

Mountain Lion Foundation

Sacramento, California

Financial Statements and Independent Auditors' Report

For the Year Ended June 30, 2023

*With Summarized Comparative Financial Information
For the Year Ended June 30, 2022*



Mountain Lion Foundation
For the Year Ended June 30, 2023

(With Summarized Comparative Financial Information for the Year Ended June 30, 2022)

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INDEPENDENT AUDITORS' REPORT



To the Board of Directors
of Mountain Lion Foundation
Sacramento, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Mountain Lion Foundation (a California nonprofit organization) (the "Organization"), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2023, and the changes in its net assets, its functional expenses, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

The financial statements of the Organization as of and for the year ended June 30, 2022 were audited by other auditors, whose report, dated November 10, 2022 expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented with the financial statements herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Sacramento, California
November 3, 2023

FINANCIAL STATEMENTS

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Mountain Lion Foundation
Statement of Financial Position
June 30, 2023

(With Comparative Financial Information as of June 30, 2022)

ASSETS	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 678,675	\$ 784,274
Contributions receivable	175,866	37,741
Prepaid expenses	9,169	-
Property and equipment, net	-	1,439
Investments	1,795,095	1,656,485
Other assets	3,946	3,610
Operating lease right-of-use asset	59,168	-
Total assets	<u>\$ 2,721,919</u>	<u>\$ 2,483,549</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 13,410	\$ 5,294
Accrued expenses	23,470	19,045
Operating lease liability	61,308	-
Total liabilities	<u>98,188</u>	<u>24,339</u>
Net assets:		
Without donor restrictions:		
Undesignated	1,459,741	1,525,693
Board-designated for quasi-endowment	865,624	785,095
	<u>2,325,365</u>	<u>2,310,788</u>
With donor restrictions	298,366	148,422
Total net assets	<u>2,623,731</u>	<u>2,459,210</u>
Total liabilities and net assets	<u>\$ 2,721,919</u>	<u>\$ 2,483,549</u>

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

Mountain Lion Foundation
Statement of Activities
For the Year Ended June 30, 2023

(With Summarized Comparative Financial Information for the Year Ended June 30, 2022)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2023 Total</u>	<u>2022 Total</u>
Revenue:				
Support and other revenue:				
Contributions	\$ 576,075	\$ 145,020	\$ 721,095	\$ 592,239
Net investment return	129,784	11,819	141,603	(274,268)
Government grant revenue	-	-	-	71,818
Program service revenue	-	-	-	12,291
Other revenue	2,297	-	2,297	-
Total support and other revenue	708,156	156,839	864,995	402,080
Net assets released from restrictions	6,895	(6,895)	-	-
Total revenue	715,051	149,944	864,995	402,080
Expenses:				
Program services:				
Protection	91,336	-	91,336	128,318
Preservation	77,789	-	77,789	127,614
Public outreach and communication	233,156	-	233,156	132,847
Advocacy	117,918	-	117,918	165,369
Total program services	520,199	-	520,199	554,148
Supporting services:				
Fund development	59,804	-	59,804	106,947
General and administrative	120,471	-	120,471	156,675
Total supporting services	180,275	-	180,275	263,622
Total expenses	700,474	-	700,474	817,770
Changes in net assets	14,577	149,944	164,521	(415,690)
Net assets:				
Beginning of year	2,310,788	148,422	2,459,210	2,874,900
End of year	\$ 2,325,365	\$ 298,366	\$ 2,623,731	\$ 2,459,210

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

Mountain Lion Foundation
Statement of Functional Expenses
For the Year Ended June 30, 2023

(With Summarized Comparative Financial Information for the Year Ended June 30, 2022)

