

NOYO CENTER FOR MARINE SCIENCE
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2019 AND 2018

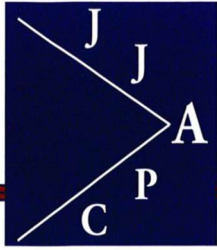


This page intentionally left blank.

Noyo Center for Marine Science
Financial Statements
For the years ended December 31, 2019 and 2018
Table of Contents

	<u>Page</u>
Independent Auditors' Report	1-2
Financial Statements:	
Statements of Financial Position	4
Statements of Activities	5
Statements of Cash Flow	6
Statements of Functional Expenses	7-8
Notes to Financial Statements	10-17

This page intentionally left blank.



JJACPA, Inc.

A Professional Accounting Services Corp.

INDEPENDENT AUDITORS' REPORT

Board of Directors
Noyo Center for Marine Science
Fort Bragg, California

Report on the Financial Statements

We have audited the accompanying Statement of Financial Position of the Noyo Center for Marine Science (Center), a California not-for-profit organization, which comprise the Statements of Financial Position as of December 31, 2019 and 2018, 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 opinions 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 opinions.

Board of Directors
Noyo Center for Marine Science
Fort Bragg, California

Page 2

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of the Noyo Center for Marine Science as of December 31, 2019 and 2018, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

March 21, 2020

JJACPA, Inc.
JJACPA, Inc.
Dublin, California

FINANCIAL STATEMENTS

Noyo Center for Marine Science
Statements of Financial Position
December 31, 2019 and 2018

ASSETS	2019	2018
Current Assets:		
Cash and cash equivalents	\$ 139,622	\$ 130,216
Accounts receivable	49,091	51,909
Prepaid expenses	2,200	3,531
Inventories	35,833	23,674
Total current assets	226,746	209,330
Noncurrent Assets:		
Leasehold improvements	23,024	23,024
Construction in progress	-	27,782
Furniture, fixtures and equipment, net	40,395	10,128
Total noncurrent assets	63,419	60,934
Total assets	\$ 290,165	\$ 270,264
LIABILITIES AND NET POSITION		
Liabilities:		
Current Liabilities:		
Accounts payable	\$ 16,040	\$ 10,503
Accrued payroll and related liabilities	36,931	15,924
Total current liabilities	52,971	26,427
Total liabilities	52,971	26,427
Net Assets:		
With donor restrictions:		
Undesignated	237,194	243,837
Total net position	237,194	243,837
Total liabilities and net assets	\$ 290,165	\$ 270,264

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

Noyo Center for Marine Science
Statements of Activities
For the years ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Changes in Unrestricted Net Position		
Unrestricted support:		
Discovery Center:		
Sales	\$ 59,443	\$ 26,796
Cost of sales	<u>(30,041) \$</u>	<u>(9,775) \$</u>
Program revenues	25,041	17,792
Fundraising and special events (net of expenses of \$29,961 and \$5,723, respectively)	63,349	37,530
Total unrestricted support	<u>117,792</u>	<u>72,343</u>
Other unrestricted revenues:		
Contributions	314,323	328,734
Investment income (loss)	(343)	(631)
Total other unrestricted revenues	<u>313,980</u>	<u>328,103</u>
Total unrestricted revenues and support	<u>431,772</u>	<u>400,446</u>
Expenses:		
Program services:		
Programs	226,978	151,509
Total program expenses	<u>226,978</u>	<u>151,509</u>
Support services:		
Management and general	161,011	104,360
Fundraising and special events	45,816	28,315
Depreciation	4,611	4,262
Total expenses	<u>438,416</u>	<u>288,446</u>
Increase in Amounts without Donor Restrictions	<u>(6,644)</u>	<u>112,000</u>
Change in Net Assets	<u>(6,644)</u>	<u>112,000</u>
NET ASSETS:		
Beginning of year	243,837	131,836
End of year	<u>\$ 237,194</u>	<u>\$ 243,837</u>

