Occidental Arts & Ecology Center
(a California Not-for-Profit Corporation)

Financial Statements
For the Years Ended December 31, 2023 and 2022

Together with Independent Auditors' Report

Occidental Arts & Ecology Center

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Independent Auditors' Report

To the Board of Directors of
Occidental Arts & Ecology Center
Occidental, California

Opinion

We have audited the financial statements of Occidental Arts & Ecology Center (the "Center", a California not-for-profit corporation), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Center as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Center's ability to continue as a going concern for 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 GAAS 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 GAAS, 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 Center'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 Center'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.

Dillwood Burkel + Millar, LLP

Santa Rosa, California
September 4, 2024

Occidental Arts & Ecology Center

Statements of Financial Position
As of December 31, 2023 and 2022

	2023	2022
Assets		
Current assets		
Cash and cash equivalents	$ 1,396,184	$ 973,920
Restricted cash and cash equivalents	1,545,667	1,545,516
Contributions receivable	1,091,599	864,711
Contracts receivable	353,004	46,180
Investments	49,095	-
Prepaid expenses	1,200	850
Total current assets	4,436,749	3,431,177
Long-term pledges receivable	300,000	300,000
Property and improvements, net	4,711,539	4,726,923
Operating lease right-of-use asset, net	137,193	150,912
Deposits	1,545	1,545
Total assets	$ 9,587,026	$ 8,610,557
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued expenses	$ 185,973	$ 198,763
Deferred revenue	112,468	94,492
Operating lease liability, current maturity	13,182	13,013
Total current liabilities	311,623	306,268
Note payable	300,000	300,000
Operating lease liability, net of current maturity	126,459	139,810
Total liabilities	738,082	746,078
Net assets		
Net assets without donor restrictions	5,717,305	5,217,033
Net assets with donor restrictions	3,131,639	2,647,446
Total net assets	8,848,944	7,864,479
Total liabilities and net assets	$ 9,587,026	$ 8,610,557

Occidental Arts & Ecology Center

Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Foundation grants	$ 119,585	$ 2,171,836	$ 2,291,421
Contributions of financial assets	876,572	652,369	1,528,941
Government grants	734,354	-	734,354
	1,730,511	2,824,205	4,554,716
Fee for services	1,207,166	-	1,207,166
Sales, net	131,871	-	131,871
Other revenue	52,226	-	52,226
Return on investments, net	8,830	-	8,830
Net assets released from restrictions	2,340,012	(2,340,012)	-
Total support and revenue	5,470,616	484,193	5,954,809
Expenses			
Program services	4,116,345	-	4,116,345
General and administrative	499,478	-	499,478
Development and fundraising	354,521	-	354,521
Total expenses	4,970,344	-	4,970,344
Increase in net assets	500,272	484,193	984,465
Net assets, beginning of year	5,217,033	2,647,446	7,864,479
Net assets, end of year	$ 5,717,305	$ 3,131,639	$ 8,848,944

See accompanying Notes to Financial Statements

Occidental Arts & Ecology Center

Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Foundation grants	$ 47,175	$ 2,841,842	$ 2,889,017
Contributions of financial assets	292,584	594,789	887,373
Government grants	563,169	199,001	762,170
	902,928	3,635,632	4,538,560
Fee for services	1,015,585	-	1,015,585
Insurance proceeds	369,613	-	369,613
Sales, net	162,593	-	162,593
Other revenue	5,356	-	5,356
Return on investments, net	(1,106)	-	(1,106)
Net assets released from restrictions	2,293,076	(2,293,076)	-
Total support and revenue	4,748,045	1,342,556	6,090,601
Expenses			
Program services	3,774,871	-	3,774,871
General and administrative	319,919	-	319,919
Development and fundraising	128,579	-	128,579
Total expenses	4,223,369	-	4,223,369
Increase in net assets	524,676	1,342,556	1,867,232
Net assets, beginning of year	4,692,357	1,304,890	5,997,247
Net assets, end of year	$ 5,217,033	$ 2,647,446	$ 7,864,479