	Program Services				Supporting Services			2023 Total	2022 Total
	Protection	Preservation	Public Outreach and Communication	Advocacy	Fund Development	General and Administrative			
Expenses:									
Personnel expenses:									
Salaries and wages	\$ 52,244	\$ 44,510	\$ 167,942	\$ 89,378	\$ 19,199	\$ 61,706	\$ 434,979	\$ 431,591	
Employee benefits	2,463	2,099	7,918	4,214	905	2,909	20,508	42,129	
Payroll taxes	4,772	4,066	15,341	8,165	1,754	5,637	39,735	38,372	
Staff development	1,491	1,270	4,791	2,550	548	1,760	12,410	9,783	
Subtotal personnel expenses	60,970	51,945	195,992	104,307	22,406	72,012	507,632	521,875	
Accounting and audit	-	-	-	-	1,117	33,942	35,059	43,132	
Bank and payroll charges	-	-	-	-	-	4,833	4,833	4,561	
Conferences and meetings	947	947	947	676	586	407	4,510	6,122	
Consulting fees	31	31	31	6	10,205	150	10,454	11,502	
Depreciation	-	-	-	-	-	1,439	1,439	2,038	
Direct mail and printing	4,379	4,379	5,878	4	14,595	3	29,238	30,246	
Dues and subscriptions	41	209	1,008	-	92	226	1,576	952	
Insurance	967	967	967	691	598	414	4,604	4,125	
In-kind expenses	-	-	-	-	-	-	-	180	
Lease expense	7,065	7,065	7,065	6,152	1,634	3,875	32,856	-	
Legal fees	1,667	1,667	1,666	-	-	-	5,000	12,796	
Lobbying fees	-	-	-	3,000	-	-	3,000	76,676	
Miscellaneous	80	296	296	-	216	26	914	1,879	
Office expenses	2,604	2,623	7,661	1,782	4,424	2,229	21,323	27,332	
Postage and shipping	742	742	2,161	394	2,537	251	6,827	11,547	
Program expenses	2,727	1,028	2,274	-	500	-	6,529	5,557	
Rent	169	169	169	147	39	91	784	43,510	
Telephone and internet	731	731	1,011	507	473	319	3,772	9,118	
Travel	8,216	4,990	6,030	252	382	254	20,124	4,622	
Total expenses	\$ 91,336	\$ 77,789	\$ 233,156	\$ 117,918	\$ 59,804	\$ 120,471	\$ 700,474	\$ 817,770	

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

Mountain Lion Foundation
Statement of Cash Flows
For the Year Ended June 30, 2023
(With Comparative Financial Information for the Year Ended June 30, 2022)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ 164,521	\$ (415,690)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,439	2,038
Realized and unrealized (gain) loss on investments	(119,466)	292,711
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Contributions receivable	(138,125)	265,739
Prepaid expenses	(9,169)	-
Other assets	(336)	1,000
Operating lease right-of-use asset	(59,168)	-
Increase (decrease) in liabilities:		
Accounts payable	8,116	(12,156)
Accrued expenses	4,425	(6,625)
Refundable advances	-	(71,425)
Operating lease liability	61,308	-
Net cash provided by (used in) operating activities	<u>(86,455)</u>	<u>55,592</u>
Cash flows from investing activities:		
Proceeds from sales of investments	278,685	1,291,929
Purchases of investments	(297,829)	(1,095,258)
Net cash provided by (used in) investing activities	<u>(19,144)</u>	<u>196,671</u>
Net increase (decrease) in cash and cash equivalents	(105,599)	252,263
Cash and cash equivalents:		
Beginning of year	784,274	532,011
End of year	<u>\$ 678,675</u>	<u>\$ 784,274</u>
Supplemental disclosure of non-cash financing activities		
Right-of-use assets obtained in exchange for lease liabilities		
Operating lease	<u>\$ 87,477</u>	<u>\$ -</u>

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

NOTES TO THE FINANCIAL STATEMENTS

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Mountain Lion Foundation
Notes to the Financial Statements
For the Year Ended June 30, 2023

(With Summarized Comparative Financial Information for the Year Ended June 30, 2022)

