



THE OJAI VALLEY LAND CONSERVANCY

FINANCIAL STATEMENTS

June 30, 2020

*D*AMITZ
*B*ROOKS
*N*IGHTINGALE
*T*URNER
*M*MORRISSET



INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Ojai Valley Land Conservancy

We have audited the accompanying statements of the Ojai Valley Land Conservancy (the "OVLC"), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses and cash flows for the nine months 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 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 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 entity'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 the Ojai Valley Land Conservancy as of June 30, 2020, and the changes in its net assets and its cash flows for the nine months then ended in conformity with accounting principles generally accepted in the United States of America.

Uncertainties

As discussed in Note 16 to the financial statements, on March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The ultimate financial impact and duration of these events cannot be reasonably estimated at this time. Our opinion is not modified with respect to that matter.

Report on Summarized Comparative Information

We have previously audited the financial statements of the OVLC as of June 30, 2019, and we expressed an unmodified audit opinion on those financial statements in our report dated May 4, 2020. In our opinion, the summarized comparative financial information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

DAMITZ, BROOKS, NIGHTINGALE, TURNER & MORRISSET

Damitz, Brooks, Nightingale,
Turner & Morrisset
Santa Barbara, California
January 25, 2021

THE OJAI VALLEY LAND CONSERVANCY
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THE OJAI VALLEY LAND CONSERVANCY
Statement of Financial Position
June 30, 2020
(With Summarized Information as of September 30, 2019)

| <i>Assets</i> | Without Donor Restrictions | With Donor Restrictions | Total 2020 | Total 2019 |
|------------------------------------------------|-------------------------------|----------------------------|---------------------|---------------------|
| <i>Current Assets</i> | | | | |
| Cash and cash equivalents | \$ 1,338,586 | \$ 15,575 | \$ 1,354,161 | \$ 1,217,714 |
| Contracts receivable | 273,785 | - | 273,785 | 304,917 |
| Inventory | 22,188 | - | 22,188 | 13,046 |
| Prepaid expenses | 12,522 | - | 12,522 | 10,225 |
| <i>Total current assets</i> | 1,647,081 | 15,575 | 1,662,656 | 1,545,902 |
| <i>Other Assets</i> | | | | |
| Investments | 745,984 | 185,000 | 930,984 | 955,541 |
| Deposits | 2,212 | - | 2,212 | 2,212 |
| Construction in progress | 77,547 | - | 77,547 | 63,128 |
| Property held for conservation purposes, net | 6,547,273 | - | 6,547,273 | 6,573,778 |
| Property and equipment, net | 51,743 | - | 51,743 | 64,992 |
| <i>Total other assets</i> | 7,424,759 | 185,000 | 7,609,759 | 7,659,651 |
| <i>Total assets</i> | \$ 9,071,840 | \$ 200,575 | \$ 9,272,415 | \$ 9,205,553 |
| <i>Liabilities and Net Assets</i> | | | | |
| <i>Current Liabilities</i> | | | | |
| Accounts payable | \$ 20,044 | \$ - | \$ 20,044 | \$ 2,499 |
| Accrued payroll | 38,140 | - | 38,140 | 35,384 |
| Accrued expenses | 3,596 | - | 3,596 | 9,073 |
| Deposits received | - | - | - | 3,500 |
| Deferred revenue | 61,248 | - | 61,248 | 107,645 |
| <i>Total current liabilities</i> | 123,028 | - | 123,028 | 158,101 |
| <i>Other Liabilities</i> | | | | |
| SBA EIDL loan | 25,000 | - | 25,000 | - |
| <i>Total other liabilities</i> | 25,000 | - | 25,000 | - |
| <i>Total Liabilities</i> | 148,028 | - | 148,028 | 158,101 |
| <i>Net Assets</i> | | | | |
| Without donor restrictions | | | | |
| Undesignated | 8,796,980 | - | 8,796,980 | 8,669,088 |
| Board designated | 126,832 | - | 126,832 | 126,832 |
| Total net assets without donor restrictions | 8,923,812 | - | 8,923,812 | 8,795,920 |
| With donor restrictions | | | | |
| Restricted for specified purpose | - | 15,575 | 15,575 | 66,532 |
| Restricted in perpetuity | - | 185,000 | 185,000 | 185,000 |
| Total net assets with donor restrictions | - | 200,575 | 200,575 | 251,532 |
| <i>Total net assets</i> | 8,923,812 | 200,575 | 9,124,387 | 9,047,452 |
| <i>Total liabilities and net assets</i> | \$ 9,071,840 | \$ 200,575 | \$ 9,272,415 | \$ 9,205,553 |

