

**THE MONO LAKE FOUNDATION**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**YEARS ENDED  
DECEMBER 31, 2020 AND 2019**

## **INDEPENDENT AUDITOR'S REPORT**

**Board of Directors  
The Mono Lake Foundation  
Lee Vining, California**

We have audited the accompanying financial statements of The Mono Lake Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### ***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.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Mono Lake Foundation as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Gilbert CPAs*

**GILBERT CPAs  
Sacramento, California**

**September 17, 2021**

# THE MONO LAKE FOUNDATION

## STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2020 AND 2019

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	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 676,159	\$ 363,634
Accounts receivable	154,823	119,334
Inventories	91,680	91,581
Prepaid expenses and other assets	<u>                    </u>	<u>4,621</u>
Total current assets	922,662	579,170
<b>INVESTMENTS</b>	11,687,717	8,722,442
<b>PROPERTY AND EQUIPMENT - Net</b>	<u>1,410,404</u>	<u>1,473,470</u>
<b>TOTAL ASSETS</b>	<u>\$ 14,020,783</u>	<u>\$ 10,775,082</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 187,019	\$ 118,689
Accrued expenses	79,964	49,312
Current portion of Paycheck Protection Program loan	<u>35,489</u>	<u>                    </u>
Total liabilities	<u>302,472</u>	<u>168,001</u>
<b>PAYCHECK PROTECTION PROGRAM LOAN, NET</b>	179,231	
<b>TOTAL LIABILITIES</b>	<u>481,703</u>	<u>168,001</u>
<b>NET ASSETS:</b>		
Net assets without donor restrictions	11,088,622	8,460,890
Net assets with donor restrictions:		
Purpose restrictions	1,603,900	1,454,912
Endowments	<u>846,558</u>	<u>691,279</u>
Total net assets	<u>13,539,080</u>	<u>10,607,081</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 14,020,783</u>	<u>\$ 10,775,082</u>

The accompanying notes are an integral part of these financial statements.

# THE MONO LAKE FOUNDATION

## STATEMENTS OF ACTIVITIES YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS:</b>		
<b>REVENUES:</b>		
Member contributions	\$ 2,216,110	\$ 1,685,318
Interest and investment income	1,604,342	720,669
Bequests	1,058,729	933,200
Sales revenue, net of cost of goods sold of \$39,507 for 2020 and \$172,979 for 2019	57,348	160,635
Rental income	54,655	63,653
Program service revenue	17,852	114,804
Other income	17,210	732
Net assets released from restrictions	<u>107,965</u>	<u>113,550</u>
Total revenues	<u>5,134,211</u>	<u>3,792,561</u>
<b>EXPENSES:</b>		
Program services:		
Public education and outreach	786,172	1,179,867
Membership communications	746,832	481,228
Research and policy development	<u>650,788</u>	<u>392,242</u>
Total program services	2,183,792	2,053,337
Supporting services:		
Fundraising	206,967	262,752
Management, general and store operations	<u>115,720</u>	<u>38,341</u>
Total expenses	<u>2,506,479</u>	<u>2,354,430</u>
<b>INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<u>2,627,732</u>	<u>1,438,131</u>
<b>NET ASSETS WITH DONOR RESTRICTIONS:</b>		
Interest and investment income (loss)	337,729	199,978
Contributions and grants	74,503	289,147
Net assets released from restrictions	<u>(107,965)</u>	<u>(113,550)</u>
<b>INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	<u>304,267</u>	<u>375,575</u>
<b>INCREASE IN NET ASSETS</b>	2,931,999	1,813,706
<b>NET ASSETS, Beginning of Year</b>	<u>10,607,081</u>	<u>8,793,375</u>
<b>NET ASSETS, End of Year</b>	<u>\$ 13,539,080</u>	<u>\$ 10,607,081</u>

The accompanying notes are an integral part of these financial statements.

