

**PACIFIC MARINE MAMMAL CENTER
(A California Non-Profit Corporation)**

FINANCIAL STATEMENTS

For The Years Ended December 31, 2016 and 2015 (Summarized)

PACIFIC MARINE MAMMAL CENTER
(A California Non-Profit Corporation)

TABLE OF CONTENTS

Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position.....	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows.....	6
Notes to Financial Statements.....	7

Independent Auditors' Report

Board of Directors
Pacific Marine Mammal Center

Report on Financial Statements

We have audited the accompanying financial statements of Pacific Marine Mammal Center (the “Organization”), which comprise the statement of financial position as of December 31, 2016, 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.

Auditors’ Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 of 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 auditors’ 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 Organization’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 Organization’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pacific Marine Mammal Center as of December 31, 2016, and the results of its activities and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's December 31, 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 15, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

KMJ Corbin & Company LLP

KMJ Corbin & Company LLP

Costa Mesa, California
October 31, 2017

PACIFIC MARINE MAMMAL CENTER
(A California Non-Profit Corporation)

STATEMENTS OF FINANCIAL POSITION

ASSETS	December 31, 2016	December 31, 2015
Current assets:		
Cash and cash equivalents	\$ 1,260,226	\$ 1,478,644
Short-term investments	6,361,207	5,594,343
Contributions receivable	4,432	67,316
Inventories	19,578	15,955
Prepaid expenses and other current assets	<u>42,474</u>	<u>72,292</u>
Total current assets	7,687,917	7,228,550
Long-term investments	924,990	908,375
Property and equipment, net	<u>817,874</u>	<u>889,044</u>
Total assets	<u>\$ 9,430,781</u>	<u>\$ 9,025,969</u>
 LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ <u>72,868</u>	\$ <u>68,125</u>
Total liabilities	<u>72,868</u>	<u>68,125</u>
Net assets:		
Unrestricted	9,034,152	8,643,178
Temporarily restricted	<u>323,761</u>	<u>314,666</u>
Total net assets	<u>9,357,913</u>	<u>8,957,844</u>
Total liabilities and net assets	<u>\$ 9,430,781</u>	<u>\$ 9,025,969</u>

See accompanying notes to financial statements

PACIFIC MARINE MAMMAL CENTER
(A California Non-Profit Corporation)

STATEMENTS OF ACTIVITIES

	December 31, 2016			Total
	Unrestricted	Temporarily Restricted	Total	December 31, 2015
				(Summarized)
Revenues and support:				
Contributions and gifts	\$ 694,575	\$ -	\$ 694,575	\$ 874,731
Bequests	162,427	-	162,427	4,613,864
Grants	91,306	448,560	539,866	315,486
Special events, net	239,017	-	239,017	256,861
Education	185,729	-	185,729	94,577
Investment income (loss), net	314,341	-	314,341	(143,945)
Gift shop	146,980	-	146,980	142,531
In-kind rent	61,200	-	61,200	61,200
Net assets released from restrictions	<u>439,465</u>	<u>(439,465)</u>	<u>-</u>	<u>-</u>
	<u>2,335,040</u>	<u>9,095</u>	<u>2,344,135</u>	<u>6,215,305</u>
Expenses:				
Program services	1,429,950	-	1,429,950	1,416,348
Fundraising	319,333	-	319,333	319,404
General and administrative	<u>194,783</u>	<u>-</u>	<u>194,783</u>	<u>228,799</u>
	<u>1,944,066</u>	<u>-</u>	<u>1,944,066</u>	<u>1,964,551</u>
Change in net assets	390,974	9,095	400,069	4,250,754
Net assets, beginning of year	<u>8,643,178</u>	<u>314,666</u>	<u>8,957,844</u>	<u>4,707,090</u>
Net assets, end of year	<u>\$ 9,034,152</u>	<u>\$ 323,761</u>	<u>\$ 9,357,913</u>	<u>\$ 8,957,844</u>

See accompanying notes to financial statements

PACIFIC MARINE MAMMAL CENTER
(A California Non-Profit Corporation)

