



Sonnenberg & Company, CPAs

A Professional Corporation

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Leonard C. Sonnenberg, CPA

La Jolla Historical Society Audited Financial Statements June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Directors and Members
La Jolla Historical Society

We have audited the accompanying financial statements of La Jolla Historical Society, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with generally accepted auditing standards 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 entities' 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 La Jolla Historical Society as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with generally accepted accounting principles in the United States of America.

Report on Summarized Comparative Information

We have previously audited La Jolla Historical Society's June 30, 2020 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated October 21, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Sonnenberg & Company, CPAs

September 30, 2021

La Jolla Historical Society
Statement of Financial Position
June 30, 2021

(With Summarized Comparative Totals for June 30, 2020)

	2021	2020
ASSETS		
Cash	\$ 377,255	\$ 425,841
Investments	429,890	345,370
Contribution Receivable	12,109	1,850
Prepaid Expenses	1,995	60,937
Deposits	2,955	2,125
Property and Equipment, Net	4,246,352	4,295,550
TOTAL ASSETS	\$ 5,070,556	\$ 5,131,673
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 6,795	\$ 1,379
Accrued Vacation	4,236	3,400
Deferred Revenue - Membership Dues	13,648	14,631
Deferred Revenue - Prepaid Event Income	525,162	577,779
TOTAL LIABILITIES	549,841	597,189
 NET ASSETS		
Without Donor Restrictions	4,427,505	4,447,274
With Donor Restrictions	93,210	87,210
TOTAL NET ASSETS	4,520,715	4,534,484
TOTAL LIABILITIES AND NET ASSETS	\$ 5,070,556	\$ 5,131,673

See Auditor's Report and Notes to Financial Statements

La Jolla Historical Society
Statement of Activities
For the Fiscal Year Ended June 30, 2021
(With Summarized Comparative Totals for the Fiscal Year Ended June 30, 2020)

	2021			2020
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Support				
Contributions	\$ 210,122	\$ -	\$ 210,122	\$ 96,272
Grant Income - PPP Loan	42,485	-	42,485	44,000
Grant Income - Others	36,159	100,000	136,159	106,472
Membership	50,578	-	50,578	50,785
Program Income - Exhibits	68,005	-	68,005	33,474
Program Income - Other Events	51,153	-	51,153	43,581
Interest and Dividends	8,797	-	8,797	10,507
Realized Gains/(Losses)	2,908	-	2,908	1,713
Unrealized Gains (Losses), net of Invest. Fees	71,910	-	71,910	9,836
Net Assets Released from Restrictions	94,000	(94,000)	-	-
Total Support	636,117	6,000	642,117	396,640
TOTAL SUPPORT AND REVENUE	636,117	6,000	642,117	396,640
EXPENSES				
Program Services	537,218	-	537,218	590,155
Supporting Activities				
Management and General	100,779	-	100,779	100,901
Fundraising	17,889	-	17,889	20,536
TOTAL EXPENSES	655,886	-	655,886	711,592
CHANGE IN NET ASSETS	\$ (19,769)	\$ 6,000	\$ (13,769)	\$ (314,952)
Net Assets at Beginning of Fiscal Year	\$ 4,447,274	\$ 87,210	\$ 4,534,484	\$ 4,849,436
Net Assets at End of Fiscal Year	\$ 4,427,505	\$ 93,210	\$ 4,520,715	\$ 4,534,484

See Auditor's Report and Notes to Financial Statements

La Jolla Historical Society
Statement of Functional Expenses
For the Fiscal Year Ended June 30, 2021
(With Summarized Comparative Totals for the Fiscal Year Ended June 30, 2020)