# THE MONO LAKE FOUNDATION

## STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2020

	Program Services			Supporting Services		Total
	Public Educ. & Outreach	Membership Comm.	Research & Policy Develop.	Fundraising	Management, General & Store Operations	
Personnel	\$ 469,158	\$ 294,534	\$ 301,338	\$ 53,237	\$ 14,774	\$ 1,133,041
Professional services	126,080	172,329	219,013	63,483	13,723	594,628
Printing	34,833	90,534	5,952	43,136		174,455
Postage	8,968	106,729	75	24,656	439	140,867
Depreciation	24,785	17,639	18,283	1,470	889	63,066
Grants	41,000		10,000			51,000
Supplies	18,085	14,688	6,190	2,993	1,424	43,380
Advertising	20,024	12,222	60	7,350	1,541	41,197
Cost of goods sold	18,277				21,230	39,507
Insurance	1,529	441	27,828	1,094	3,653	34,545
Occupancy	7,575	2,488	18,989	208	126	29,386
Equipment	7,924	3,983	7,961	1,791	9	21,668
Travel	8,301	227	2,411	840	1,646	13,425
Telecommunications	3,556	3,677	3,224	212	128	10,797
Other	14,354	27,341	29,464	6,497	77,368	155,024
Total expenses	804,449	746,832	650,788	206,967	136,950	2,545,986
Less cost of goods sold included with revenues on the statement of activities	18,277				21,230	39,507
Total expenses included in the expense section of the statement of activities	\$ 786,172	\$ 746,832	\$ 650,788	\$ 206,967	\$ 115,720	\$ 2,506,479

The accompanying notes are an integral part of these financial statements.

# THE MONO LAKE FOUNDATION

## STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2019

	Program Services			Supporting Services		Total
	Public Educ. & Outreach	Membership Comm.	Research & Policy Develop.	Fundraising	Management, General & Store Operations	
Personnel	\$ 801,284	\$ 118,382	\$ 180,045	\$ 55,230	\$ 4,882	\$ 1,159,823
Professional services	137,814	114,260	141,676	82,180	12,614	488,544
Printing	27,789	71,244		45,217		144,250
Postage	21,044	32,855	18	34,135	540	88,592
Depreciation	44,766	7,829	13,206	4,533	325	70,659
Grants	19,500					19,500
Supplies	23,894	14,104	4,365	6,968	1,423	50,754
Advertising	12,761	76,710	488	9,477	3,691	103,127
Cost of goods sold	76,364				96,615	172,979
Insurance	14,018	2,433	9,708	1,542	3,537	31,238
Occupancy	9,972	616	20,273	822	327	32,010
Equipment	9,263	1,564	9,216	7,083	251	27,377
Travel	27,214	6,463	6,121	5,131	1,227	46,156
Telecommunications	5,996	2,308	2,489	942	46	11,781
Other	24,552	32,460	4,637	9,492	9,478	80,619
Total expenses	1,256,231	481,228	392,242	262,752	134,956	2,527,409
Less cost of goods sold included with revenues on the statement of activities	76,364				96,615	172,979
Total expenses included in the expense section of the statement of activities	<u>\$ 1,179,867</u>	<u>\$ 481,228</u>	<u>\$ 392,242</u>	<u>\$ 262,752</u>	<u>\$ 38,341</u>	<u>\$ 2,354,430</u>

The accompanying notes are an integral part of these financial statements.

