

WESTERN FLYER FOUNDATION
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024



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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, 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 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
February 19, 2025

WESTERN FLYER FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024
(SEE ACCOUNTANTS' COMPILATION REPORT)

ASSETS

Cash and Cash Equivalents	\$ 245,228
Accounts Receivable, Net	214,344
Property and Equipment, Net	<u>6,946,218</u>
Total Assets	<u>\$ 7,405,790</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable and Accrued Expenses	\$ 102,402
Related Party Notes Payable	<u>250,000</u>
Total Liabilities	352,402

NET ASSETS

Without Donor Restrictions	6,852,871
With Donor Restrictions	<u>200,517</u>
Total Net Assets	<u>7,053,388</u>
Total Liabilities and Net Assets	<u>\$ 7,405,790</u>

See accompanying Notes to Financial Statements.

WESTERN FLYER FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024
(SEE ACCOUNTANTS' COMPILATION REPORT)

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND OTHER INCOME			
Contributions	\$ 1,237,941	\$ 10,000	\$ 1,247,941
In-Kind Contributions	6,700	162,263	168,963
Grants	48,993	680,051	729,044
Other Revenue	417	-	417
Merchandise Sales, Net	9,399	-	9,399
Total Revenue, Support, and Gains	1,303,450	852,314	2,155,764
Net Assets Released from Restrictions	651,797	(651,797)	-
Total Revenue, Support, and Other Income	1,955,247	200,517	2,155,764
EXPENSES AND LOSSES			
Program Services Expense:			
Stewardship of the Western Flyer Program	777,462	-	777,462
Education and Research Program	334,426	-	334,426
Community Outreach Program	120,948	-	120,948
Total Program Services Expenses	1,232,836	-	1,232,836
Supporting Services Expense:			
Administrative	114,585	-	114,585
Fundraising	100,733	-	100,733
Total Supporting Services Expenses	215,318	-	215,318
Total Expenses	1,448,154	-	1,448,154
CHANGE IN NET ASSETS	507,093	200,517	707,610
Net Assets - Beginning of Year	6,345,778	-	6,345,778
NET ASSETS - END OF YEAR	\$ 6,852,871	\$ 200,517	\$ 7,053,388

See accompanying Notes to Financial Statements.

WESTERN FLYER FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024
(SEE ACCOUNTANTS' COMPILATION REPORT)

	Program Services			Supporting Services			
	Stewardship of the Western Flyer	Education and Research	Community Outreach	Total	Administrative	Fundraising	Total
Salaries and Wages	\$ 72,650	\$ 184,945	\$ 59,495	\$ 317,090	\$ 11,968	\$ 44,474	\$ 373,532
Payroll Taxes	5,373	14,206	4,491	24,070	2,330	3,367	29,767
Employee Benefits	3,520	8,136	2,949	14,605	717	2,213	17,535
Payroll Service Fee	-	-	-	-	3,624	-	3,624
Professional Fees	14,432	48,267	21,330	84,029	67,459	31,480	182,968
Dues	-	50	751	801	2,728	1,904	5,433
Advertising	8,753	-	1,829	10,582	-	420	11,002
Postage and Shipping	623	118	132	873	101	71	1,045
Occupancy	6,125	-	-	6,125	-	-	6,125
Travel	7,746	921	1,834	10,501	169	181	10,851
Meals	3,210	388	209	3,807	1,124	82	5,013
Utilities	2,329	-	-	2,329	3,076	-	5,405
Insurance	67,379	16,690	9,342	93,411	9,053	7,715	110,179
Interest Expense	343	-	-	343	11,250	-	11,593
Depreciation	538,338	30,122	-	568,460	-	-	568,460
Vessel Expenses	44,727	-	-	44,727	-	-	44,727
Bad Debt	-	2,650	-	2,650	-	-	2,650
Supplies	712	23,718	4,749	29,179	529	23	29,731
Conferences and Meetings	-	4,106	7,954	12,060	120	7,099	19,279
Printing and Publication	-	-	5,843	5,843	337	792	6,972
Miscellaneous Expenses	1,202	109	40	1,351	-	912	2,263
Total Expenses by Function	777,462	334,426	120,948	1,232,836	114,585	100,733	1,448,154
Total Expenses Included in the Expense Section on the Statement of Activities	\$ 777,462	\$ 334,426	\$ 120,948	\$ 1,232,836	\$ 114,585	\$ 100,733	\$ 1,448,154

See accompanying Notes to Financial Statements.