STATEMENTS OF FUNCTIONAL EXPENSES

	For The Year Ended December 31, 2016				For The Year Ended December 31, 2015
	Program Services	General and Administrative	Fundraising	Total	(Summarized)
Salaries and benefits	\$ 608,506	\$ 104,392	\$ 209,913	\$ 922,811	\$ 836,526
Rehabilitation and rescue	228,753	-	-	228,753	248,702
Depreciation and amortization	175,055	2,937	2,937	180,929	200,561
Professional fees	43,302	52,774	39,242	135,318	143,767
Fundraising events	-	-	146,105	146,105	43,451
Utilities	65,809	1,371	1,371	68,551	73,388
Repairs and maintenance	44,774	2,357	-	47,131	65,781
Gift shop	74,071	-	-	74,071	64,367
Office supplies	11,608	13,267	8,292	33,167	61,668
In-kind rent expense	55,080	3,060	3,060	61,200	61,200
Insurance	31,754	4,885	12,213	48,852	29,446
Printing	6,616	432	15,065	22,113	28,920
Educational materials	24,721	-	-	24,721	28,226
Volunteers	6,782	-	-	6,782	24,056
Travel	2,116	-	2,116	4,232	17,218
Meetings	8,931	2,390	1,258	12,579	15,589
Telephone	3,104	1,620	2,025	6,749	10,749
Transportation	17,236	-	-	17,236	10,090
Incentives	1,309	-	1,600	2,909	9,843
Postage	2,977	3,347	1,135	7,459	9,559
Equipment	304	1,725	-	2,029	8,492
Advertising	6,023	-	12,592	18,615	5,336
Bank charges and fees	195	190	6,399	6,784	4,701
Contract labor	10,830	-	111	10,941	4,203
Recruiting	-	-	-	-	1,858
Property taxes, licenses and permits	94	36	4	134	305
Subtotal	1,429,950	194,783	465,438	2,090,171	2,008,002
Less special events expenses shown separately on the statements of activities	-	-	(146,105)	(146,105)	(43,451)
	<u>\$ 1,429,950</u>	<u>\$ 194,783</u>	<u>\$ 319,333</u>	<u>\$ 1,944,066</u>	<u>\$ 1,964,551</u>

See accompanying notes to financial statements

PACIFIC MARINE MAMMAL CENTER
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STATEMENTS OF CASH FLOWS

	For The Years Ended	
	December 31, 2016	December 31, 2015
Cash flows from operating activities:		
Change in net assets	\$ 400,069	\$ 4,250,754
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	180,929	200,561
Change in fair value of investments	(183,499)	242,417
Change in operating assets and liabilities:		
Contributions receivable	62,884	336,950
Inventories	(3,623)	(1,262)
Prepaid expenses and other current assets	29,818	(47,379)
Accounts payable and accrued expenses	4,743	38,663
Net cash provided by operating activities	491,321	5,020,704
Cash flows from investing activities:		
Proceeds from sale of investments	2,561,937	1,988,560
Purchases of investments	(3,161,917)	(6,376,609)
Purchases of property and equipment	(109,759)	(34,732)
Net cash used in investing activities	(709,739)	(4,422,781)
Net change in cash and cash equivalents	(218,418)	597,923
Cash and cash equivalents at beginning of year	1,478,644	880,721
Cash and cash equivalents at end of year	\$ 1,260,226	\$ 1,478,644

See accompanying notes to financial statements

PACIFIC MARINE MAMMAL CENTER
(A California Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

For The Years Ended December 31, 2016 and 2015 (Summarized)

NOTE 1 – BUSINESS

Friends of the Sea Lions, Inc. dba Pacific Marine Mammal Center (the “Organization”) was incorporated on July 18, 1980 as a not-for-profit public benefit corporation. The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from California state income taxes under Section 23701(d) of the California Revenue and Taxation Code.

The Organization is based in Laguna Beach, California, and with specific and primary purposes to promote the giving of sanctuary and environmental concern for the welfare of sea lions and other marine life. A Board of Directors comprised of volunteer members governs the Organization.

The Organization conducts the following programs:

Rescue and rehabilitation – this program rescues, medically treats and rehabilitates marine mammals that have become stranded along the Orange County coastline due to injury or illness, as well as releases healthy animals back to their natural habitat.