See accompanying Notes to Financial Statements

Occidental Arts & Ecology Center

Statement of Functional Expenses
For the Year Ended December 31, 2023

	Program Services	General and Administrative	Development and Fundraising	Total
Salaries and wages	$ 2,329,536	$ 253,375	$ 229,688	$ 2,812,599
Professional services	639,362	27,482	89,479	756,323
Payroll taxes	195,527	23,308	-	218,835
Food for workshops and events	183,136	1,684	499	185,319
Supplies and equipment	157,382	3,898	156	161,436
Employee benefits	114,001	14,122	-	128,123
Travel and conferences	113,170	469	792	114,431
Dues, subscriptions, and social media	27,462	12,452	2,880	42,794
Insurance	8,524	28,340	1,940	38,804
Shared costs with leaseholder	18,549	12,984	-	31,533
Repairs and maintenance	25,534	5,194	-	30,728
Telephone and internet services	12,214	14,112	-	26,326
Licenses, permits and taxes	7,762	15,130	1,205	24,097
Farm vehicles	14,080	3,520	-	17,600
Rented office and theatre space	16,711	-	-	16,711
Rental equipment	7,975	7,643	-	15,618
Loss on disposal of fixed assets	-	10,130	-	10,130
Payroll service	1,987	6,897	-	8,884
Seeds, plants, amendments, and soil	8,335	-	-	8,335
Miscellaneous	6,297	1,122	749	8,168
Utilities	5,774	-	304	6,078
Lease fees	-	6,000	-	6,000
Interest	-	5,718	-	5,718
Publication printing and distribution	4,284	388	969	5,641
Postage and express mail	193	2,523	68	2,784
Grant giving	750	-	-	750
	3,898,545	456,491	328,729	4,683,765
Depreciation and amortization	217,800	42,987	25,792	286,579
Total expenses	$ 4,116,345	$ 499,478	$ 354,521	$ 4,970,344

Occidental Arts & Ecology Center

Statement of Functional Expenses
For the Year Ended December 31, 2022

	Program Services	General and Administrative	Development and Fundraising	Total
Salaries and wages	$ 1,926,588	$ 163,469	$ 78,810	$ 2,168,867
Professional services	623,299	27,900	6,300	657,499
Supplies and equipment	240,911	-	-	240,911
Payroll taxes	137,678	34,914	16,832	189,424
Food for workshops and events	139,333	2,536	164	142,033
Travel and conferences	105,089	-	202	105,291
Employee benefits	77,208	24,700	-	101,908
Insurance	56,961	7,620	-	64,581
Repairs and maintenance	53,315	-	-	53,315
Payroll service	40,525	6,576	-	47,101
Dues, subscriptions, and social media	27,468	1,700	120	29,288
Shared costs with leaseholder	22,213	3,128	-	25,341
Rental equipment	22,660	1,167	-	23,827
Licenses, permits and taxes	20,413	2,695	-	23,108
Telephone and internet services	15,623	1,704	-	17,327
Miscellaneous	13,675	-	592	14,267
Farm vehicles	13,506	-	-	13,506
Seeds, plants, amendments, and soil	11,317	-	-	11,317
Interest	7,657	1,247	-	8,904
Lease fees	7,233	728	-	7,961
Utilities	4,662	-	-	4,662
Grant giving	3,000	-	1,000	4,000
Postage and express mail	2,963	372	76	3,411
Publication printing and distribution	1,572	482	1,095	3,149
Rented office and theatre space	2,500	-	-	2,500
	3,577,369	280,938	105,191	3,963,498
Depreciation and amortization	197,502	38,981	23,388	259,871
Total expenses	$ 3,774,871	$ 319,919	$ 128,579	$ 4,223,369