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

Noyo Center for Marine Science
Statements of Cash Flows
For the years ended December 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from contributions and programs	\$ 342,182	\$ 304,999
Receipts from Discovery Center sales	29,402	17,021
Receipts from special events	63,349	37,530
Payments to vendors for services and supplies	(156,024)	(113,333)
Payments to employees for services	(262,064)	(181,976)
Net cash provided by operating activities	16,845	64,241
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(7,096)	(27,782)
Net cash used by capital and related financing activities	(7,096)	(27,782)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(30,570)	(39,520)
Sales of investments	30,055	38,844
Investment income received (loss)	172	45
Net cash provided (used) by investing activities	(343)	(631)
Net increase in cash	9,406	35,828
CASH AND INVESTMENTS:		
Beginning of year	130,216	94,388
End of year	<u>\$ 139,622</u>	<u>\$ 130,216</u>
Presentation in Statement of Financial Position:		
Cash and investments - unrestricted	\$ 139,622	\$ 130,216
Total cash and investments	<u>\$ 139,622</u>	<u>\$ 130,216</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net position	\$ (6,644)	\$ 112,094
Adjustments to reconcile change in net position to net cash provided by operating activities:		
Depreciation	4,611	4,262
Investment (income) loss	343	631
Changes in operating assets and liabilities:		
Accounts receivable	2,818	(41,526)
Prepaid expenses	1,331	(2,675)
Inventory	(12,159)	(18,279)
Accounts payable	5,538	2,675
Accrued payroll and benefits	21,007	7,059
Net cash provided by operating activities	\$ 16,845	\$ 64,241
<i>Supplemental disclosures</i>		
Noncash transactions		
In-kind contributions	\$ 7,725	\$ 11,500
Cash paid for:		
Taxes	\$ 350	\$ 135

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

Noyo Center for Marine Science
Statement of Functional Expenses
For the year ended December 31, 2019

	Program Services	Fundraising and Special events	Management and General	Total Expenses
Salaries and wages	\$ 123,463	\$ 28,041	\$ 82,520	\$ 234,024
Payroll taxes	10,648	2,284	6,900	19,832
Employee benefits	2,303	523	26,389	29,215
Total personnel costs	<u>136,414</u>	<u>30,848</u>	<u>115,809</u>	<u>283,071</u>
Accounting fees	-	4,000	7,312	11,312
Advertising	1,098	-	-	1,098
Bank charges	-	-	380	380
Depreciation expense	-	-	4,611	4,611
Directors and auto insurance	-	-	3,592	3,592
Donated services	425	-	-	425
Information technology	99	-	1,886	1,985
IT and web services	-	-	-	-
Marketing and promotion	3,073	1,831	-	4,904
Membership dues	-	-	275	275
Rent, parking and other occupancy	25,624	-	12,738	38,362
Payment processing	91	1,143	1,172	2,406
Permits and licences	-	25	-	25
Professional fees	42,135	1,731	12,236	56,102
Professional Development	2,531	-	48	2,579
Postage, shipping and delivery	-	-	536	536
Printing	2,801	2,896	-	5,697
Solicitation State compliance	-	2,744	-	2,744
Supplies and materials	8,772	598	2,736	12,106
Travel	2,190	-	-	2,190
Taxes and filing fees	-	-	350	350
Telephone and internet	1,725	-	1,941	3,666
Total expenses	<u>\$ 226,978</u>	<u>\$ 45,816</u>	<u>\$ 165,622</u>	<u>\$ 438,416</u>
Percentages	51.77%	10.45%	37.78%	100.00%

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

Noyo Center for Marine Science
Statement of Functional Expenses
For the year ended December 31, 2018

	Program Services	Fundraising and Special events	Management and General	Total Expenses
Salaries and wages	\$ 92,271	\$ 17,887	\$ 48,422	\$ 158,580
Payroll taxes	8,196	1,448	4,149	13,793
Employee benefits	-	-	16,662	16,662
Total personnel costs	<u>100,467</u>	<u>19,335</u>	<u>69,233</u>	<u>189,035</u>
Accounting fees	-	-	9,449	9,449
Advertising	195	-	-	195
Bank charges	-	14	573	587
Depreciation expense	3,935	-	327	4,262
Directors and auto insurance	-	-	4,825	4,825
Donated services	150	-	1,750	1,900
Information technology	498	-	1,370	1,868
Marketing and promotion	262	738	66	1,066
Membership dues	-	-	275	275
Mileage non-professional	2,292	-	-	2,292
Repairs and maintenance	-	-	-	-
Rent, parking and other occupancy	6,150	-	11,300	17,450
Office supplies	200	-	923	1,123
Payment processing	162	765	616	1,543
Permits and licences	50	-	144	194
Professional fees	21,439	906	45	22,390
Postage, shipping and delivery	-	25	569	594
Printing	1,221	2,800	476	4,497
Soliticiation State compliance	-	2,790	2,852	5,642
Supplies and materials	10,396	942	46	11,384
Travel	2,953	-	600	3,553
Taxes and filing fees	-	-	135	135
Telephone and internet	327	-	1,932	2,259
Utilities	772	-	1,116	1,888
Other expenses	40	-	-	40
Total expenses	<u>\$ 151,509</u>	<u>\$ 28,315</u>	<u>\$ 108,622</u>	<u>\$ 288,446</u>
Percentages	52.53%	9.82%	37.66%	100.01%