# THE MONO LAKE FOUNDATION

## STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2020 AND 2019

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	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase in net assets	\$ 2,931,999	\$ 1,813,706
Reconciliation to net cash provided by operating activities:		
Net unrealized gain on investments	(1,741,030)	(718,432)
Receipt of donated investments	(1,125,000)	(37,929)
Depreciation	63,066	70,659
Changes in:		
Accounts receivable	(35,489)	40,850
Inventories	(99)	5,936
Prepaid expenses and other assets	4,621	738
Accounts payable	68,330	19,782
Accrued expenses	30,652	2,130
Net cash provided by operating activities	<u>197,050</u>	<u>1,197,440</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	(5,039,780)	(12,994,760)
Proceeds from sale of investments	4,940,535	12,075,464
Purchases of property and equipment	<u>                    </u>	<u>(54,358)</u>
Net cash used by investing activities	<u>(99,245)</u>	<u>(973,654)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from Paycheck Protection Program loan	<u>214,720</u>	<u>                    </u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>312,525</b>	<b>223,786</b>
<b>CASH AND CASH EQUIVALENTS, Beginning of Year</b>	<u>363,634</u>	<u>139,848</u>
<b>CASH AND CASH EQUIVALENTS, End of Year</b>	<u><u>\$ 676,159</u></u>	<u><u>\$ 363,634</u></u>

The accompanying notes are an integral part of these financial statements.



# THE MONO LAKE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

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### 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The Mono Lake Foundation (the Foundation) is a nonprofit corporation whose mission consists of supporting the restoration and preservation of the Mono Lake ecosystem, educating the public about Mono Lake and the impacts on the environment of excessive water usage, and promoting cooperative solutions that protect Mono Lake and meet real water needs without transferring environmental problems to other areas.

**Basis of presentation** – The financial statements are prepared on the accrual basis of accounting and in conformity with professional standards applicable to not-for-profit entities. The Foundation reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

**Revenue recognition** – Contributions, foundation grants, and bequests are recognized as revenues when received or unconditionally promised, in accordance with professional standards. All contributions are considered available for unrestricted use unless specifically restricted by donors for future periods or specific purposes. Donor-restricted amounts are reported as an increase in donor restricted net assets. Donor restricted net assets with time or purpose restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions when the time restrictions expire or the contributions are used for the restricted purpose. Donor restricted net assets with restrictions perpetual in nature are those net assets whose use by the Foundation is restricted by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled and removed by the actions of the Foundation and consist of contributions to the Foundation's endowment fund.

Professional services are recorded as in-kind donations and recognized at their estimated fair value as of the date of service. No donated professional services were received during 2020 and 2019. Contributed services that do not meet the criteria for recognition are not reflected in the financial statements.

The Foundation's revenue from contracts with customers consist of sales, guided tours, seminars, educational event revenue, and rental income. Refer to Note 8 for additional information on revenue from contracts with customers.

**Cash and cash equivalents** – For financial statement purposes, the Foundation considers all investments with a maturity at purchase of three months or less to be cash equivalents, unless held for long-term purposes.

The Foundation minimizes credit risk associated with cash by periodically evaluating the credit quality of its primary financial institution. The balance at times may exceed federally insured limits. The Foundation has not experienced any losses in such accounts and management believes the Foundation is not exposed to any significant credit risk related to cash.

**Investments** are stated at fair value.

**Inventories** consist primarily of educational and artistic materials sold by the Foundation through its retail store or distributed as membership benefits. Inventories are recorded at the lower of average cost or market. Materials that have become obsolete are not included in the inventory balance.

# THE MONO LAKE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

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**Property and equipment** is stated at cost or, if donated, at the estimated fair market value as of the date of donation. The Foundation capitalizes all expenditures for property and equipment in excess of \$2,500. Assets are depreciated using the straight-line method over estimated useful lives of 5 to 39 years.

**Functional allocation of expenses** – The costs of providing the program services have been summarized on a functional basis in the statements of activities and of functional expenses. Accordingly, certain costs have been allocated among the program services based on employees' time incurred and management's estimate of the usage of resources. The expenses that have been allocated include personnel costs and professional services, which are allocated based on time and effort; postage and printing, advertising, insurance, travel, grant expense, supplies, telecommunications, occupancy expenses, equipment, depreciation, and other expenses, which are allocated based on estimated usage.