Occidental Arts & Ecology Center

Statement of Cash Flows
For the Years Ended December 31, 2023 and 2022

	2023	2022
	Increase (decrease) in cash and cash equivalents	
Cash flows from operating activities		
Increase in net assets	$ 984,465	$ 1,867,232
Adjustments to reconcile increase in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization	286,579	259,871
Contributions of marketable securities	(49,682)	(148,062)
Realized and unrealized losses	587	2,990
Loss on sale of fixed assets	10,130	-
Increase in assets:		
Contributions and contracts receivable	(533,712)	(671,983)
Prepaid expenses	(350)	(850)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(12,790)	95,910
Deferred revenue	17,976	82,333
Operating lease liability	(13,182)	(12,846)
Net cash and cash equivalents provided by operating activities	690,021	1,474,595
Cash flows from investing activities		
Proceeds from sale of marketable securities	-	145,072
Acquisition of property and improvements	(267,606)	(474,556)
Net cash and cash equivalents used in investing activities	(267,606)	(329,484)
Net increase in cash and cash equivalents	422,415	1,145,111
Cash and cash equivalents, beginning of year	2,519,436	1,374,325
Cash and cash equivalents, end of year	$ 2,941,851	$ 2,519,436
Unrestricted cash and cash equivalents	$ 1,396,184	$ 973,920
Restricted cash and cash equivalents	1,545,667	1,545,516
Total cash and cash equivalents, end of year	$ 2,941,851	$ 2,519,436
Supplementary cash flows information:		
Cash paid for interest	$ 3,900	$ 6,750

See accompanying Notes to Financial Statements

Note 1. Nature of Activities

The Occidental Arts & Ecology Center (the "Center") is a California not-for-profit organization founded in 1994. Each of the Center's inter-related programs combines the strategies of participatory research to define problems and reveal solutions; demonstration of practical, community-scale alternatives; leadership development through education and training; and building broad organizational networks to advocate for policy change. The Center's overall strategy is to achieve a social change 'multiplier effect' by training and building the capacity of whole communities to become agents of rapid change.

At the program level, the Center teaches and models conservation hydrology and watershed health, restorative agriculture and heirloom seed saving, sustainable land management and native species restoration, traditional ecological knowledge, permaculture and ecological design, democratic self-governance and multicultural organizing methods, along with how each person can deepen their own relationship with artistic expression and an emerging culture of gratitude and resilience. The Center's work forms bridges between spheres that are often isolated from one another – environmental and social movements; rural and urban populations; creative thought and right action; and self and community.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

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

Net assets without donor restrictions – Net assets without donor restrictions include revenues generated from all activities other than grants and contributions, which are purpose or time, restricted. Net assets without restrictions are available for all operations conducted by the Center, for future use in operations in accordance with a board-approved plan of action, and investment in property and equipment.

Net assets with donor restrictions – Net assets with donor restrictions include unconditional contributions and grant revenues with purpose or time restrictions with regards to how the funds can be used. Such restrictions can be temporary or permanent. When restrictions are met, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions.

Use of 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 based on management's knowledge and experience. Those estimates affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenue, support and expenses. The use of management's estimates primarily relates to the collectability of contributions and grants receivable and depreciable lives of property and improvements. Actual results could differ from those estimates.

Note 2. Summary of Significant Accounting Policies*, continued*

Cash and Cash Equivalents

The Center considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents, except when a restriction is imposed, which limits the investment's use to long term. Cash is held in demand accounts at banks, and cash balances may exceed the federally insured amounts during the year. The Center has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents consist of net assets with donor restrictions totaling $1,545,667 and $1,545,516 at December 31, 2023 and 2022, respectively.

Contracts Receivable

Contract receivables are stated at the amount the Center expects to collect. The Center maintains allowances for credit losses for estimated losses resulting from the inability of the grantor to make required payments. Management considers the various factors when determining the collectability of specific grant and contract accounts. As of December 31, 2023 and 2022, Management believes all contracts receivable balances were collectable.

Contributions Receivable

Verifiable pledges of unconditional contributions are recorded as contributions receivable and are recognized as support in the year such pledges are made by the donor. Pledges that are expected to be collected within one year are recorded at net realizable value. Pledges that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the pledges are made. Amortization of the discount is included in contribution revenue in the Statements of Activities and Changes in Net Assets. The Center uses the allowance method to reserve for uncollectable accounts, and periodically evaluates the allowance. The Center considers all contributions receivable to be fully collectable at December 31, 2023 and 2022, respectively. Accordingly, no allowance for doubtful accounts was deemed necessary.

