

MONTEREY BAY FISHERIES TRUST
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(WITH SUMMARIZED TOTALS FOR DECEMBER 31, 2022)



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**MONTEREY BAY FISHERIES TRUST
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YEAR ENDED DECEMBER 31, 2023
(WITH SUMMARIZED TOTALS FOR DECEMBER 31, 2022)**

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ACCOUNTANTS' COMPILATION REPORT

Members
Monterey Bay Fisheries Trust
Monterey, California

Management is responsible for the accompanying financial statements of Monterey Bay Fisheries Trust, which comprise the statements of financial position as of December 31, 2023, and the related statements of activities and changes in net assets, 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
June 21, 2024

MONTEREY BAY FISHERIES TRUST
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023
(WITH SUMMARIZED TOTALS FOR DECEMBER 31, 2022)
(SEE ACCOUNTANTS' COMPILATION REPORT)

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 480,705	\$ 590,181
Accounts Receivable	<u>95,371</u>	<u>99,931</u>
Total Current Assets	576,076	690,112
INTANGIBLE ASSETS - NET	<u>1,127,187</u>	<u>1,169,187</u>
Total Assets	<u><u>\$ 1,703,263</u></u>	<u><u>\$ 1,859,299</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 13,198	\$ 6,811
Current Portion of Long-Term Debt	32,045	30,496
Other Liabilities	<u>957</u>	<u>-</u>
Total Current Liabilities	46,200	37,307
NOTES PAYABLE LONG-TERM	<u>206,985</u>	<u>239,018</u>
Total Liabilities	253,185	276,325
NET ASSETS		
Without Donor Restrictions	1,446,377	1,527,523
With Donor Restrictions	<u>3,701</u>	<u>55,451</u>
Total Net Assets	<u>1,450,078</u>	<u>1,582,974</u>
Total Liabilities and Net Assets	<u><u>\$ 1,703,263</u></u>	<u><u>\$ 1,859,299</u></u>

See accompanying Notes to Financial Statements.

MONTEREY BAY FISHERIES TRUST
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2023
(WITH SUMMARIZED TOTALS FOR DECEMBER 31, 2022)
(SEE ACCOUNTANTS' COMPILATION REPORT)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
REVENUES, GAINS, AND OTHER SUPPORT				
Program Service Revenue - Net	\$ 85,913	\$ -	\$ 85,913	\$ 99,920
Grants and Contributions	282,474	46,942	329,416	409,183
Interest Income	2,998	-	2,998	72
Net Assets Released from Restriction	98,692	(98,692)	-	-
Total Revenues, Gains, and Other Support	470,077	(51,750)	418,327	509,175
EXPENSES				
Program Services				
Quota	74,541	-	74,541	74,353
Consumer Awareness	93,707	-	93,707	115,348
Lost Gear Recovery	1,750	-	1,750	24,231
Industry Engagement and Support	40,582	-	40,582	71,467
Community Seafood	82,243	-	82,243	32,996
Total Program Services Expense	292,823	-	292,823	318,395
Support Services				
Administrative	142,322	-	142,322	66,082
Fundraising Expenses	116,078	-	116,078	74,478
Total Supporting Services	258,400	-	258,400	140,560
Total Expenses	551,223	-	551,223	458,955
CHANGE IN NET ASSETS	(81,146)	(51,750)	(132,896)	50,220
Net Assets - Beginning of Year	1,527,523	55,451	1,582,974	1,532,754
NET ASSETS - END OF YEAR	<u>\$ 1,446,377</u>	<u>\$ 3,701</u>	<u>\$ 1,450,078</u>	<u>\$ 1,582,974</u>

See accompanying Notes to Financial Statements.

MONTEREY BAY FISHERIES TRUST
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023
(WITH SUMMARIZED TOTALS FOR DECEMBER 31, 2022)
(SEE ACCOUNTANTS' COMPILATION REPORT)