Education – this program strives to increase public awareness of the marine environment through education, research and collaboration.

The Organization is primarily funded by bequests and contributions from the public, grant awards, special events and education.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”). Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations. These assets are available to support the Organization’s activities and operations at the discretion of the Board of Directors.

PACIFIC MARINE MAMMAL CENTER
(A California Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

For The Years Ended December 31, 2016 and 2015 (Summarized)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that will be met either by actions of the donor, the Organization and/or the passage of time. At December 31, 2016 and 2015, temporarily restricted net assets consisted of grants received for the purpose of providing animal care, education and constructing building improvements. During 2016 and 2015, \$439,465 and \$344,930, respectively, of temporarily restricted net assets were released to unrestricted net assets as funds were spent on animal care, education and building improvements.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that the corpus be maintained permanently by the Organization. The donors of these assets permit the Organization to use all or part of the income or gains earned on related investments for general (unrestricted) purposes or for other specific donor-restricted purposes (temporarily restricted). Permanently restricted net assets released from restrictions are related to management's analysis of historical donor contributions and changes in requests from donors. At December 31, 2016 and 2015, the Organization did not have permanently restricted net assets.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law. Expirations of temporary restrictions on net assets are reported as reclassifications between the applicable classes of net assets.

Cash and Cash Equivalents

Temporary, short-term and highly liquid investments that mature in less than three months from the date they are acquired are classified as cash equivalents. The Organization maintains cash balances at financial institutions that are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 and the Securities Investor Protection Corporation ("SIPC") up to \$500,000. At times, deposits held with financial institutions may exceed the amount of insurance provided by the FDIC and SIPC. Management believes that it has invested in high credit, quality institutions for which the Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to these accounts.

Investments

Investments consist of mutual funds, ETFs, CEF, equity securities, and corporate fixed income and government securities which are carried at fair market value, and certificates of deposit that are carried at amortized cost, which approximates fair market value.

PACIFIC MARINE MAMMAL CENTER
(A California Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

For The Years Ended December 31, 2016 and 2015 (Summarized)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Net appreciation (depreciation) in the fair value of investments, which consists of the realized and unrealized gains or losses on those investments, is shown in the statements of activities.

Accounting guidance defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal market, or in the absence of a principal market, the most advantageous market for the asset or liability, in an orderly transaction between market participants on the measurement date. Accounting guidance also establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs in priority that may be used to measure fair value:

Level 1—Quoted prices in active markets for identical assets or liabilities;

Level 2—Observable inputs other than quoted prices included within Level 1, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (such as interest rates and yield curves, credit risks, and default rates) or other inputs that are principally derived from or corroborated by observable market data by correlation or by other means; and

Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The fair value of the Organization's investments in certificates of deposits is based partially upon quoted prices in markets that are not active or inputs which are observable, either directly or indirectly, for substantially the full term of the asset. These investments have been classified within Level 2 of the valuation hierarchy (see Note 3). Mutual funds, ETFs, CEFs and equity securities have been classified within Level 1 of the valuation hierarchy because they have quoted prices in active markets for identical assets (see Note 3).

Contributions Receivable

Contributions receivable represent the estimated fair value of cash to be contributed to the Organization within a reasonable period of time. At December 31, 2015, the Organization has two contributions that either were received or are to be received in 2016 and are reflected as contributions receivable in the accompanying statement of financial position. The Organization determines an allowance for uncollectible receivables based on historical experience. At December 31, 2016 and 2015, there was no allowance for uncollectible receivables.

PACIFIC MARINE MAMMAL CENTER
(A California Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

For The Years Ended December 31, 2016 and 2015 (Summarized)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Inventories

Inventories consist of gift shop merchandise that is stated at the lower of cost (first-in first-out method) or market.