	2021				2020
	Program Services	Management and General	Fundraising	Total	Total
Personnel Expenses:					
Salaries and Wages	\$ 149,535	\$ 39,876	\$ 9,969	\$ 199,380	\$ 203,933
Payroll Taxes	12,977	3,460	865	17,302	17,578
Employee Benefits	11,348	3,026	757	15,130	14,110
Workers Compensation Insurance	1,583	422	106	2,110	2,818
Total Personnel Expenses	<u>175,442</u>	<u>46,784</u>	<u>11,696</u>	<u>233,922</u>	<u>238,439</u>
Non-Personnel Expenses:					
Credit Card Processing and Bank Fees	923	246	62	1,230	8,605
Depreciation and Amortization	36,899	9,840	2,460	49,198	52,742
Development	4,275	-	-	4,275	5,981
Dues and Subscriptions	857	-	-	857	2,722
Equipment Lease	7,432	1,858	-	9,290	6,910
Exhibitions	49,965	-	-	49,965	36,310
Insurance	12,362	3,296	824	16,482	16,377
License and Filing Fee	1,840	460	-	2,300	2,453
Marketing	3,353	-	176	3,529	2,900
Miscellaneous	1,415	377	94	1,886	571
Newsletter/Magazines	8,728	-	-	8,728	7,156
Occupancy (storage, utilities, phone, landscape)	26,066	6,951	1,738	34,755	36,667
Payroll Service	2,520	672	168	3,360	2,579
Postage and Delivery	1,373	366	92	1,830	2,423
Printing and Reproduction	1,340	357	89	1,786	294
Professional Fees	6,717	24,191	448	31,356	32,080
Repairs and Maintenance	19,420	4,855	-	24,275	13,058
Security	1,436	359	-	1,795	2,610
Events Expenses	174,235	-	-	174,235	238,065
Supplies	624	166	42	832	1,629
Travel	-	-	-	-	1,021
Total Non-Personnel Expenses	<u>361,777</u>	<u>53,995</u>	<u>6,192</u>	<u>421,964</u>	<u>473,153</u>
Total Functional Expenses for June 30, 2021	<u>\$ 537,218</u>	<u>\$ 100,779</u>	<u>\$ 17,889</u>	<u>\$ 655,886</u>	
Total Functional Expenses for June 30, 2020	<u>\$ 590,155</u>	<u>\$ 100,901</u>	<u>\$ 20,536</u>		<u>\$ 711,592</u>

La Jolla Historical Society
Statement of Cash Flow
For the Fiscal Year Ended June 30, 2021
(With Summarized Comparative Totals for the Fiscal Year Ended June 30, 2020)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ (13,769)	\$ (314,952)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation and Amortization	49,198	52,742
Unrealized Gains & Losses	(71,910)	(9,836)
 (Increase) / Decrease in Assets:		
Contribution Receivable	(10,259)	43,827
Prepaid Expenses	58,942	(53,909)
Deposits	(830)	(2,125)
 Increase / (Decrease) in Liabilities:		
Accounts Payable	5,416	(12,323)
Accrued Vacation	836	663
Deferred Revenue - Membership Dues	(983)	3,109
Deferred Revenue - Prepaid Event Income	(52,617)	562,154
Net Cash Provided (Used) by Operating Activities	(35,976)	269,350
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from Sale of Investments	147,882	105,231
Purchase of Investments	(151,695)	(100,975)
Reinvestment of Interest and Dividends	(8,797)	(10,507)
Net Cash Used by Investing Activities	(12,610)	(6,251)
 Net Increase(Decrease) in Cash	(48,586)	263,099
 Cash at the Beginning of the Year	425,841	162,742
 Cash at the End of the Year	\$ 377,255	\$ 425,841

See Auditor's Report and Notes to Financial Statements

La Jolla Historical Society
Notes to Financial Statements
Year Ended June 30, 2021

Note 1. Organization

The La Jolla Historical Society (the Society) is dedicated to the discovery, collection and preservation of La Jolla's heritage. Through our collections, programs and advocacy, we carry out our mission by discovering, recording and sharing La Jolla's history; preserving La Jolla's historical objects, sites and structures; increasing community awareness of the value of our heritage.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The Society's financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America and the AICPA Accounting and Auditing Guide for Not-for-Profit Entities.

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.

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.

The Society reports contributions restricted by donors as increase in net assets without donor restriction 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 increase in net assets with donor restrictions, depending on the nature of the restrictions.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of certificates of deposits and other securities with original maturities of 90 days or less. Securities with original maturities over 90 days are generally classified as short-term investments. There were no cash equivalents in the year ended June 30, 2021.