THE OJAI VALLEY LAND CONSERVANCY

Statement of Activities

Nine Months Ended June 30, 2020

(With Summarized Information for the Year Ended September 30, 2019)

| | Without Donor Restrictions | With Donor Restrictions | Total 2020 | Total 2019 |
|--------------------------------------------------|-------------------------------|----------------------------|---------------------|---------------------|
| <i>Support, Revenues, and Gains</i> | | | | |
| <i>Public Support</i> | | | | |
| Bequests | \$ 25,532 | \$ - | \$ 25,532 | \$ 454,980 |
| Contributions | 560,753 | 65,334 | 626,087 | 615,558 |
| Donated services | 26,319 | - | 26,319 | 39,740 |
| <i>Total public support</i> | <u>612,604</u> | <u>65,334</u> | <u>677,938</u> | <u>1,110,278</u> |
| <i>Revenues and Gains</i> | | | | |
| Contracts | 335,068 | - | 335,068 | 329,465 |
| Special events: | | | | |
| Special events - gross proceeds | 11,440 | - | 11,440 | 94,681 |
| Direct special event costs | (7,040) | - | (7,040) | (66,111) |
| Net special events proceeds | 4,400 | - | 4,400 | 28,570 |
| Investment income (loss), net | (34,979) | | (34,979) | 68,423 |
| Insurance proceeds | 10,000 | - | 10,000 | - |
| Rental income | 26,348 | - | 26,348 | 45,938 |
| Other income | 5,787 | - | 5,787 | 19,359 |
| Net assets released from restrictions | 116,291 | (116,291) | - | - |
| <i>Total revenues and gains</i> | <u>462,915</u> | <u>(116,291)</u> | <u>346,624</u> | <u>491,755</u> |
| <i>Total support, revenues, and gains</i> | <u>1,075,519</u> | <u>(50,957)</u> | <u>1,024,562</u> | <u>1,602,033</u> |
| <i>Expenses</i> | | | | |
| <i>Program Services</i> | | | | |
| Programs | 478,712 | - | 478,712 | 940,440 |
| <i>Supporting Services</i> | | | | |
| Management and general | 349,175 | - | 349,175 | 322,113 |
| Fundraising | 119,740 | - | 119,740 | 73,634 |
| <i>Total supporting services</i> | <u>468,915</u> | <u>-</u> | <u>468,915</u> | <u>395,747</u> |
| <i>Total expenses</i> | <u>947,627</u> | <u>-</u> | <u>947,627</u> | <u>1,336,187</u> |
| <i>Increase (decrease) in net assets</i> | 127,892 | (50,957) | 76,935 | 265,846 |
| <i>Net assets, beginning of year</i> | <u>8,795,920</u> | <u>251,532</u> | <u>9,047,452</u> | <u>8,781,606</u> |
| <i>Net assets, end of year</i> | <u>\$ 8,923,812</u> | <u>\$ 200,575</u> | <u>\$ 9,124,387</u> | <u>\$ 9,047,452</u> |

