



**FINANCIAL STATEMENTS**

**JUNE 30, 2023**



**Leaf & Cole, LLP**  
*Certified Public Accountants*  
*A Partnership of Professional Corporations*

**SAN DIEGO CANYONLANDS, INC.**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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## **Independent Auditor's Report**

To the Board of Directors  
San Diego Canyonlands, Inc.

### **Opinion**

We have audited the accompanying financial statements of San Diego Canyonlands, Inc. (a nonprofit 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 San Diego Canyonlands, Inc. as of June 30, 2023 and the changes in its net assets 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of San Diego Canyonlands, Inc., 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 San Diego Canyonlands, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's 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 auditor's 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, including omissions, 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 San Diego Canyonlands, Inc.'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 San Diego Canyonlands, Inc.'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.

*Leaf & Cole LLP*

San Diego, California  
January 26, 2024

**SAN DIEGO CANYONLANDS, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2023**

**ASSETS**

<b><u>Current Assets:</u></b> (Note 2)	
Cash and cash equivalents	\$ 637,953
Grants receivable	313,962
Total Current Assets	<u>951,915</u>
<b><u>Noncurrent Assets:</u></b> (Notes 2 and 4)	
Property and equipment, net	52,431
Total Noncurrent Assets	<u>52,431</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>1,004,346</u></b>

**LIABILITIES AND NET ASSETS**

<b><u>Current Liabilities:</u></b> (Note 2)	
Accounts payable and accrued expenses	\$ 18,480
Accrued payroll and benefits	68,427
Deferred revenue	277,987
Total Current Liabilities	<u>364,894</u>
<b><u>Commitment</u></b> (Note 6)	
<b><u>Net Assets:</u></b> (Notes 2 and 5)	
Without donor restriction	519,858
With donor restriction	119,594
Total Net Assets	<u>639,452</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>1,004,346</u></b>

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

**SAN DIEGO CANYONLANDS, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b><u>Support and Revenue:</u></b>			
State Grants	\$ 1,061,914	\$ -	\$ 1,061,914
Contributions	360,342	109,957	470,299
Other income	204,919	-	204,919
Program revenue	139,647	-	139,647
Interest	11,464	-	11,464
Net assets released from restrictions	78,645	(78,645)	-
Total Support and Revenue	<u>1,856,931</u>	<u>31,312</u>	<u>1,888,243</u>
<b><u>Expenses:</u></b>			
Program expenses	1,654,990	-	1,654,990
Management and general	279,185	-	279,185
Fundraising	37,080	-	37,080
Total Expenses	<u>1,971,255</u>	<u>-</u>	<u>1,971,255</u>
Change in Net Assets	(114,324)	31,312	(83,012)
Net Assets at Beginning of Year	<u>634,182</u>	<u>88,282</u>	<u>722,464</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u><u>\$ 519,858</u></u></b>	<b><u><u>\$ 119,594</u></u></b>	<b><u><u>\$ 639,452</u></u></b>

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

**SAN DIEGO CANYONLANDS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSE**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<b><u>Salaries and Related Expenses:</u></b>				
Salaries and wages	\$ 977,396	\$ 97,370	\$ 31,325	\$ 1,106,091
Employer benefits	54,274	21,930	2,213	78,417
Employer taxes	72,159	16,833	2,307	91,299
Total Salaries and Related Expenses	<u>1,103,829</u>	<u>136,133</u>	<u>35,845</u>	<u>1,275,807</u>
<b><u>Nonsalary Related Expenses:</u></b>				
Board expenses	-	9,548	-	9,548
Canyon restoration expenses	337,209	-	-	337,209
Contract services	150,723	41,569	-	192,292
Depreciation	15,929	2,592	-	18,521
Event expenses	381	-	1,124	1,505
Insurance	4,139	19,502	111	23,752
Marketing	879	-	-	879
Occupancy	-	16,243	-	16,243
Office expense	2,561	21,995	-	24,556
Other expenses	11,906	8,769	-	20,675
Permits	11,545	-	-	11,545
Professional fees	-	8,060	-	8,060
Staff expenses	1,141	10,796	-	11,937
Telephone	4,560	2,547	-	7,107
Travel	1,324	955	-	2,279
Vehical expense	8,864	476	-	9,340
Total Nonsalary Related Expenses	<u>551,161</u>	<u>143,052</u>	<u>1,235</u>	<u>695,448</u>
<b>TOTAL EXPENSES</b>	<u>\$ 1,654,990</u>	<u>\$ 279,185</u>	<u>\$ 37,080</u>	<u>\$ 1,971,255</u>