Note 1 – Nature of Operations

Mountain Lion Foundation (the “Organization”), Sacramento, California, is a national not-for-profit organization incorporated in 1986 under the Nonprofit Public Benefit Corporation Law of the State of California. It is a national conservation and education organization dedicated to increasing understanding of and protection for mountain lions and their habitat. The Organization’s support and revenue are mainly provided by individual contributions and grants.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) where revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Basis of Presentation

The financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Accounting Standards Update (FASB ASU) 2016-14 *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*. Under FASB ASU 2016-14, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Cash and Cash Equivalents

The Organization considers all financial instruments purchased with an original maturity of three months or less to be cash equivalents.

Contributions Receivable

Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Contributions receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. Based on historical experience, an assessment of economic conditions, and a review of subsequent collections, management expects all such contributions to be collectible. Accordingly, an allowance for uncollectible contributions has not been established as of June 30, 2023 and 2022.

Investments

Investments with readily determinable fair values are stated at fair value at the financial statement date. Marketable securities acquired by donation are stated at the fair market value at the date of donation. The Organization reports investment revenues net of related expenses, such as custodial and investment advisory fees, on the statement of activities.

Mountain Lion Foundation
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

(With Summarized Comparative Financial Information for the Year Ended June 30, 2022)

Note 2 – Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are carried at cost, if purchased, or at estimated fair value on the date contributed, if donated, less accumulated depreciation. The Organization's policy is to provide for depreciation using the straight-line method over the estimated useful life of each type of asset ranging from 5 to 30 years.

If donors stipulate the period of time during which the assets must be used, the contributions are recorded as support with donor restrictions, and released as restrictions expire. In the absence of such stipulations, contributions of property and equipment and gifts of cash restricted for the acquisition of property and equipment, are recorded as support without donor restrictions when the assets are placed in service.

Maintenance and repairs are charged to expense when incurred. Additions and major renewals are capitalized. When assets are retired or otherwise disposed of the cost or donated value and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in other revenues (expenses) for the period.

Leases

The Organization applies Accounting Standards Codification ("ASC") 842, *Leases*, in determining whether an arrangement is or contains a lease at the lease inception. An arrangement is considered to include a lease if it conveys the right to control the use of identified property or equipment for a period in excess of twelve months in exchange for consideration. The Organization defines control of the assets as the right to direct the use of the identified assets. The Organization further determines all the existing leases are operating leases, which are included in Right-of-use ("ROU") assets and liabilities in the statement of financial position. ROU assets represent the Organization's right to use leased assets over the term of the lease. Lease liabilities represent the Organization's contractual obligation to make lease payments and are measured at the present value of the future lease payments over the lease term using a risk-free rate as permitted under ASC 842. ROU assets are calculated as the present value of the future lease payments adjusted by any deferred rent liability and lease incentives.

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 for use in general operations and not subject to donor (or certain grantor) restrictions. From time-to-time, the Board of Directors may earmark net assets from this category.
- *Net Assets with Donor Restrictions*: Net assets subject to donor- (or certain grantor-) imposed restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor or grantor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity. Contributions restricted by donors are reported 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 statement of activities as net assets released from restrictions.

All contributions are considered available for general use, unless specifically restricted by donor or subject to other legal restrictions.

Mountain Lion Foundation
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

(With Summarized Comparative Financial Information for the Year Ended June 30, 2022)

Note 2 – Summary of Significant Accounting Policies (Continued)

Revenue and Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. 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 substantially met. Revenue from educational and special events is recognized when the events are held. Cash received in advance, if any, is deferred until earned.

In-kind Contributions

Contributed nonfinancial assets include donated equipment and facility space which are recorded at the respective fair values of the goods or services received. The Organization does not sell donated gifts-in-kind. In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. No significant contributions of such goods or services were received during the years ended June 30, 2023 and 2022.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been detailed in the statement of functional expenses and are summarized on a functional basis in the statement of activities. Program and supporting services are charged with their direct expenses. Certain categories of expenses are attributed to both program and supporting services. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses allocated include personnel and occupancy costs, among other expenses; which are allocated on the basis of estimates of time and effort, square footage basis, as well as other methods as determined from time-to-time by management.