Investments

The Center records all investments at fair value in the Statements of Financial Position and investment returns (including realized and unrealized gains and losses on investments, interest and dividends, and investment advisory fees) in the Statements of Activities and Changes in Net Assets. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Note 2. Summary of Significant Accounting Policies*, continued*

Investments*, continued*

Investments are the Center's only financial assets that are measured at fair value on a recurring basis. Investments held by the Center as of December 31, 2023 included equity securities valued at $49,095, with a cost of $49,682. There were no investments held by the Center as of December 31, 2022. The equity security investment is considered a Level 1 financial asset. Investment income for includes interest and dividend income, net of an unrealized loss of $587 for 2023, and net of realized losses of $2,990 for 2022.

Property and Improvements

Property and improvements are stated at cost. It is the Center's policy to capitalize all expenditures for property and improvements costing $5,000 or more on the Statements of Financial Position. Depreciation is computed using the straight-line method over the lesser of the estimated useful lives of the assets or the capital lease period. The lives usually range from 5 to 39 years.

Expenditures for major renewals and betterments that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of the asset may not be recoverable. Management did not identify any impairments in long-lived assets in 2023 or 2022.

Leases

Transactions give rise to leases when the Center receives substantially all of the economic benefits from, and has the ability to direct, the use of the specified property and equipment. The Center primarily has lessee activity that is classified as operating leases.

Operating leases are included in operating lease right-of-use assets, current maturities of operating lease liabilities, and operating lease liabilities, less current maturities in the Statements of Financial Position. Finance leases are included in property and equipment, net, current maturities of finance lease obligations, and finance lease obligations, less current maturities in the Statements of Financial Position. Operating lease right-of-use assets represents the right to use an underlying asset for the lease term and operating lease liabilities represent obligations to make lease payments arising from the lease. Operating lease right-of use assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. When discount rates implicit in leases cannot be readily determined, the Center uses the applicable incremental borrowing rate at lease commencement to perform lease classification tests and to measure lease liabilities and right-of-use assets. Lease expense for operating leases is recognized on a straight-line basis over the lease term. Certain optional renewal periods were not included in the determination of the lease liability and right-of-use asset if management determined it was not reasonably certain that the lease would be extended.

Note 2. Summary of Significant Accounting Policies*, continued*

Leases*, continued*

The Center has agreements with lease and non-lease components, such as common area maintenance, and has elected to account for the lease and non-lease components as separate components. The Center has elected not to recognize right-of-use assets and lease liabilities for leases of terms less than 12 months.

Accrued Vacation

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Center and are included in accrued expenses on the Statements of Financial Position. The employees do not have a vested right to accumulated sick leave. Sick leave benefits are recorded as expenses in the period taken and are not accrued as a liability.

Revenue Recognition

Revenues and expenses from the Center's various programs and services are recognized as they are earned or incurred. Grants are recognized as support when earned in accordance with the terms of each grant or agreement.

Contributions received and unconditional promises to give are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of contribution.

All donor-restricted contributions are reported as increases in net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities and Changes in Net Assets as net assets released from restriction.

Contributions of donated services are recognized at fair value in the year received if they meet specific criteria: 1) services create or enhance non-financial assets, or 2) services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Many individuals volunteer their time and perform a variety of tasks that assist the Center at program activities and fundraising activities; however, these donated services are not reflected in the financial statements, as the services do not require specialized skills.

Deferred Revenue

Deferred revenue represents prepayments for workshops, trainings, and consulting fees, which had not occurred as of December 31, 2023 and 2022.

Note 2. Summary of Significant Accounting Policies, *continued*

Functional Expense Allocation

Expenses that are specifically identifiable are charged directly to the appropriate functional category. All other expenses are charged based on a reasonable allocation. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide the overall support and direction of the Center.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expenses totaled $2,880 and $120 for the years ended December 31, 2023 and 2022, respectively, and included social media, outreach ads, and subscriptions.

Income Taxes

As determined by the Internal Revenue Service, the Center is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code and is not subject to state or federal income taxes.

The Center determines whether its tax positions are "more-likely-than-not" to be sustained upon examination by the applicable taxing authority based on the technical merits of the positions. As of December 31, 2023, the Center has reviewed its tax positions and has concluded no reserve for uncertain tax positions is required. The Center's exempt organization information returns are subject to review through three years after the date of filing for federal and four years after the date of filing for state.