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

**SAN DIEGO CANYONLANDS, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2023**

<b><u>Cash Flows From Operating Activities:</u></b>	
Change in net assets	\$ (83,012)
<b>Adjustments to reconcile change in net assets to net cash used in operating activities:</b>	
Depreciation	18,521
<b>(Increase) Decrease in:</b>	
Grants receivable	(54,757)
<b>Increase (Decrease) in:</b>	
Accounts payable and accrued expenses	7,275
Accrued payroll and benefits	13,969
Deferred revenue	7,782
Net Cash Used in Operating Activities	<u>(90,222)</u>
<b><u>Cash Flows From Investing Activities:</u></b>	
Purchase of property and equipment	<u>(9,106)</u>
Net Cash Used in Investing Activities	<u>(9,106)</u>
<b><u>Cash Flows From Financing Activities:</u></b>	
Payment on note payable	<u>(4,706)</u>
Net Cash Used in Financing Activities	<u>(4,706)</u>
Net Decrease in Cash and Cash Equivalents	(104,034)
Cash and Cash Equivalents at Beginning of Year	<u>741,987</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u><u>\$ 637,953</u></u></b>

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



**SAN DIEGO CANYONLANDS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Note 1 - Organization:**

San Diego Canyonlands, Inc. (“San Diego Canyonlands”) is a California non-profit public benefit corporation based in City Heights in San Diego. Since 2008, San Diego Canyonlands has played a major role in restoring San Diego’s canyons and creeks to their natural habitat. Through stewardship volunteer events and habitat restoration field crews, San Diego Canyonlands is dedicated to promoting, protecting, and restoring the San Diego canyons and creeks in perpetuity.

San Diego Canyonlands’ mission is to promote, protect, and restore the natural habitats in San Diego County’s canyons and creeks by fostering education and ongoing community involvement in stewardship and advocacy, and by collaborating with other organizations.

**Note 2 - Significant Accounting Policies:**

**Accounting Method**

The financial statements of San Diego Canyonlands have been prepared on the accrual basis of accounting which is in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and, accordingly, reflect all significant receivables, payables, and other liabilities.

**Financial Statement Presentation**

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 thereon 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.
- 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. 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.

**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 the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**SAN DIEGO CANYONLANDS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Note 2 - Significant Accounting Policies: (Continued)**

**Fair Value Measurements**

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value, and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy), and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy). San Diego Canyonlands had no financial instruments at June 30, 2023.

**Allowance for Doubtful Accounts**

Bad debts are recognized on the allowance method, based on historical experience and management's evaluation of outstanding receivables. Management believes that all grants receivable were fully collectible; therefore, no allowance for doubtful grants receivable was recorded at June 30, 2023.

**Capitalization and Depreciation**

San Diego Canyonlands capitalizes all expenditures in excess of \$2,500 for property and equipment at cost, while donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as support without donor restrictions, unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as support with donor restrictions. Absent donor stipulations regarding how those donated assets must be maintained, San Diego Canyonlands reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. San Diego Canyonlands reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Property and equipment are depreciated using the straight-line method over the estimated asset lives of five-to-seven years. Depreciation totaled \$18,521 for the year ended June 30, 2023.

Maintenance and repairs are charged to operations as incurred. Major renewals or improvements are capitalized. Upon sale or disposition of property and equipment, the asset account is reduced by the cost, and the accumulated depreciation account is reduced by the depreciation taken prior to the sale. Any resultant gain or loss is then recorded as income or expense.

**Compensated Absences**

Accumulated unpaid vacation totaling \$20,991 at June 30, 2023 is accrued when incurred, and is included in accrued payroll and benefits.

**SAN DIEGO CANYONLANDS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Note 2 - Significant Accounting Policies: (Continued)**

**Revenue Recognition**

**Contributions**

Contributions are recognized when the donor makes a promise to give in writing to San Diego Canyonlands that is in substance, unconditional. Conditional promises to give are not recognized until they become unconditional—that is, when the conditions on which they depend are substantially met. Contributions are recorded as without donor restriction or with donor restriction, depending on the existence or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions. When the stipulated time restriction ends or purpose restriction is accomplished, donor-restricted net assets are reclassified to net assets without donor restrictions. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

**Grants**

Grant revenue is recognized in the period in which the related work is performed in accordance with the terms of the grant. Grants receivable are recorded when revenue earned under a grant or contract exceeds the cash received. Grants receivable totaled \$313,962 at June 30, 2023. Deferred revenue is recorded when cash received under a grant exceeds the revenue earned. Deferred revenue totaled \$277,987 at June 30, 2023.

**Program Income**

Program income is recognized in the period in which the service is performed.

**Donated Services, Materials and Facilities**

San Diego Canyonlands benefits from the services of many volunteers throughout the year. This contribution of services by the volunteers is recognized in the financial statements when the services received (a) create or enhance nonfinancial assets, or (b) require specialized skills which are provided by individuals possessing those skills, and would typically need to be purchased if not donated. The donated services by volunteers for the year ended June 30, 2023 did not meet the requirements above; therefore, no amounts were recognized in the financial statements for volunteer time.

