250,000. The loan has an interest rate of 4.5%. The principal and accrued interest is due March 30, 2024. The outstanding balance, including interest, at June 30, 2023 is \$252,813.

NOTE 4 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	\$ 48,887
Accounts Receivable	<u>14,447</u>
Total	<u><u>\$ 63,334</u></u>

NOTE 5 DONATED PROFESSIONAL SERVICES AND MATERIALS

The Foundation received donated professional services as follows during the year ended June 30, 2023.

Professional Restoration Services	\$ 220,718
Professional Video Services	<u>32,500</u>
Total	<u><u>\$ 253,218</u></u>

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.

WESTERN FLYER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023
(SEE ACCOUNTANTS' COMPILATION REPORT)

NOTE 6 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, 2023, no contributions were made.

NOTE 7 RELATED PARTY TRANSACTIONS

During the year ended June 30, 2023, there were boat restoration services paid to a related party vendor in the amount of \$221,726 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 68% of the revenue received for the Organization for the year ended June 30, 2023.



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