La Jolla Historical Society
Notes to Financial Statements
Year Ended June 30, 2021

Note 2. Summary of Significant Accounting Policies (continued)

Investments

Investments are stated at fair value based on quoted or published market prices. Investments consists of certificates of deposit, fixed income, and equities. Interest, dividends, fees, and gains/losses on investment are reflected on the statements of activities.

Contributions Receivables

Contributions are recorded as revenue upon receipt of cash or unconditional promise to give (pledge) in which there is no right of return of assets contributed and an indication of any donor-imposed barriers or performance obligations as a condition of the contribution based upon the donor agreement. Contributions received are recorded as increases in net assets with or without donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions.

Unconditional promises to give (pledges), which are expected to be collected within one year, are recorded at their net realizable value. Unconditional pledges that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discount on those amounts is computed using a risk-adjusted interest rate applicable to the year in which the promise is made. Management evaluates contributions receivable for the purpose of establishing an allowance for doubtful accounts. Management applies an estimate based on known economic conditions, historical contributions receivable as soon as pledges are deemed to be uncollectible.

Contribution receivables are provided fully collectible; therefore, no allowance for uncollectible accounts was recorded as of June 30, 2021.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. All 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.

La Jolla Historical Society
Notes to Financial Statements
Year Ended June 30, 2021

Note 2. Summary of Significant Accounting Policies (continued)

Fair Value Measurements

Investments are reported at fair value in the Society's financial statements. Fair value represents the price that would be received upon the sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants as of the measurement date.

Generally Accepted Accounting Principles (GAAP) establishes a fair value hierarchy that prioritizes inputs used to measure fair value into three levels:

Level 1 - quoted prices (unadjusted) in active markets for identical investments that the investment manager has the ability to access at the measurement date.

Level 2 - observable prices that are based on inputs not quoted in active markets but corroborated by market data.

Level 3 - unobservable inputs that are used when little or no market data is available.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In determining fair value, the Society utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible.

Donated Services

Donated services are recognized if the services create or enhance nonfinancial assets or require specialized skills, are performed by individuals who possess those skills, and would otherwise need to be purchased by the Society. The Society receives a significant amount of donated services from unpaid volunteers who assist in various programs and supporting services. No amounts have been recognized in the statement of activities for these services because the criteria for recognition under generally accepted accounting principles in the United States of America have not been satisfied.

Accrued Vacation

Employees of the Society are entitled to accrued vacation depending on the length of service and other factors. As of June 30, 2021, the liability for accrued vacation is \$4,236. The Society's policy is to record sick leave as an operation expense when taken, since such benefits do not vest and payment is not probable.

La Jolla Historical Society
Notes to Financial Statements
Year Ended June 30, 2021

Note 2. Summary of Significant Accounting Policies (continued)

Collections

Collection items acquired either through purchase or donation are not capitalized. Purchases of collection items are recorded as decreases in net assets without donor restrictions if purchased with unrestricted assets and as decreases in net assets with donor restrictions if purchased with donor-restricted assets. Contributions of collection items are not recognized in the Statement of Activities. Proceeds from deaccessions or insurance recoveries are reflected on the Statement of Activities based on the absence or existence and nature of donor-imposed restrictions.

Functional Allocation of Expenses

Costs of providing program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses and fund-raising expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction the Society.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications of amount 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.

Income Tax Status

The Society is a California not-for-profit corporation exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and California State Tax Code 23701(d). Management has evaluated its tax positions and related income tax contingencies. Management does not believe that any material uncertain tax positions exist. The Society's tax returns are subject to examination by Federal taxing authorities for a period of three years from the date they are filed and a period of four years for California taxing authorities.

La Jolla Historical Society
Notes to Financial Statements
Year Ended June 30, 2021

Note 2. Summary of Significant Accounting Policies (continued)

Summarized Comparative Information

The summarized comparative information reported for the previous year is included to provide a basis for comparison and presents summarized totals only. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles in the United States of America. Accordingly, such information should be read in conjunction with the Society's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

Note 3. Concentration of Risk and Uncertainty:

The Society maintains bank accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Society's cash balance occasionally exceeded the FDIC limit during the fiscal year. The Society has not experienced any losses in such accounts. The Society maintains its investments at Merrill Lynch. The Society's management deems its funds not to be at significant risk.