Income Tax Status

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and related California code sections. The Organization is considered a public charity and has been classified as an Organization that is not a private foundation under IRC Section 170(b)(1)(a)(vi).

Management has processes presently in place to ensure maintenance of the Organization's tax-exempt statuses; to identify and report unrelated business income; to determine the filing and tax obligations for which the Organization has nexus; and to identify and evaluate other matters that may be considered tax positions. Management has evaluated the tax positions and related income tax contingencies and do not believe that any material uncertain tax positions exist that require recognition or disclosure in the financial statements.

Use of Estimates

In preparing financial statements in conformity with U.S. GAAP, management is required to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could vary from those estimates under different assumptions or conditions.

Mountain Lion Foundation
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

(With Summarized Comparative Financial Information for the Year Ended June 30, 2022)

Note 2 – Summary of Significant Accounting Policies (Continued)

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash and equivalents with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with contributions receivable is considered to be limited due to high historical collection rates and because substantial portions are due from government agencies and foundations supportive of the mission. Investments are made by professional investment advisors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Board of Directors believe that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Comparative Financial Information

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's audited financial statements for the year ended June 30, 2022, from which the summarized information was derived.

Adopted Accounting Pronouncements

During the year ended June 30, 2023, the Organization adopted Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)* which supersedes the leasing guidance in *Topic 840*. The most significant change in the new lease guidance is the requirement to recognize right-of-use assets and lease liabilities for operating leases on the statement of financial position.

The Organization adopted the leasing standards effective July 1, 2022, using the modified retrospective approach with July 1, 2022, as the initial date of application. Management has elected to apply all of the practical expedients available under the new guidance, which allows the Organization to: (1) not reassess whether any expired or existing contracts previously assessed as not containing leases are, or, contain leases; (2) not reassess the lease classification for any expired or existing leases; and (3) not reassess initial direct costs for any existing leases. The Organization has elected to apply the practical expedient to use hindsight in determining the lease term.

The most significant impact was the recognition of right-of-use assets and lease liabilities for all leases with original terms greater than twelve months. Accordingly, an operating right-of-use asset and lease liability totaling \$87,477 and \$87,655, respectively, were recognized on July 1, 2022. There was no impact upon the opening net assets as of June 30, 2022. The adoption of ASU 2016-02 did not have a material impact on the statements of activities or cash flows for the Organization.

Mountain Lion Foundation
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

(With Summarized Comparative Financial Information for the Year Ended June 30, 2022)

Note 3 - 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 as of June 30, 2023 and 2022:

	2023	2022
Cash and cash equivalents	\$ 678,675	\$ 784,274
Contributions receivable	175,866	37,741
Investments	1,795,095	1,656,485
	2,649,636	2,478,500
Less: financial assets unavailable for general expenditures within one year, due to:		
Restriction by donor for purpose	(122,500)	(110,681)
Designated for quasi-endowment	(865,624)	(785,095)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,661,512	\$ 1,582,724

The Organization tries to maintain a liquid cash balance in checking accounts in an amount necessary to meet anticipated expenditures for at least the next 60 days. Cash in excess of this may be invested in short-term investments or certificates of deposit.

Note 4 – Contributions Receivable

Contributions receivable are expected to be collected as follows as of June 30, 2023 and 2022:

	2023	2022
Unconditional promises to give	\$ 176,820	\$ 39,100
Less: unamortized discount	(954)	(1,359)
Contributions receivable, net	\$ 175,866	\$ 37,741
Amounts due in:		
Less than one year	\$ 155,620	\$ 12,000
One to five years	21,200	27,100
Total	\$ 176,820	\$ 39,100

Mountain Lion Foundation
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

(With Summarized Comparative Financial Information for the Year Ended June 30, 2022)

Note 5 – Investments

The Organization follows the FASB Accounting Standards Codification No. 820, *Fair Value Measurement*, which establishes a fair value hierarchy that prioritizes the inputs to valuation techniques to measure fair value. This hierarchy consists of three broad levels:

- Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority.
- Level 2 inputs consist of observable inputs other than quoted prices for identical assets.
- Level 3 inputs consist of primarily unobservable inputs and have the lowest priority.