Property and Equipment

Property and equipment are stated at cost. Donated assets are recorded at their fair market value when received. The cost of purchased assets or fair market value of donated assets is being depreciated using the straight-line method over the estimated useful lives of the related assets, which are five to seven years for equipment and ten years for leasehold improvements. Maintenance and repairs are charged to expense as incurred. Significant renewals and betterments are capitalized. The Organization capitalizes all expenditures for and donations of property and equipment with a fair value in excess of \$3,000. At the time of retirement or other disposition of property and equipment, the cost and accumulated depreciation or amortization are removed from the accounts and any resulting gain or loss is reflected in the statements of activities.

Long-Lived Assets

The Organization evaluates long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of the asset group may not be recoverable. In accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 360-55, *Impairment or Disposal of Long-Lived Assets*, the evaluations address the estimated recoverability of the assets’ carrying value. When the carrying value of an asset exceeds estimated recoverability, an impairment is recorded to reduce the carrying value to fair value. No impairments were required to be recorded as of or during the years ended December 31, 2016 and 2015.

PACIFIC MARINE MAMMAL CENTER
(A California Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

For The Years Ended December 31, 2016 and 2015 (Summarized)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Contributed Services and Materials

Contributed services are recorded at the estimated fair value at the time the services were performed. Only those contributed services that are a significant and an integral part of the efforts of the Organization and would have to be performed by professional salaried personnel if the services had not been contributed are included in the financial statements.

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization at the resident facilities that are not recorded. The Organization receives more than 5,000 of these volunteer hours each year.

Contributed materials are recorded at their estimated fair value at the date of receipt.

Contributions, Grants and Bequests

Contributions, grants and bequests are recognized when the donor makes an unconditional promise to give to the Organization. All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Use of Estimates

The preparation of financial statements in conformity with GAAP 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. Significant estimates embodied in these financial statements include the collectability of contributions receivable, the fair value of contributed assets, the recoverability of long-lived assets and the allocation of expenses to program services, general and administrative expenses and fundraising expenses. Actual results could differ from those estimates.

PACIFIC MARINE MAMMAL CENTER
(A California Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

For The Years Ended December 31, 2016 and 2015 (Summarized)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Income Taxes

The Organization is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code (“IRC”) and is exempt from Federal income taxes pursuant to the applicable sections of the IRC. Accordingly, no provision has been made for Federal or California state income taxes in the accompanying financial statements. The Organization is subject, however, to Federal and California state income taxes on net unrelated business income as stipulated in IRC Section 511 and Regulation Section 1.511. During the years ended December 31, 2016 and 2015, the Organization had no unrelated business income.

The Organization annually evaluates tax positions as part of the preparation of its exempt tax return. This process includes an analysis of whether tax positions the Organization takes with regard to a particular item of income or deduction would meet the definition of an uncertain tax position under current accounting guidance. The Organization believes its tax positions are appropriate based on current facts and circumstances. The Organization’s policy is to recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. At December 31, 2016 and 2015, the Organization did not have any unrecognized tax benefits. The Organization is no longer subject to U.S. Federal, state or local income tax examinations by tax authorities for years before 2012.

Allocated Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services, general and administrative expenses and fundraising expenses based upon estimated usage.

Reclassifications

Certain amounts presented for the 2015 financial statements have been reclassified to conform to the 2016 financial statement presentation with no net effect on the change in net assets.

PACIFIC MARINE MAMMAL CENTER
(A California Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

For The Years Ended December 31, 2016 and 2015 (Summarized)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Subsequent Events

The Organization has evaluated and determined that no events have occurred subsequent to December 31, 2016 and through October 31, 2017, the date of issuance of these financial statements, which would require inclusion or disclosure in its financial statements.

NOTE 3 – INVESTMENTS

Investments measured at fair value as of December 31, 2016 are summarized as follows:

	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	<u>Total</u>
Investments:				
Mutual funds	\$ 999,744	\$ -	\$ -	\$ 999,744
ETFs and CEFs	2,029,514	-	-	2,209,514
Equity securities	2,551,939	-	-	2,551,939
Marketable securities:				
Short-term:				
Certificates of deposit	780,010	-	-	780,010
Long-term:				
Corporate fixed income and government securities	-	924,990	-	924,990
	<u>\$ 6,361,207</u>	<u>\$ 924,990</u>	<u>\$ -</u>	<u>\$ 7,286,197</u>