**Functional Allocation of Expenses**

The statement of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. Costs that are common to several functions are allocated among the program and supporting services on the basis of time records, space utilized, and estimates made by San Diego Canyonlands' management.

**SAN DIEGO CANYONLANDS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Note 2 - Significant Accounting Policies: (Continued)**

**Income Tax Status**

San Diego Canyonlands is a public charity and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. San Diego Canyonlands believe that they have appropriate support for any tax positions taken, and, as such, do not have any uncertain tax positions that are material to the financial statements. San Diego Canyonlands is not a private foundation.

San Diego Canyonlands's Return of Organization Exempt from Income Tax for the years ended June 30, 2023, 2022, 2021 and 2020 are subject to examination by the Internal Revenue Service and State taxing authorities, generally three to four years after the returns were filed.

**Concentrations**

**Concentration of Credit Risk**

San Diego Canyonlands maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. San Diego Canyonlands has not experienced any losses in such accounts. San Diego Canyonlands believes it is not exposed to any significant credit risk on cash and cash equivalents.

**Grants and Contracts**

San Diego Canyonlands received funding directly from the State of California under several grants and contracts which generated revenue of approximately 56% of total support and revenues for the year ended June 30, 2023. Accounts receivable related to these grants and contracts totaled approximately 99% of total grants receivable at June 30, 2023.

Grants and contracts revenues from governmental grants totaling \$1,061,914 for the year ended June 30, 2023, are subject to audits by the grantor agency. The ultimate determinations of amounts received under these programs are generally based upon allowable costs reported to and audited by the grantor agency. Until such audits are completed, there exists the contingency to refund any amounts received in excess of the allowable costs.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, San Diego Canyonlands considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**Accounting Pronouncement Adopted**

In February 2016, the FASB issued Accounting Standards Codification ("ASC") 842, *Leases* ("*FASB ASC 842*"), to increase transparency and comparability among organizations by requiring the recognition of lease assets and lease liabilities on the balance sheet by lessees, and the disclosure of key information about leasing arrangements. This standard is applied on a modified retrospective basis.

FASB ASC 842 was adopted July 1, 2022 with certain practical expedients available. The adoption had no effect on the 2023 financial statements.

**SAN DIEGO CANYONLANDS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Note 2 - Significant Accounting Policies: (Continued)**

**Subsequent Events**

In preparing these financial statements, San Diego Canyonlands has evaluated subsequent events through January 26, 2024, which is the date the financial statements were available to be issued, and concluded that there were no events or transactions that needed to be disclosed.

**Note 3 - Liquidity and Availability:**

San Diego Canyonlands regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. San Diego Canyonlands considers investment income without donor restrictions, contributions without donor restrictions, and contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. For purposes of analyzing resources available to meet general expenditures over a 12-month period, San Diego Canyonlands considers all expenditures related to its ongoing activities, as well as the conduct of services undertaken to support those activities, to be general expenditures.

The table below presents financial assets available for general expenditure within one year at June 30, 2023:

Cash and cash equivalents	\$ 637,953
Grants receivable	<u>313,962</u>
Financial assets available to meet general expenditures within one year	<u>\$ 951,915</u>

In addition to financial assets available to meet general expenditures over the next 12 months, San Diego Canyonlands operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

**Note 4 - Property and Equipment:**

Property and equipment consist of the following at June 30, 2023:

Office and computer equipment	\$ 15,862
Restoration equipment	9,966
Vehicles	<u>88,040</u>
Subtotal	113,867
Less: Accumulated depreciation	<u>(61,436)</u>
Property and Equipment, Net	<u>\$ 52,431</u>

**SAN DIEGO CANYONLANDS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Note 5 - Net Assets With Donor Restrictions:**

Net assets with donor restrictions represent contributions received or receivable by San Diego Canyonlands, which are limited in their use by time or donor-imposed restrictions. Net assets with donor restrictions are available for the following purpose at June 30, 2023:

**Subject to Expenditure for Specified Purpose:**

Program expenses	\$ 119,594
Total Subject to Expenditure For Specified Purpose	<u>119,594</u>

Net assets 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, are as follows for the year ended June 30, 2023:

**Purpose Restrictions Accomplished:**

Program expenses	\$ 75,045
Rent	<u>3,600</u>
Total Net Assets Released From Restrictions	<u>78,645</u>

**Note 6 - Commitment:**

**401(k) Retirement Plan**

San Diego Canyonlands has a 401(k)-retirement plan (the “401(k) Plan”) covering all employees of San Diego Canyonlands who have three months of service and are age 18 or older. The 401(k) Plan allows for employee contributions to the plan in an amount equal to a dollar amount or percentage of pretax annual compensation, up to the limit allowed by law, as defined in the 401(k) Plan. San Diego Canyonlands is not required to, and did not, make any contributions to the 401(k) Plan for the year ended June 30, 2023.