The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. Investments are reported at fair value and consisted of the following as of June 30, 2023 and 2022:

2023	Total	Level 1	Level 2	Level 3
Equity securities	\$ 1,064,181	\$ 1,064,181	\$ -	\$ -
Fixed income securities	717,906	-	717,906	-
Real estate investment trust funds	13,008	13,008	-	-
Investments carried at fair value	\$ 1,795,095	\$ 1,077,189	\$ 717,906	\$ -

2022	Total	Level 1	Level 2	Level 3
Equity securities	\$ 914,488	\$ 914,488	\$ -	\$ -
Fixed income securities	726,434	-	726,434	-
Real estate investment trust funds	15,563	15,563	-	-
Investments carried at fair value	\$ 1,656,485	\$ 930,051	\$ 726,434	\$ -

Net investment return consisted of the following for the years ended June 30, 2023 and 2022:

	2023	2022
Interest and dividends	\$ 38,500	\$ 34,892
Realized and unrealized gain/(loss)	119,466	(292,711)
Investment gain/(loss)	157,966	(257,819)
Less: investment expenses	(16,363)	(16,449)
Investment return, net	\$ 141,603	\$ (274,268)

Mountain Lion Foundation
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

(With Summarized Comparative Financial Information for the Year Ended June 30, 2022)

Note 6 – Property and Equipment

Property and equipment consisted of the following as of June 30, 2023 and 2022:

	2023	2022
Website development	\$ 6,713	\$ 6,713
Less: accumulated depreciation	(6,713)	(5,274)
Total property and equipment, net of depreciation	\$ -	\$ 1,439

Note 7 – Leases

Operating Leases under Topic 842

The Organization leases office space under a long-term non-cancelable operating lease agreement that runs through May 2025. Operating lease expense for the year ended June 30, 2023 was 32,856.

The following summarizes the weighted-average remaining lease term and weighted-average discount rate for the year ended June 30, 2023:

	2023
Weighted-average remaining lease term:	
Operating lease	1.9 years
Weighted-average discount rate:	
Operating lease	6.00%

The future minimum lease payments under the noncancelable operating lease as of June 30, 2023 are as follows:

Year Ending June 30,	Total due
2024	\$ 32,995
2025	32,120
Total undiscounted lease payments	65,115
Less: imputed interest at 6%	(3,807)
Net present value of lease liability	\$ 61,308

Mountain Lion Foundation
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

(With Summarized Comparative Financial Information for the Year Ended June 30, 2022)

Note 7 – Leases (Continued)

Operating Leases under Topic 840

As previously disclosed in the Organization’s audited financial statements for the year ended June 30, 2022, and under the previous lease accounting rules, future minimum lease payments as of June 30, 2022 are as follows:

Year Ending June 30,	Total due
2023	\$ 30,720
2024	30,720
2025	28,160
Total	\$ 89,600

Rent expense for the above operating leases and other month to month arrangements for the year ended June 30, 2022 was \$43,510.