	Program Services						Support Services				
	Quota	Consumer Awareness	Lost Gear Recovery	Business Support and Leadership	Seafood Program	Total Program Services	Administrative	Fundraising Expenses	Total Support Services	2023 Total	2022 Total
Professional Fees	\$ 7,313	\$ 15,789	\$ -	\$ 4,410	\$ 124	\$ 27,636	\$ 42,879	\$ 58,276	\$ 101,155	\$ 128,791	\$ 96,281
Salaries and Related Expenses	7,555	63,316	-	32,590	59,825	163,286	79,818	49,976	129,794	293,080	233,723
Amortization	42,000	-	-	-	-	42,000	-	-	-	42,000	42,000
Interest and Fees	12,972	-	-	-	-	12,972	-	-	-	12,972	14,485
Travel and Meetings	-	1,316	-	502	33	1,851	6,309	1,160	7,469	9,320	10,271
Marketing Expenses and Supplies	-	453	-	-	-	453	1,735	85	1,820	2,273	3,014
Insurance	-	-	-	-	-	-	2,190	-	2,190	2,190	3,902
Program Expense	4,450	194	1,750	2,000	20,334	28,728	6,463	-	6,463	35,191	33,469
Office Expense	-	10,539	-	6	-	10,545	723	5,121	5,844	16,389	4,678
Occupancy Expense	251	2,100	-	1,074	1,927	5,352	2,205	1,460	3,665	9,017	16,216
Other Expense	-	-	-	-	-	-	-	-	-	-	916
Total Expenses	\$ 74,541	\$ 93,707	\$ 1,750	\$ 40,582	\$ 82,243	\$ 292,823	\$ 142,322	\$ 116,078	\$ 258,400	\$ 551,223	\$ 458,955

See accompanying Notes to Financial Statements.

MONTEREY BAY FISHERIES TRUST
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023
(WITH SUMMARIZED TOTALS FOR DECEMBER 31, 2022)
(SEE ACCOUNTANTS' COMPILATION REPORT)

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (132,896)	\$ 50,220
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided (Used) by Operating Activities:		
Amortization Expense	42,000	41,050
Changes in Operating Assets and Liabilities:		
Accounts Receivable	4,560	35,163
Accounts Payable	6,387	1,347
Other Liabilities	957	(754)
Net Cash Provided (Used) by Operating Activities	<u>(78,992)</u>	<u>127,026</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Notes Payable	<u>(30,484)</u>	<u>(28,985)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(109,476)	98,041
Cash and Cash Equivalents - Beginning of Year	<u>590,181</u>	<u>492,140</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 480,705</u></u>	<u><u>\$ 590,181</u></u>

See accompanying Notes to Financial Statements.

MONTEREY BAY FISHERIES TRUST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(SEE ACCOUNTANTS' COMPILATION REPORT)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Monterey Bay Fisheries Trust (the Trust) is a 501(c)(3) nonprofit Trust with a mission to advance the social, economic, and environmental sustainability of Monterey Bay fisheries. The Trust acquires fishing rights (individual fishing quota and permits), holds them in trust for the local fishing community, and leases the quota annually to fishermen. The Trust is also working to rebuild local and regional seafood markets for local, sustainable seafood, strengthen the resilience of fishing businesses, promote stakeholder engagement in fisheries conservation and management, and donate local seafood to community members in need. The Trust partners with the fishing industry, municipal leaders, and conservation organizations to achieve a balance between a healthy ocean ecosystem and a healthy seafood economy.

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 are classified based on the existence or absence of donor-imposed restrictions. Accordingly, for reporting purposes, net assets of the Trust and changes therein are classified as follows:

Net Assets without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations. This includes certain amounts designated by the board for endowment and other purposes.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Trust and/or the passage of time, or net assets that are perpetual in nature and subject to donor-imposed restrictions that they be maintained in perpetuity by the Trust.

Recognition of Donor Restrictions

Support that is restricted by the donor is reported as an increase 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 statement of activities as "Net Assets Released from Restriction."

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Trust considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents, except for money market funds held in investment accounts.

Revenue Recognition

Revenue is primarily derived from lease income from the leasing of fishing quota pounds owned or leased by the Trust and contributions. Lease income is generally available for unrestricted use and is recognized when earned.

MONTEREY BAY FISHERIES TRUST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(SEE ACCOUNTANTS' COMPILATION REPORT)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pledges Receivable

Pledges receivable represents unconditional promises to give, that are expected to be collected within one year are recorded at net realizable value. Contributions that are expected to be collected over periods in excess of one year are recorded at the present value of the estimated cash flows beyond one year. The discounts on those amounts are computed using an estimated discount rate applicable to the years in which the promises are received.

The Trust uses the allowance method to determine uncollectible contributions receivable. The allowance is based on prior years' experience and management analysis of specific contributions made. The allowance has been estimated at zero for the year ended December 31, 2023.