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

NOTES TO FINANCIAL STATEMENTS

Noyo Center for Marine Science
Notes to Financial Statements
For the years ended December 31, 2019 and 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Noyo Center for Marine Science is a non-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. The initiative to develop the Noyo Center for Marine Science grew out of public and municipal efforts to diversify and revitalize the economy and community of Fort Bragg as the former Georgia-Pacific Mill Site redevelopment began.

Comprising over a third of the City's total jurisdiction, including nearly three miles of Fort Bragg's coastline, the redevelopment of the Georgia Pacific lumber mill site has been the focal activity of the City of Fort Bragg for a number of years. Through many workshops and meetings, the Fort Bragg community identified a marine science and education center as a high priority to anchor initial Mill Site reuse activities and help generate living wage jobs in the community. The Noyo Center Development will become a showcase for sustainable development on the Mill Site and around the community with a mission to explore our dynamic connection with the ocean and to inspire the next generation of ocean and environmental leaders.

Located in Fort Bragg, California, the 11.5 acre Noyo Center site is situated adjacent to recently protected coastal lands. Together the Noyo Center and Noyo Headlands Park will lead the redevelopment of a 400 acre former timber mill site spanning more than three miles of Fort Bragg's waterfront.

The Noyo Center will be the only marine research and education center active year-round within a largely inaccessible 250 mile stretch of the northern California coast. The site is ideal for interpreting a spectacular array of marine and terrestrial habitats. Colleges, universities, and other agencies throughout the region are eager to conduct research in this location due to the abundant and diverse species assemblages supported by:

- Oceanographic features resulting in significant ecosystem productivity in zones of upwelling, river-ocean interface, eddy formation (the large Mendocino Eddy), and two large underwater canyons (Noyo Canyon and Vizcaino Canyon);
- A diversity of accessible marine substrates (rocky benches, surge channels, sand and cobble beaches, many off shore monuments).

In completing its purpose, Noyo Center for Marine Science is led by the Board of Directors comprised of eleven individuals. The organization is responsible for all aspects of Center activities.

Program and Supporting Services

Program services - expenses related to the Gift shop, education and training, and all Center related activities to fulfill their exempt purpose.

Management and General – Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Center's program strategy through the Executive Director; secure proper administrative functioning of the Board of Directors; maintain competent legal services for the program administration of the Center; and, manage the financial and budgetary responsibilities of the Center.

Noyo Center for Marine Science
Notes to Financial Statements, Continued
For the years ended December 31, 2019 and 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,
Continued

Fundraising and Special Events

Fundraising and Special Events consists of activities that are directly associated with raising contributions from donors to help maintain and expand the Center and its projects such as Help the Kelp, Blue Whale project, Summer Science Camps, Noyo trips to the sea, and community events.

Basis of Accounting

These financial statements have been prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses when incurred and accordingly reflect all significant receivables, payables, and other liabilities.

A. Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking and saving accounts with Community First Credit Union.

Concentration of Credit and Market Risk

Financial instruments that potentially expose the Center to concentrations of credit and market risk consist primarily of cash and cash equivalents in Community First Credit Union, although amounts held are insured up to \$250,000, and no balance exceeded that amount.

Cash and investments are maintained at high quality financial institutions and credit exposure is limited at any one institution. The Center has not experienced any losses on its cash and investments.

B. Donated Assets

Donated marketable securities, classified as unrestricted cash and investments, and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation utilizing standard indices and valuations for similar items purchased based upon the security or non-cash item.

C. Accounts Receivable

Accounts receivable are stated at unpaid balances with no allowance for doubtful accounts as all amounts are deemed collectible as they are payable through governmental entities. There are also pledges from individuals, business and foundations.