THE OJAI VALLEY LAND CONSERVANCY
Statement of Functional Expenses
 Nine Months Ended June 30, 2020
 (With Summarized Information for the Year Ended September 30, 2019)

| | <u>Projects</u> | <u>Supporting Services</u> | | | Total 2020 | Total 2019 |
|--------------------------------------------------------------------------------|-------------------|----------------------------|-------------------|------------------------------|-------------------|---------------------|
| | Total Programs | Management and General | Fundraising | Total Supporting Services | | |
| Salaries and wages | \$ 256,356 | \$ 123,853 | \$ 70,556 | \$ 194,409 | \$ 450,765 | \$ 502,205 |
| Payroll taxes | 22,081 | 10,668 | 6,077 | 16,745 | 38,826 | 45,576 |
| Employee benefits | 26,273 | 12,693 | 7,231 | 19,924 | 46,197 | 51,080 |
| Bank fees | - | 762 | 3,828 | 4,590 | 4,590 | 6,955 |
| Contract labor | 105,222 | 7,764 | 200 | 7,964 | 113,186 | 241,398 |
| Depreciation and amortization | - | 41,585 | - | 41,585 | 41,585 | 58,668 |
| Dues and subscriptions | 190 | 6,605 | - | 6,605 | 6,795 | 10,670 |
| Event expenses | - | - | 7,040 | 7,040 | 7,040 | 66,111 |
| Insurance | - | 19,018 | - | 19,018 | 19,018 | 15,389 |
| Occupancy | 8,256 | 3,989 | 2,272 | 6,261 | 14,517 | 19,356 |
| Materials and supplies | 19,735 | 3,796 | 1,999 | 5,795 | 25,530 | 49,646 |
| Office expenses | 3,836 | 12,047 | 5,380 | 17,427 | 21,263 | 40,514 |
| Postage | 2,066 | 2,352 | 4,169 | 6,521 | 8,587 | 10,899 |
| Professional fees | 21,535 | 71,223 | 1,225 | 72,448 | 93,983 | 119,476 |
| Repairs and maintenance | 3,526 | 25,178 | 1,423 | 26,601 | 30,127 | 30,421 |
| Travel | 7,746 | 3,815 | 1,606 | 5,421 | 13,167 | 35,215 |
| Escrow fees | - | - | - | - | - | 31,792 |
| Newsletter and printing | 1,890 | 3,827 | 13,774 | 17,601 | 19,491 | 24,094 |
| Other expense | - | - | - | - | - | 42,833 |
| Total expenses by function | <u>478,712</u> | <u>349,175</u> | <u>126,780</u> | <u>475,955</u> | <u>954,667</u> | <u>1,402,298</u> |
| Less expenses included with revenues on the statement of activities | | | | | | |
| Events expenses | - | - | (7,040) | (7,040) | (7,040) | (66,111) |
| 2020 Total expenses | <u>\$ 478,712</u> | <u>\$ 349,175</u> | <u>\$ 119,740</u> | <u>\$ 468,915</u> | <u>\$ 947,627</u> | <u>\$ 1,336,187</u> |
| 2019 Total expenses | <u>\$ 940,440</u> | <u>\$ 322,113</u> | <u>\$ 73,634</u> | <u>\$ 395,747</u> | | |

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

THE OJAI VALLEY LAND CONSERVANCY
Statement of Cash Flows
 Nine Months Ended June 30, 2020
 (With Summarized Information for the Year Ended September 30, 2019)

| | 2020 | 2019 |
|-------------------------------------------------------------------------------------------------|---------------------|---------------------|
| <i>Cash flows from operating activities</i> | | |
| Increase in net assets | \$ 76,935 | \$ 265,846 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities | | |
| Loss on sale of vehicle | 1,836 | - |
| Depreciation | 41,585 | 58,668 |
| Net realized gain on investments | - | (61,000) |
| Net decrease in unrealized gain on investments | 50,754 | 15,795 |
| Donated securities | (11,278) | - |
| (Increase) decrease in: | | |
| Pledges receivable | - | 50,000 |
| Grants and contracts receivable | 31,132 | (146,359) |
| Inventory | (9,142) | (779) |
| Prepaid expenses | (2,297) | (3,829) |
| Deposits | - | (1,491) |
| Increase (decrease) in: | | |
| Accounts payable | 17,545 | (29,171) |
| Accrued payroll and related liabilities | 2,756 | (8,644) |
| Deposits | (3,500) | - |
| Credit cards payable | (5,477) | (1,438) |
| Deferred revenue | (46,397) | (23,044) |
| <i>Net cash provided by operating activities</i> | 144,452 | 114,554 |
| <i>Cash flows from investing activities</i> | | |
| Proceeds from sale of property | - | 442,891 |
| Proceeds from sale of vehicle | 2,166 | - |
| Purchase of property and equipment | (5,833) | (43,007) |
| Purchase of property held for conservation and improvements | (14,419) | (180,704) |
| Proceeds from sales of investments | - | 2,192 |
| Purchase of investments | (14,919) | (197,864) |
| <i>Net cash provided (used) by investing activities</i> | (33,005) | 23,508 |
| <i>Cash flows from financing activities</i> | | |
| Paycheck protection program loan | 116,195 | - |
| Paycheck protection program loan conditions met | (116,195) | - |
| SBA EIDL loan | 25,000 | - |
| <i>Net cash provided by financing activities</i> | 25,000 | - |
| Net increase in cash and cash equivalents | 136,447 | 138,062 |
| <i>Cash and cash equivalents, beginning of year</i> | 1,217,714 | 1,079,652 |
| <i>Cash and cash equivalents, end of year</i> | \$ 1,354,161 | \$ 1,217,714 |