Pronouncement Adopted

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The ASU requires the use of the current expected credit loss (CECL) impairment model, which is based on expected losses rather than incurred losses. Under the new guidance, when an organization acquires a financial instrument, including government contract receivables, it immediately recognizes an allowance equal to its estimate or expected credit losses over the life of the financial instrument. The likely result is that the organization will record an allowance for expected credit losses on government contract receivable earlier under a CECL model than it would under the prior incurred loss model. CECL does not apply to contributions receivable. The Center applied Topic 326 to reporting periods beginning on January 2023. Topic 326 did not have a material impact on the financial statements of the Center.

Reclassification

Certain reclassifications have been made to the prior year's financial statements to conform to the current year presentation. The reclassifications had no effect on previously reported results of operations or net asset balances.

Note 3. Liquidity and Availability of Financial Assets

The following reflects the Center's financial assets reduced by amounts not available for general use because of contractual, donor imposed or board designated restrictions within one year of the Statements of Financial Position date, as of December 31:

	2023	2022
Cash and cash equivalents	$ 2,941,851	$ 2,519,436
Contributions and contracts receivable	1,444,603	910,891
Investments	49,095	-
Total financial assets, at year end	4,435,549	3,430,327
Less those unavailable for general expenditures within one year, due to:		
Donor restrictions	(2,831,639)	(2,347,446)
Financial assets available to meet cash needs for general expenditures within one year	$ 1,603,910	$ 1,082,881

As part of the Center's liquidity, management has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Management evaluates the Center's cash position on quarterly basis and adjusts their budget to manage the cash flow accordingly.

Note 4. Property and Improvements

Property and improvements consist of the following at December 31:

	2023	2022
Buildings and building improvements	$ 5,475,647	$ 4,690,766
Leasehold improvements	853,204	853,204
Furniture, fixtures, equipment, and software	275,864	142,499
Total depreciable assets	6,604,715	5,686,469
Accumulated depreciation	(1,982,958)	(1,734,683)
Net depreciable assets	4,621,757	3,951,786
Construction in progress	89,782	775,137
	$ 4,711,539	$ 4,726,923

Depreciation expense amounted to $272,860 and $246,152 for the years ended December 31, 2023 and 2022, respectively.

Note 5. Operating Leases

The Center leases property located in Occidental California under a non-cancelable lease that expires on December 31, 2033. The lease calls for a monthly rent payment in the amount of $1,250 plus shared expenses. There is no stated interest rate in the lease agreement so the Center used their borrowing rate at the date of the lease commencement of 1.30% as the discount rate for calculating the operating lease liability and operating lease right-of-use asset.

Total lease costs incurred by lease type and type of payment for the years ended December 31 consist of the following:

	2023	2022
Operating lease costs:		
Shared expenses	$ 6,000	$ 7,961
Amortization of lease assets	13,719	13,719
Interest on lease liability	1,818	2,154
	$ 21,537	$ 23,834

The Center deems the rent to be below market rent; however, due to uncertainties around its valuation, they have elected not to record the contribution for the difference between the market rate and the lease agreement rate.

Amortization expense of the lease asset is reported as part of depreciation and amortization expense on the Statements of Functional Expense.

Cash paid for operating cash flows used for operating leases included in the measurement of lease liabilities was $15,000 for both years ended December 31, 2023 and 2022.

At December 31, 2023, the undiscounted future lease payments over the lease term for the operating lease along with a reconciliation of the undiscounted cash flows to operating lease liabilities are as follows:

2024	$ 15,000
2025	15,000
2026	15,000
2027	15,000
2028	15,000
Thereafter	75,000
	150,000
Less: present value discount	(10,359)
Lease liability	$ 139,641

Note 6. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following at December 31:

	2023	2022
Accrued vacation	$ 83,533	$ 41,611
Accounts payable	62,936	97,542
Accrued payroll	38,677	55,458
Other accrued expenses	827	4,152
	$ 185,973	$ 198,763

Note 7. Long-term Pledges Receivable and Note Payable

Note payable as of December 31, 2023 and 2022, consists of a $300,000 promissory note payable (the "Note") to an individual trust, bearing interest at 1.30% per annum. Interest only payments on the unpaid principal balance are due on the last day of December of each year until maturity. A balloon payment of the principal and any unpaid interest has a due date of December 31, 2026. The Note is guaranteed by an individual who has pledged to make the balloon payment upon maturity. The Note is expected to be paid off as soon as the pledge is fulfilled by the donor.