Note 8 – Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following as of June 30, 2023 and 2022:

	2023	2022
Subject to the passage of time:	\$ 175,866	\$ 37,741
Endowments:		
Subject to appropriation and expenditure when a specified event occurs:		
Available for general use	500	-
Perpetual in nature, earnings from which are subject to endowment spending policy and appropriation	122,000	110,681
Total net assets with donor restrictions	\$ 298,366	\$ 148,422

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30, 2023 and 2022:

	2023	2022
Expiration of time restrictions	\$ 6,895	\$ 266,900
Total net assets released from donor restrictions	\$ 6,895	\$ 266,900

Mountain Lion Foundation
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

(With Summarized Comparative Financial Information for the Year Ended June 30, 2022)

Note 9 – Endowment

The Organization’s endowment (the “Endowment”) includes both donor-restricted funds and funds without donor restrictions that are designated by the board of directors to function as general endowments. The Organization’s board of directors has interpreted the State’s Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds unless there are explicit donor stipulations to the contrary. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gifts amounts donated to the Endowment and (b) any accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA. Management considers the following factors in deciding to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effects of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources available to the Organization
- The investment policies of the Organization

To satisfy its long-term objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a conservative mix of investments that places a greater emphasis on capital preservation. Amounts to be appropriated for expenditure, if any, are decided annually by the Organization’s board of directors.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. As of June 30, 2023, there were no such deficiencies. As of June 30, 2022, funds with original gift values of \$122,000, fair values of \$110,681, and deficiencies of \$11,319 were reported as net assets with donor restrictions.

Changes in the Endowment assets for the year ended June 30, 2023 are as follows:

2023	Without Donor Restrictions	With Donor Restrictions	Total
Endowment assets, beginning of year	\$ 785,095	\$ 110,681	\$ 895,776
Contributions	-	-	-
Investment income, net	9,223	1,615	10,838
Realized and unrealized gains/(losses)	71,306	10,204	81,510
Appropriation of endowment assets for expenditure	-	-	-
Endowment assets, end of year	\$ 865,624	\$ 122,500	\$ 988,124

Mountain Lion Foundation
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

(With Summarized Comparative Financial Information for the Year Ended June 30, 2022)

Note 9 – Endowment (Continued)

Changes in the Endowment assets for the year ended June 30, 2022 are as follows:

<u>2022</u>	Without Donor Restrictions	With Donor Restrictions	Total
Endowment assets, beginning of year	\$ 922,570	\$ 130,549	\$ 1,053,119
Contributions	-	-	-
Investment income, net	7,742	1,232	8,974
Realized and unrealized gains/(losses)	(145,217)	(21,100)	(166,317)
Appropriation of endowment assets for expenditure	-	-	-
Endowment assets, end of year	<u><u>\$ 785,095</u></u>	<u><u>\$ 110,681</u></u>	<u><u>\$ 895,776</u></u>

Note 10 – Joint Costs of Activities that Include a Fundraising Appeal

The Organization produces newsletters and other literature that include programmatic and administrative information, together with a request for contributions in support of its mission. During the years ended June 30, 2023 and 2022, the costs of producing the correspondence included joint costs not attributable to any singular function. Those costs were allocated among the following functional categories as follows:

	<u>2023</u>	<u>2022</u>
Preservation	\$ 5,121	\$ 1,672
Protection and Advocacy	5,519	3,344
Public outreach and communication	8,039	8,358
Fund development	17,132	28,001
General and administrative	254	417
Total	<u><u>\$ 36,065</u></u>	<u><u>\$ 41,792</u></u>

Note 11 – Related Party Transactions

Contributions from the Board of Directors totaled \$5,256 and \$8,045 for the years ended June 30, 2023 and 2022, respectively.

Note 12 – Concentrations

As of June 30, 2023, 100% of contributions receivable were due from four donors. Approximately 32% of contribution revenue recognized for the year ended June 30, 2023 was provided by four donors.

As of June 30, 2022, 100% of contributions receivable were due from a single donor. Approximately 34% of contribution revenue recognized for the year ended June 30, 2022 was provided by four donors.

Mountain Lion Foundation
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

(With Summarized Comparative Financial Information for the Year Ended June 30, 2022)

Note 13 - Subsequent Events

The Organization has evaluated subsequent events through November 3, 2023, the date the financial statements are available to be issued, and is not aware of any other subsequent events which would require recognition or disclosure in the financial statements.

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