Noyo Center for Marine Science
Notes to Financial Statements, Continued
For the years ended December 31, 2019 and 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,
Continued

D. Inventory

Discovery Center retail inventory consists of clothing (t-shirts, sweatshirts and hats), jewelry and related items to promote the Center and provide displays and information regarding Center activities.

E. Property and Equipment and Depreciation

Purchased property and equipment are carried at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. It is the policy of the Center to capitalize property and equipment over \$5,000. Depreciation of property and equipment is calculated using the straight-line cost recovery method based on estimated useful lives.

F. Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported 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 no current designations.

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 revenue 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. There are currently no net assets with donor restrictions.

G. Revenue Recognition

The Center reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Noyo Center for Marine Science
Notes to Financial Statements, Continued
For the years ended December 31, 2019 and 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,
Continued

H. Contributed Services

Donated services are recognized as contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Center. Many individuals volunteer their time and perform a variety of tasks that assist the Center in providing program services, administration and development, these services do not meet the criteria for recognition as contributed services as defined above.

I. Income Taxes

The Center is a California not-for-profit corporation that is exempt from income taxes under Section 501 (c) (6) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code and is classified by the Internal Revenue Service as other than a private Foundation.

J. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

K. Functional Allocation of Expenses

Costs of providing the Center's programs and other activities have been summarized in the Statements of Functional Expenses for the applicable years. During the year, such costs were accumulated into separate accounts as either direct for program services or direct management and administrative costs. Indirect costs were not allocated to the programs.

L. Change in Accounting Principle

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. We have implemented ASU 2016-14 and have adjusted the presentation in these consolidated financial statements accordingly. The ASU has been applied retrospectively to all periods presented with no effect on net assets balances or classification.

Noyo Center for Marine Science
Notes to Financial Statements, Continued
For the years ended December 31, 2019 and 2018

2. CASH AND INVESTMENTS

Cash and investments at December 31, 2019 and 2018, at fair value were as follows:

	<u>2019</u>	<u>2018</u>
Cash in bank - Community First Credit Union	\$97,539	\$98,505
Savings - Community First Credit Union	3,017	27,957
Fund held - Paypal	1,370	2,816
Funds held - Stripe	2073	411
Certificate of Deposit- Community First Credit Union	35,100	38
Cash drawer	522	489
Total	<u>\$139,622</u>	<u>\$130,216</u>

Funds held are remitted to the Center within a week of collection.

Investment income for December 31, 2019 and 2018, at fair value was as follows:

	<u>2019</u>	<u>2018</u>
Dividends and interest income	\$72	\$45
Sales of securities loss	(415)	(676)
Net investment income (loss)	<u>\$ (343)</u>	<u>\$ (631)</u>

3. ACCOUNTS RECEIVABLE

Accounts receivable balances as of December 31, 2019 and 2018, consisted of all receivables (aged up to greater than 90 days from their due date) with the following categorization:

	<u>2019</u>		<u>2018</u>	
	<u>Total</u>	<u>Percentage</u>	<u>Total</u>	<u>Percentage</u>
Grants	\$ 5,866	11.9%	\$ 33,874	65.3%
Pledges	27,722	56.5%	6,200	11.9%
TOT	15,503	31.6%	11,835	22.8%
Total	<u>\$ 49,091</u>	<u>100.0%</u>	<u>\$ 51,909</u>	<u>100.0%</u>

Amounts are receivable through grants and passthrough transient occupancy tax (TOT) and if those grants and passthrough payments collected by the City are cancelled, the Center would experience significant revenue loss and program elimination.

Noyo Center for Marine Science
Notes to Financial Statements, Continued
For the years ended December 31, 2019 and 2018

4. PROPERTY AND EQUIPMENT

Capital asset activity for the year ended December 31, 2019, was as follows:

	Balance Jan 1, 2019	Additions	Adjustments/ Retirements	Balance Dec 31, 2019
Improvements	\$ 23,024	\$ -	\$ -	\$ 23,024
Construction in progress	27,782	7,096	(34,878)	-
Furniture, fixtures & equipment	-	-	34,878	34,878
Machinery and office equipment	18,340	-	-	18,340
Total cost	<u>69,146</u>	<u>7,096</u>	<u>-</u>	<u>76,242</u>
Less: accumulated depreciation	<u>(8,212)</u>	<u>(4,611)</u>	<u>-</u>	<u>(12,823)</u>
Net book value	<u>\$ 60,934</u>	<u>\$ 2,485</u>	<u>\$ -</u>	<u>\$ 63,419</u>