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

The Ojai Valley Land Conservancy
Notes to Financial Statements
June 30, 2020

1. ORGANIZATION AND ACTIVITIES

Nature of the OVLC

The Ojai Valley Land Conservancy (the “OVLC”), a California non-profit public benefit corporation, was established and incorporated in 1987. The OVLC is a community based non-profit organization working with partners to permanently protect the open space, natural scenic beauty, wildlife, habitat, and watershed of the Ojai Valley for current and future generations. The OVLC facilitates and manages partnerships among private landowners, educational institutions and government agencies to acquire and steward priority lands and provides information and materials to the public on ecology and land conservation issues.

Accreditation

In September 2016, the Land Trust Accreditation Commission, an independent program of the Land Trust Alliance accredited the OVLC. This accreditation indicates the OVLC meets national quality standards for protecting important natural places and working lands forever and lets the public know that the accredited land trust has undergone an extensive, external review of the governance and management of its organization and the systems and policies it uses to protect land. The accreditation review is performed every 5 years.

Activities

The OVLC acquires land and conservation easements by purchase and by donation. As of June 30, 2020, the OVLC manages roughly 2,400 acres of open space in the Ojai Valley of which 2,000 acres are open for free public access. Donated interests in lands, where the landowner wishes to be eligible for certain federal and state conservation tax benefits, are required to have an appraisal commissioned by the landowner, in accordance with U.S. Internal Revenue Code Section 170(f)(11). When used to substantiate a tax deduction or credit, landowner appraisals are subject to federal and state tax audit, including penalties for misstatement of values in the appraisal. Purchased land interests require an appraisal prepared for the OVLC to the standards of the federal, state or local funding agency or private donor. The OVLC also engages in land stewardship and natural resource restoration projects, small scale and large, in collaboration with private landowners, public agencies and local community groups.

During the nine months ended June 30, 2020, the OVLC was actively involved in several land conservation, restoration, public access and education projects, including, but not limited to:

A. Nature Preserves (Owned by the OVLC)

Ojai Meadows Preserve - The preserve was established in 2002, and comprises 58 acres of oak woodland, grasslands, and wetlands. It is one of the last remaining grasslands on the east side of the Ventura River with impressive views of the surrounding Los Padres National Forest.

1. ORGANIZATION AND ACTIVITIES (Cont.)

The preserve is connected to three other oak woodlands properties that hold high conservation values. Ultimately, the OVLC's goal is to protect critical wildlife corridors between this preserve, the Ventura River, and San Antonio Creek. The meadows had been heavily disturbed by humans, but the OVLC is restoring and expanding the wetland, plant oaks, native plants, and reintroducing native grasses. This long-term project will improve habitat for birds and other wildlife. Since the restoration of the wetland, more than 100 bird species have returned to the preserve and 185 different bird species have been counted on the preserve. Walking trails are open to the public during daylight hours. These paths are enjoyed by hikers and bicyclists. Four schools are adjacent to the preserve and teachers use the area for outdoor and environmental education. The site is also used by bird watchers, artists, and others seeking a break from urban life.