WESTERN FLYER FOUNDATION
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2024
(SEE ACCOUNTANTS' COMPILATION REPORT)

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 707,610
Adjustments to Reconcile Change in Net Assets to Net Cash	
Provided by Operating Activities:	
Depreciation and Amortization	568,460
Contributed Property and Equipment Capitalized	(17,340)
Changes in Operating Assets and Liabilities:	
Accounts Receivable, Net	(199,897)
Accounts Payable and Accrued expenses	(29,985)
Net Cash Provided by Operating Activities	1,028,848

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Operating Investments	-
Proceeds from sales of operating investments	4,494
Purchases of Property and Equipment	(837,001)
Net Cash Used by Investing Activities	(832,507)

NET CHANGE IN CASH AND CASH EQUIVALENTS

196,341

Cash and Cash Equivalents - Beginning of Year

48,887

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 245,228

See accompanying Notes to Financial Statements.

WESTERN FLYER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(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.

Stewardship of the Western Flyer

The Western Flyer Foundation is dedicated to the restoration, preservation, and operation of the historic Western Flyer vessel. The vessel has been restored and outfitted with modern systems and scientific instruments, transforming it into a state-of-the-art platform for research and education.

Education and Research

The Foundation provides free, hands-on educational and research experiences for students from middle school to college. These programs are designed to inspire curiosity and excitement about the ocean through the integration of marine science, research, and the humanities. Activities take place on the docked Western Flyer, onshore, and aboard the vessel at sea, offering unique opportunities to explore and study marine ecosystems. While open to all, our programs prioritize students who experience barriers to accessing the ocean and outdoor education and STEM programs.

Community Outreach

The Foundation actively connects with the public to share the story and mission of the *Western Flyer* through community events, festivals, presentations, and tours. Outreach efforts also include creative projects, such as films and collaborations, that highlight the intersection of marine science, history, and art.

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
JUNE 30, 2024
(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 and Allowance for Credit Losses

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, 2024 the allowance was \$-0-.

WESTERN FLYER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(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 Foundation 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 Foundation'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
JUNE 30, 2024
(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 Foundation'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 February 19, 2025, the date the financial statements were available to be issued.

Adoption of New Accounting Standards

On January 1, 2023, the Foundation adopted FASB ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. The Foundation adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Foundation's financial statements but did result in changes to the Foundation's accounting policies, including the recognition of credit losses based on expected future credit losses rather than incurred credit losses.

WESTERN FLYER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(SEE ACCOUNTANTS' COMPILATION REPORT)

NOTE 2 PROPERTY AND EQUIPMENT-NET

Property and equipment consist of the following at June 30, 2024

Machinery and Equipment	\$ 7,185,100
Educational Equipment	219,503
Construction in Progress	110,075
Subtotal	<u>7,514,678</u>
Less: Accumulated Depreciation and Amortization	(568,460)
Total Property and Equipment, Net	<u><u>\$ 6,946,218</u></u>

Depreciation expense for the year ended June 30, 2024 was \$568,460.

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, 2025. The outstanding balance, including accrued interest, at June 30, 2024 is \$264,063.

NOTE 4 NET ASSETS WITH DONOR RESTRICTIONS

Net assets that are restricted by donor purpose consist of the following at June 30, 2024:

Purpose Restrictions:	
Education & Research	\$ 184,517
Community Outreach	10,000
Boat Restoration	6,000
Total	<u><u>\$ 200,517</u></u>

Net assets that were released from donor restrictions by incurring expenses, satisfying the restricted purpose, or by the passage of time or the events specified by donor are as follows for the year ended June 30, 2024:

Assets Released for:	
Education & Research	\$ 315,356
Community Outreach	10,273
Boat Restoration	326,168
	<u><u>\$ 651,797</u></u>

WESTERN FLYER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(SEE ACCOUNTANTS' COMPILATION REPORT)

NOTE 5 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	\$ 245,228
Accounts Receivable	214,344
Total	<u>\$ 459,572</u>

NOTE 6 DONATED PROFESSIONAL SERVICES AND MATERIALS

The Foundation received donated professional services as follows during the year ended June 30, 2024.

Professional Restoration Services	\$ 168,963
Total	<u>\$ 168,963</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. The professional services are recognized at fair value based on current rates for similar restoration services.

NOTE 7 EMPLOYEE BENEFITS

Western Flyer Foundation has adopted a 401(k) plan for eligible employees. The Foundation 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. Employer contributions for the year ended June 30, 2024, were \$17,535.

NOTE 8 RELATED PARTY TRANSACTIONS

The related party transactions, included in the statement of financial position, include a note payable of \$250,000 and accrued interest of \$14,063 for the year ended June 30, 2024.

During the year ended June 30, 2024, there were boat restoration services paid to a related party vendor in the amount of \$213,861 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 37% of the revenue received for the Foundation for the year ended June 30, 2024.



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