Note 4. Fair Value Measurements:

Investments consist of cash and publicly traded mutual funds and preferred and/or fixed rate securities. Investments accounts are managed by four professional management firms with the Society's Investment Committee overseeing a general investment policy. Investments are carried at fair market value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants.

The following table summarizes investments by major category in the fair value hierarchy as of June 30, 2021:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and Money Funds	\$ 7,557	\$ 7,557	\$ -	\$ -
Mutual Funds	422,333	422,333	-	-
Total	\$ 429,890	\$ 429,890	\$ -	\$ -

La Jolla Historical Society
Notes to Financial Statements
Year Ended June 30, 2021

Note 4. Fair Value Measurements:

Mutual funds and equities are classified as Level 1 of the hierarchy because their fair values are based on quoted prices for identical securities.

The following schedule summarizes the investment return in its classification in the statement of activities for the year ended June 30, 2021.

	Amount
Interest and dividend income	\$ 8,797
Realized Gains	2,908
Unrealized Gains, net of Invest. Fees	71,910
Total Investment Income	\$ 83,615

Note 5. Property and Equipment:

Property and equipment are capitalized at cost. It is the Society's policy to capitalize expenditures for these items in excess of \$2,000. Lesser amounts are expensed. Buildings are being depreciated over estimated useful lives of 40 years using a straight-line method, with a half year's depreciation recognized in the years of acquisition and disposal. All other capitalized property and equipment (with the exception of land), is being depreciated over estimated useful lives of 5 to 15 years using a straight-line method, with a half of year's depreciation recognized in the years of acquisition and disposal.

At June 30, 2021 Property and Equipment consisted of:

	Balance July 1, 2020	Additions	Balance June 30, 2021
Land	\$ 2,970,600	\$ -	\$ 2,970,600
Buildings and Structures	1,424,592	-	1,424,592
Furniture and Equipment	122,193	-	122,193
Landscape Structures	161,030	-	161,030
Less Accumulated Depreciation	(382,865)	(49,198)	(432,063)
PPE, Net	\$ 4,295,550	\$ (49,198)	\$ 4,246,352

La Jolla Historical Society
Notes to Financial Statements
Year Ended June 30, 2021

Note 6. Net Assets with Donor Restrictions

As of June 30, 2021, net assets with donor restrictions are for the following purposes or periods:

Subject o Expenditure for Specified Purpose:	
Survey Fund	\$ 21,250
Ehxibit Fund	50,000
Oral History	21,774
Archive Collection	186
Total Net Assets with Donor Restrictions	\$ 93,210

Note 7. IRA Retirement Plan:

The Society maintains an IRA retirement plan covering all employees who meet the plan’s eligibility requirements. Under the plan, voluntary contributions may be made by participants. No contributions from the Society were made to the plan for the year ended June 30, 2021.

Note 8. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Financial Assets at Year End	
Cash	\$ 377,255
Investment	429,890
Contribution Receivable	12,109
Total Financial Assets	819,254
Funds Subject to Donor Imposed Restrictions	(93,210)
Financial Assets Available to Meet	
General Expenditure Within One Year	\$ 726,044

As part of Society’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

La Jolla Historical Society
Notes to Financial Statements
Year Ended June 30, 2021

Note 8. Commitments and Contingencies:

The Society entered into service agreements with various vendors. Future minimum payments totaled \$185,375 as of June 30, 2021.

Note 9. Subsequent Events

Management has evaluated subsequent events through September 30, 2021, the date the financial statements were available to be issued. Management is not aware of any subsequent events that would require adjustment to, or disclosures in, the financial statements.

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders, including California, where the Society is located. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and shelter in place orders. It is reasonably possible that this matter will negatively impact the Society. However, the financial impact and duration cannot be reasonably estimated at this time. Accordingly, the extent to which COVID-19 may impact the Society's financial position, results of operations and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.