Capital asset activity for the year ended December 31, 2018, was as follows:

	Balance Jan 1, 2017	Additions	Adjustments/ Retirements	Balance Dec 31, 2018
Leasehold improvements	\$ 23,024	\$ -	\$ -	\$ 23,024
Construction in progress	-	27,782	-	27,782
Machinery and office equipment	18,340	-	-	18,340
Total cost	<u>41,364</u>	<u>27,782</u>	<u>-</u>	<u>69,146</u>
Less: accumulated depreciation	<u>(3,950)</u>	<u>(4,262)</u>	<u>-</u>	<u>(8,212)</u>
Net book value	<u>\$ 37,414</u>	<u>\$ 23,520</u>	<u>\$ -</u>	<u>\$ 60,934</u>

5. ACCOUNTS PAYABLE

Accounts payable at December 31, 2019 and 2018, consisted of amounts with the following concentrations, in which an amount payable to Orozco, Chris exceeded 38.1% for December 31, 2019 and to Labyrinth, Inc. of 29.9% for December 31, 2018, of total payables, but all amounts were diluted by amounts payable to other vendors and do not represent a specific concentration with any single vendor:

	2019		2018	
	Total	Percentage	Total	Percentage
Orozco, Chris	6,107	38.1%	3,142	29.9%
Sales tax	4,596	28.7%	2,722	25.9%
Other	5,337	33.3%	4,639	44.2%
Total	<u>\$ 16,040</u>	<u>100.0%</u>	<u>\$ 10,503</u>	<u>100.0%</u>

Noyo Center for Marine Science
Notes to Financial Statements, Continued
For the years ended December 31, 2019 and 2018

6. RECENT ACCOUNTING PRONOUNCEMENTS

In August 2016, FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230), *Classification of Certain Cash Receipts and Cash Payments*. This guidance is intended to reduce the diversity in practice in how certain transactions are classified in the statement of cash flows. In addition, in November 2016, FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230), *Restricted Cash*. This ASU provides additional guidance related to transfers between cash and restricted cash and how entities present, in their statements of cash flows, the cash receipts and cash payments that directly affect the restricted cash accounts. We have adopted these provisions in the accompanying financial statements.

FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, changes the basis for deciding when revenue is recognized over time or at a point in time, and expands disclosures about revenue. We have implemented Topic 606 and have adjusted the presentation in these financial statements accordingly. The amendments have been applied retrospectively to all periods presented, with no effect on net assets.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. We have implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the Center's implementation of ASU 2018-08.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changed to the Disclosure Requirements for Fair Value Measurement*.” This accounting standard update includes removals, modifications, and additions to topic 820, and certain disclosures required by the update are not required for non-public entities. ASU 2018-13 is effective for annual periods beginning after December 15, 2019, although early adoptions are permitted. The Center is currently evaluating the impact of adoption to the financial statements.

In March 2019, the FASB issued ASU 2019-03, *Not-for Profit Entities (Topic 958): Updating the Definition of Collections*.” This accounting standard update modifies one condition in the definition of collections by expanding the scope of an organization's internal collection policy to allow proceeds from sales of collection items to be used for not only acquisition of other items for collections, as per the current guidance, but also direct care of existing collections. ASU 2019-03 is effective for annual periods beginning after December 15, 2019, although early adoption is permitted. The Center is currently evaluating the impact of adoption to the financial statements.

In August 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, with the stated purpose of improving financial reporting by not-for-profit entities (NFP). Among other provisions, ASU 2016-14 reduces the number of classes of net assets from three to two, requires the presentation of expenses in both natural and functional classifications, and eliminates the requirement to prepare a reconciliation in the statement of cash flows when applying the direct method. ASU 2016-14 became effective for the fiscal year ended June30, 2019.

Noyo Center for Marine Science
Notes to Financial Statements, Continued
For the years ended December 31, 2019 and 2018

7. SUBSEQUENT EVENTS

For the purpose of the accompanying financial statements, subsequent events have been evaluated through March 18, 2020, which is the date these financial statements were available to be issued and none were deemed to be reportable.