**Joint fundraising and membership communication** – The Foundation allocates costs of certain direct mail campaigns between fundraising and membership communication activities. See Note 7.

**Income taxes** – The Foundation is publicly supported and exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, except for immaterial amounts of tax on sales of certain merchandise and rental of mailing lists. The Foundation has applied the accounting principles related to accounting for uncertainty in income taxes and has determined that there is no material impact on the financial statements. With some exceptions, the Foundation is no longer subject to U.S. federal and state income tax examinations by tax authorities for years prior to 2015.

**Fair value measurements** – Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same—to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability).

In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, as follows:

Level 1 Inputs	Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
Level 2 Inputs	Inputs other than quoted prices in active markets that are observable either directly or indirectly.
Level 3 Inputs	Unobservable inputs for the asset or liability.

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

# THE MONO LAKE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

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**Subsequent events** have been reviewed through September 17, 2021, the date the financial statements were issued. Management concluded that no material subsequent events have occurred since December 31, 2020 that require recognition or disclosure in such financial statements.

### 2. LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Foundation's financial assets as of December 31:

	<u>2020</u>	<u>2019</u>
Cash	\$ 676,159	\$ 363,634
Accounts receivable	154,823	119,334
Investments	<u>11,687,717</u>	<u>8,722,442</u>
Total financial assets	12,518,699	9,205,410
Less:		
Donor restrictions - purpose restriction	(1,603,900)	(1,454,912)
Donor Restrictions - perpetual	<u>(846,558)</u>	<u>(691,279)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 10,068,241</u>	<u>\$ 7,059,219</u>

The Foundation's goal is generally to maintain financial assets to meet 120 days of operating expenses (approximately \$600,000) and to invest additional funds consistent with the Foundation's investment plan. As part of its liquidity plan, cash is invested in short-term investments, including money market accounts and certificates of deposit. Large one-time cash expenditures for special projects are planned at least six months in advance to assure investments are managed to fund such expenditures directly without unduly impacting the cash reserve.

# THE MONO LAKE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

### 3. INVESTMENTS

Money market funds, mutual funds and equities are classified within Level 1 of the fair value hierarchy because they valued using quoted market prices with reasonable levels of price transparency. Bonds are classified within Level 2 of the fair value hierarchy because they are measured by inputs other than quoted prices in active markets. Investments consist of the following:

	<u>2020</u>	<u>2019</u>
Money market funds	\$ 282,730	\$ 444,405
Mutual and exchange traded funds:		
Fixed income	2,974,591	3,565,738
Blend	2,027,494	884,911
Emerging Markets	640,511	118,053
REIT		141,648
Equities:		
Stock – Growth	3,549,985	1,675,031
Stock – Core	2,005,556	1,746,686
Stock – Blend	206,850	
Stock – Value		145,970
Bonds:		
Government		
Corporate		
Total	<u>\$ 11,687,717</u>	<u>\$ 8,722,442</u>

### 4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2020</u>	<u>2019</u>
Land	\$ 545,177	\$ 545,177
Buildings and improvements	1,514,702	1,514,702
Furniture and office equipment	57,040	57,040
Automobiles	95,420	95,420
Total	<u>2,212,339</u>	<u>2,212,339</u>
Less accumulated depreciation and amortization	<u>(801,935)</u>	<u>(738,869)</u>
Property and equipment, net	<u>\$ 1,410,404</u>	<u>\$ 1,473,470</u>

### 5. PAYCHECK PROTECTION PROGRAM LOAN

In May 2020 the Foundation received a Paycheck Protection Program (PPP) loan under the Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act totaling \$214,720 . The terms and repayment conditions of PPP loans were modified through the subsequent Paycheck Protection Program Flexibility Act (PPFPA) signed into law in June 2020. Under the CARES Act, as modified by PPFPA, a portion or all of the loan and accrued interest may be forgiven provided the funds are spent on qualifying payroll and other expenditures in the 24-week period following the loan and

# THE MONO LAKE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

provided certain other criteria regarding full-time equivalent employee and payroll levels are spent on qualifying payroll and other expenditures in the 24-week period following the loan and provided certain other criteria regarding full-time equivalent employee and payroll levels are maintained. The portion of the loan that does not qualify for forgiveness or any additional amount that the Foundation chooses to maintain as a loan, is required to be repaid within 2 years at 1% interest.