Note 8. Related Party Transactions

The Center leases land from a privately held limited liability company (the "LLC"). Three members of the LLC are employed by the Center including the Executive Director. Lease payments to the LLC totaled $21,000 and $22,961 for the years ended December 31, 2023 and 2022, respectively. In addition to lease payments, the Center paid the LLC for certain shared occupancy costs totaling $31,533 and $25,341 for the years ended December 31, 2023 and 2022, respectively. The Center made capital improvements and purchased buildings located on the leased property owned by the LLC. The net book value of buildings and improvements purchased by the Center was $4,711,539 and $4,726,923 as of December 31, 2023 and 2022, respectively.

Note 9. Net Assets with Donor Restrictions

Net assets with both time and program restrictions imposed by the donors consist of the following at December 31:

	2023	2022
Tribal EcoRestoration Alliance (TERA)	$ 985,874	$ 785,757
Fenceline Watch Project (FLW)	836,202	661,075
People over Plastics (POP)	513,610	294,861
Peak Plastic Foundation (PPF)	342,195	366,715
Promissory note repayment	300,000	300,000
WATER Institute	84,439	-
Celebrating Women's Leadership in Food (CWLF)	68,410	12,771
Leap Lab	909	53,200
Video Project	-	100,000
Mother Garden Biodiversity Program	-	60,000
Resilient Community Design	-	10,750
Movement Building Fund	-	2,317
	$ 3,131,639	$ 2,647,446

The above net assets with donor restrictions are comprised of the following assets as of December 31:

	2023	2022
Restricted cash	$ 1,545,667	$ 1,545,516
Contributions and contracts receivable	1,285,972	801,930
Long-term pledges receivable	300,000	300,000
	$ 3,131,639	$ 2,647,446

Net assets were released from donor restrictions by incurring expenses satisfying the purposes specified by donors during the years ended December 31 as follows:

	2023	2022
Tribal EcoRestoration Alliance (TERA)	$ 521,879	$ 810,086
Peak Plastic Foundation (PPF)	501,820	517,470
People over Plastics (POP)	433,947	321,985
WATER Institute	314,561	205,000
Fenceline Watch Project (FLW)	251,473	192,720
Video Project	100,000	-
Celebrating Women's Leadership in Food (CWLF)	82,557	47,149
Mother Garden Biodiversity Program	63,250	90,273
Leap Lab	52,458	70,993
Resilient Community Design	15,750	-
Movement Building Fund	2,317	-
Wildlands	-	37,400
	$ 2,340,012	$ 2,293,076

Note 10. Fiscal Sponsorship

From time to time, the Center provides fiscal sponsorship to organizations that are in the process of obtaining exempt organization status. One of these such fiscal sponsorships has been provided to Tribal EcoRestoration Alliance (“TERA”), a multi-tribal coalition based in Lake County, California, in the ancestral territories of Eastern Pomo, Southeastern Pomo, Lake Miwok, and Wappo people, with a mission to cultivate land stewardship, livelihood, and leadership skills that weave collaborative relationships between Tribal members and the community at large, for the benefit of all lands and beings. As of December 31, 2023, the Center had net assets with donor restrictions related to TERA in the amount of $1,105,517, as well as vehicles and equipment for TERA programs with a net book value of $158,091.

Subsequent to year-end in 2024, TERA received their own nonprofit status. As of the report date, TERA is in the process of establishing their own governing board and transferring their contracts and projects to their new independent organization. The Center is in the process of transferring all assets that had been acquired for the TERA projects.

Note 11. Subsequent Events

The Center evaluated subsequent events from January 1, 2024 through September 4, 2024, the date which the financial statements were available to be issued, and determined that other than the transfer of assets to TERA as discussed in Note 10, there are no other material subsequent events that required recognition or additional disclosure in these financial statements.