Ventura River-Confluence Preserve - The Ventura River Confluence Preserve was established in April 2004. It's a 13-acre parcel named for the merging of the Ventura River and San Antonio Creek. Old-growth cottonwood and sycamores tower over lush undergrowth, providing one of the only remaining examples of vanishing Ventura River forests. The Ventura River and San Antonio Creek come together in a willow forest. The rich riparian habitat is home to a wide variety of wildlife such as the federally endangered red legged frog and southern steelhead trout. This open space bounds both sides of Highway 33 just south of the San Antonio Creek Bridge at the base of the Arnaz Grade.

San Antonio Creek Preserve - Nine acres of open space including a year-round section of San Antonio Creek, dramatic views of Sulphur Mountain and a part of the wildlife corridor to the Ojai Meadows Preserve are just a few highlights of this preserve. A longtime eyesore covered in junked cars, debris, and derelict buildings, the property was cleaned-up and generously donated by Betty McCurley in March 2002. The property is open to the public by written permission only.

Rio Vista Preserve - The 54-acre Rio Vista Preserve is less than a half mile from the Confluence Preserve on the Ventura River. The preserve is three-quarters of a mile long and sits next to the Ojai-Ventura bike path. The land was acquired in 2009, with a grant from the California Coastal Conservancy. The OVLC has successfully removed the damaging invasive plant giant reed (*Arundo donax*), so that live oaks, alluvial scrub, and endangered Least Bell's vireo can return. This restored land is an important asset in protecting a free-flowing river and wildlife corridor.

Ventura River Preserve - Located in the western Ojai Valley, the Ventura River Preserve protects 1,600 acres and three miles of the Ventura River and surrounding canyons. Diverse topography creates ideal conditions for a variety of plant communities. Steep north facing slopes in Will's Canyon offer refuge for shade-loving plants while chaparral blanketed hillsides are exposed to summer sun. Pockets of grasslands and meadows offer a colorful variety of spring wildflowers and grasses. This land is a haven for over 300 animal and plant species.

1. ORGANIZATION AND ACTIVITIES (Cont.)

The preservation of this property is made even more significant by its location adjacent to the Los Padres National Forest and the Ventura River watershed. The OVLC has a highly significant restoration project occurring on this parcel to restore the bottomland oak woodlands. This preserve is open to the public during daylight hours. It offers over twelve miles of mixed-use trails for hikers, mountain bikers, and equestrians to enjoy. This preserve has reconnected people back to the Ventura River.

In June 2019, OVLC added a 31.15-acre parcel to the Ventura River Preserve which includes portions of the Ventura River. This additional property has the same attributes of the larger, contiguous Preserve property.

Ilvento Preserve - The Ilvento Preserve was the first land acquisition for the OVLC when it was donated by the Ilvento Family in December of 1996. The 80-acre chaparral ridge is located near the Thacher School on the east end of the Ojai Valley. The preserve has diverse native plant communities and provides habitat linkages for wildlife.

Ventura River Steelhead Preserve - In June 2011, the OVLC received a grant from the state Coastal Conservancy and acquired 65 acres and an additional mile of the Ventura River that offers perhaps the river's best refuge for the endangered Southern California Steelhead, as well as a home for several other rare, threatened, or endangered species. The Ventura River Steelhead Preserve also has a historic ranch house and out-buildings which are currently leased by the OVLC to pay for the upkeep of the preserve.

Valley View Preserve - In 2013, the OVLC purchased 208 acres near downtown Ojai and the Valley View Preserve was established. The purchase of this preserve was entirely community funded. The south facing chaparral covered hills of the Valley View Preserve serve as the natural scenic backdrop to the north end of the Ojai Valley. Not only offering the iconic view from town, hiking the preserve's steep trails offers a spectacular view of the Ojai Valley as well. This preserve provides access to hiking trails less one mile from downtown Ojai, and provides important trail connections into the Los Padres National Forest.

Senior Canyon Preserve - In August 2014, the OVLC was the successful bidder at auction of an important 160-acre parcel for the Ojai Valley's water supply. The forested parcel on the edge of the Ojai Valley is remote, wild, and largely surrounded by national forest. It is also an important catchment basin that provides water to a number of Ojai Valley residents. Due to its role as a water supply and important wildlife habitat, the preserve is closed to the public.