The Foundation applied for forgiveness in May 2021 and subsequently received notification of approval. Accordingly, revenue related to the forgiveness will be recognized in 2021.

### 6. NET ASSETS

Donor restricted net assets consist of amounts restricted by grantors and donors for the following purposes:

	<u>2020</u>	<u>2019</u>
Research and policy development	\$ 1,231,568	\$ 1,099,319
Public education	362,332	345,593
Store	<u>10,000</u>	<u>10,000</u>
Total	<u>\$ 1,603,900</u>	<u>\$ 1,454,912</u>

Donor restricted net assets with restrictions perpetual in nature consist of an endowment. The endowment principal on the related investment is restricted from withdrawal. Interest and dividend earnings from this balance are restricted by the donor for use in research and policy development. The donor allows endowment principal to be reduced by unrealized investment losses.

The Foundation classifies as donor restricted net assets with perpetual restrictions (a) the original value of gifts donated to the permanent endowment, (b) accumulated unrealized appreciation and depreciation of endowment investments if directed by the donor gift instrument, (c) the original value of subsequent gifts to the permanent endowments, and (d) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Under the endowment investment policy as established by the Board of Directors, the primary investment objectives are to achieve a balanced return of investment income and growth, which will preserve the purchasing power of the endowment.

Changes in endowment net assets are as follows:

	<u>2020</u>	<u>2019</u>
Endowment net assets, beginning of year	\$ 691,279	\$ 593,310
Unrealized investment gain (loss)	<u>155,279</u>	<u>97,969</u>
Endowment net assets, end of year	<u>\$ 846,558</u>	<u>\$ 691,279</u>

# THE MONO LAKE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

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### 7. PENSION PLAN

The Foundation maintains a “SIMPLE” IRA plan (Plan), under Internal Revenue Code Section 408(p), which includes all employees. Employees may contribute a portion of their gross compensation to the Plan. The Foundation makes matching contributions up to 3% of each employee’s gross compensation. Matching contributions totaled \$22,879 for 2020 and \$6,591 for 2019. All contributions are fully vested and non-forfeitable.

### 8. ALLOCATION OF EXPENSES

The Foundation achieves certain programmatic goals by conducting direct mail campaigns that include appeals for actions to support Mono Lake as well as for contributions. These joint costs are comprised of the following:

	<u>2020</u>	<u>2019</u>
Membership communications	\$ 243,884	\$ 261,813
Fundraising	<u>67,743</u>	<u>80,161</u>
Total	<u>\$ 311,627</u>	<u>\$ 341,974</u>

### 9. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Foundation’s revenue from sales are recognized at the time of purchase. Guided tours, seminars, and educational event revenue are recognized when the related events occur. Rental income is recognized monthly as the rental period lapses.

Funds received in advance of being earned are recorded as deferred revenue, which represents a contract liability.

A contract asset is recorded when the Foundation satisfies a performance obligation of a contract but is not yet entitled to payment. When the Foundation becomes entitled to payment, the contract asset is classified as a receivable, whether invoiced or not.

The balances of receivables and contract liabilities from contracts with customers are not material.

### 10. RISKS AND UNCERTAINTIES

As a result of the ongoing COVID-19 pandemic, economic uncertainties have arisen which had a negative impact on the Foundation such as reductions in program service and sales revenues. While the impact is expected to be temporary, there is considerable uncertainty around its duration. Therefore, the future financial impact cannot be reasonably estimated at this time.