Intangible Assets – Net

Intangible assets are comprised of quota share (QS) licenses. These QS licenses were recorded at fair market value on the date of acquisition based on standard and customary QS valuations in effect. Amortization is computed using the straight-line method over the estimated useful lives of the assets. Part of the Trust's QS is encumbered under a 10-year clause wherein the seller has a right to buy back this portion of the quotas from the Trust. Therefore, that QS portion that is encumbered is being amortized on a straight-line basis over the estimated useful life of ten years. The remaining QS assets are infinite-lived intangibles and therefore are not amortized.

Intangible assets, net at December 31, 2023, consisted of the following:

Quote Share	\$ 1,477,187
Less: Accumulated Amortization	<u>(308,000)</u>
Total	<u><u>\$ 1,169,187</u></u>

Amortization expense for the year ended December 31, 2023 was \$42,000.

Promise to Give

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met. Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses, depending on the form of the benefits received.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

MONTEREY BAY FISHERIES TRUST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(SEE ACCOUNTANTS' COMPILATION REPORT)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Methods Used for Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function of the Trust. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include the following: salaries and benefits; which are allocated on the basis of time spent on programs.

Income Taxes

As a tax-exempt nonprofit Trust, the Trust is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and from state franchise tax under California Revenue and Taxation Code Section 23701(d), but is subject to taxes on unrelated business income when earned.

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Effects of New Accounting Pronouncements

On January 1, 2023, The Trust adopted ASU 2016-03, Financial Instruments –Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended (ASC 326), which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss methodology (CECL). The Trust adopted the standard using the modified retrospective method. Results for annual periods beginning after January 1, 2023 are presented under the new CECL model while prior reporting periods continue to be reported in accordance with previously applicable GAAP. The adoption of this Standard did not have an impact on the Trust's financial statements.

MONTEREY BAY FISHERIES TRUST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(SEE ACCOUNTANTS' COMPILATION REPORT)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summarized Totals for 2022

The financial statements include certain summarized comparative information for the prior year. This information is not presented by net asset class and does not include sufficient detail to be in conformity with GAAP.

Subsequent Events

Subsequent events have been evaluated through June 21, 2024, which is the date the financial statements were available to be issued.

NOTE 2 CONCENTRATION OF CREDIT RISK

The Trust maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Federal Deposit Insurance Corporation (FDIC) insures accounts up to \$250,000. The total amount by which the Trust's cash on deposit exceeded the federally insured limits was approximately \$3,641 at December 31, 2023.

NOTE 3 NOTES PAYABLE

In April 2020, the Trust entered into a promissory note (the CVCC Agreement) with Community Vision Capital & Consulting (CVCC) for a total debt commitment of \$341,428. The note payable carries an interest rate of 5% per annum and matures in May 2030. Equal installments of principal and interest are due monthly with principal payments beginning on June 1, 2020. The note is secured by a first position security interest in West Coast /Pacific Coast Groundfish Quota Shares.

Total future minimum payments under the promissory note at December 31, 2023 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ 32,045
2025	33,741
2026	35,493
2027	37,334
2028	39,258
Thereafter	61,159
Total	<u><u>\$ 239,030</u></u>

MONTEREY BAY FISHERIES TRUST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(SEE ACCOUNTANTS' COMPILATION REPORT)

NOTE 4 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2023:

Subject to expenditure for specific purpose or time:

Local Gear and Recovery	<u>\$ 3,701</u>
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During the course of the year, net assets that were subject to donor-imposed restrictions were fulfilled by actions of the Trust pursuant to those restrictions. These assets are shown in the statement of activities as "Net Assets Released from restriction." A detail of the net assets released from restrictions at December 31, 2023 is as follows:

Industry Engagement and Support	\$ 10,000
Community Seafood Program	23,942
Time restriction	50,000
Lost Gear Recovery Program	1,750
Administrative Support	<u>13,000</u>
Total	<u><u>\$ 98,692</u></u>

NOTE 5 RETIREMENT PLAN

The Trust maintains a 401(k) plan, which is available to all employees over the age of 18 years old. The Trust matches equal to 100% of employees' contributions for up to 5% of compensation. Retirement plan contributions were \$10,817 for the year ended December 31, 2023.

NOTE 6 LIQUIDITY

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 are as follows:

Cash	\$ 480,705
Accounts Receivable	95,371
Less Restricted Net Assets	<u>(3,701)</u>
Total	<u><u>\$ 572,375</u></u>

Monterey Bay Fisheries Trust has \$572,375 of financial assets available within one year of the statement of financial position. In addition to financial assets available to meet general expenditures over the next 12 months, the Trust operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.



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