PACIFIC MARINE MAMMAL CENTER
(A California Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

For The Years Ended December 31, 2016 and 2015 (Summarized)

NOTE 3 – INVESTMENTS, continued

Investments measured at fair value as of December 31, 2015 are summarized as follows:

	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	<u>Total</u>
Investments:				
Mutual funds	\$ 946,991	\$ -	\$ -	\$ 946,991
ETFs and CEFs	1,855,317	-	-	1,855,317
Equity securities	2,467,035	-	-	2,467,035
Marketable securities:				
Short-term:				
Certificates of deposit	325,000	-	-	325,000
Long-term:				
Corporate fixed income and government securities	-	908,375	-	908,375
	<u>\$ 5,594,343</u>	<u>\$ 908,375</u>	<u>\$ -</u>	<u>\$ 6,502,718</u>

Net investment income (loss) during the years ended December 31, 2016 and 2015 consists of the following:

	<u>2016</u>	<u>2015</u>
Interest and dividend income	\$ 213,168	\$ 151,462
Net change in fair value of investments	183,499	(242,417)
Investment expenses	<u>(82,326)</u>	<u>(52,990)</u>
Investment income (loss), net	<u>\$ 314,341</u>	<u>\$ (143,945)</u>

PACIFIC MARINE MAMMAL CENTER
(A California Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

For The Years Ended December 31, 2016 and 2015 (Summarized)

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment, net, consisted of the following at December 31:

	<u>2016</u>	<u>2015</u>
Property and equipment	\$ 351,064	\$ 329,841
Leasehold improvements	<u>1,625,068</u>	<u>1,552,098</u>
	1,976,132	1,881,939
Less accumulated depreciation and amortization	<u>(1,188,167)</u>	<u>(1,007,237)</u>
	787,965	874,702
Construction in progress	<u>29,909</u>	<u>14,342</u>
	<u>\$ 817,874</u>	<u>\$ 889,044</u>

NOTE 5 – SPECIAL EVENTS

Special events include revenues and expenses from events sponsored and managed by the Organization, including contributed goods and services totaling \$77,595 in 2016. Total revenues and expenses from special events for the years ended December 31, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Revenues	\$ 385,122	\$ 300,312
Expenses	<u>(140,987)</u>	<u>(43,451)</u>
	<u>\$ 244,135</u>	<u>\$ 256,861</u>

NOTE 6 – RELATED PARTY TRANSACTIONS

Various board members make contributions to the Organization through donations, fundraising events and volunteer time. For the years ended December 31, 2016 and 2015, cash contributions recorded from board members totaled approximately \$39,400 and \$25,000, respectively, which are recorded in both contributions and gifts, and special events, net, in the accompanying statements of activities.

PACIFIC MARINE MAMMAL CENTER
(A California Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

For The Years Ended December 31, 2016 and 2015 (Summarized)

NOTE 7 – COMMITMENTS AND CONTINGENCIES

Lease Commitment

The Organization has a 10-year leasehold agreement with the City of Laguna Beach, expiring in December 2023, for land located in Laguna Beach, California. Annual rent required by the leasehold agreement is \$1. The Organization has estimated that the fair market value of the land lease was \$61,200 during 2016 and 2015, which has been reflected as in-kind revenue and in-kind expense in the accompanying statements of activities.

Contingencies

The Organization is subject to certain loss contingencies, such as litigation, arising in the normal conduct of its activities. In the opinion of management, the liability, if any, for such contingencies will not have a material effect on the Organization's financial position.

Guarantees and Indemnities

The Organization has made certain indemnities, under which it may be required to make payments to a guaranteed or indemnified party, in relation to certain actions or transactions. The Organization indemnifies its directors, officers, employees and agents, as permitted under the laws of the State of California. In connection with its land lease, the Organization has indemnified its lessor for certain claims arising from the use of the land. The duration of the indemnities varies, and is generally tied to the life of the respective agreement. These indemnities do not provide for any limitation of the maximum potential future payments the Organization could be obligated to make. Historically, the Organization has not been obligated nor incurred any payments for these obligations and, therefore, no liabilities have been recorded for these indemnities in the accompanying statements of financial position.