B. Conservation Easements and Stewardship

Fuel Break Trail Easement - Runs east/west and is approximately one mile long, connecting the U.S. Forest Service's (USFS) Fuelbreak Road and Gridley Trail. The trail easement ensures permanent access through private property linking numerous trails to other USFS and OVLC trails, including those on the nearby Valley View Preserve.

1. ORGANIZATION AND ACTIVITIES (Cont.)

Oso Ridge Conservation Easement – Provides views of Rancho Matilija and the surrounding area with views of Lake Casitas. The easement provides the high point of the entire Ventura River Preserve at 1,320 feet, which provides a panoramic view of the preserve and Ojai Valley.

Wilson Conservation Easement - Protects 36 acres of pastureland and oak woodland featuring several waterways important to the protection of the San Antonio Creek, the largest tributary to the Ventura River. This land's relatively rare intact riparian woodland provides a home for a variety of animals including bobcat, coyote, mule deer, mountain lion, California quail, Least Bell's Vireo, Southern steelhead trout, Southwestern pond turtle and Pacific tree frog.

Krishnamurti Foundation of America Trail Easement - The newly opened trails on this 5-year trail easement offers an up-close view of one of Ojai's signature landscapes along Highway 33 and connects more neighborhoods to the Ojai Meadows Preserve.

Other Activities

In addition to land preservation, the OVLC also provides the following:

Ecological Restoration – The OVLC has an active grant-funded restoration program. Work has mainly focused on the Ojai Meadows Preserve, Ventura River, and San Antonio Creek. Restoration projects have included removing invasive species such as *Arundo donax* from the watershed, restoring wetlands, restoring native oak woodlands and oak savannas as well as restoring old orchards back to native habitat. The OVLC seeks to expand its restoration activities with a programmatic objective of enhancing water resilience.

Trailhead Hosts - The OVLC trained docents may work at various OVLC preserve trailheads to provide services to visitors looking for information about trails, wildlife, plants, history, scenic places, restoration projects, etc.

Interpretive Tours - The OVLC trained docents may assist with school groups, preserve tours, hikes, and nature walks. Each tour or hike has an individual theme dependent on the interests of the individual docent or the group requesting the tour.

California Naturalist Program – The OVLC offers this unique program annually in partnership with University of California Cooperative Extension. The California Naturalist training is an innovative program developed by the University of California Cooperative Extension to foster a committed corps of volunteer naturalists and citizen scientists trained and ready to take an active role in natural resource conservation, education, and restoration. The course is a combination of classroom work and field training.

All About Ojai -All About Ojai is the OVLC's environmental learning series. The OVLC hosts approximately ten educational programs a year ranging from lectures, films, nature walks, and tours on a variety of topics. Free to current donors, and \$10 for non-donors it is a great way to learn more about our local area and larger environmental issues.

1. ORGANIZATION AND ACTIVITIES (Cont.)

Wild About Ojai – In addition to the OVLC’s business sponsor program, Wild About Ojai provides businesses of any size with a program to support the OVLC. Joining requires a commitment to either add a voluntary 1% donation to all goods and services, or to donate 1% of gross income to the OVLC. All funds from the Wild About Ojai program go to stewarding the OVLC’s lands.

Mountainfilm on Tour – Each year the OVLC hosts Mountainfilm on Tour, bringing the original films and experience of the annual festival in Telluride to Ojai. This community event brought 2,000 people together in 2019 to enjoy live music and inspiring films. Coupled with Under the Open Sky, a night of dinner and film before the main event Saturday night, this is OVLC’s premier event.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

Accounting principles generally accepted in the United States of America (GAAP) require that the OVLC report information regarding its financial position and activities according to two classes of net assets based on the existence and nature of donor-imposed restrictions as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the OVLC.

Net assets with donor restrictions: Net assets with donor restrictions are classified as such based on the nature of donor restrictions. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the OVLC or by the passage of time. When a restriction expires or is met, donor restricted net assets are reclassified to net assets without donor restrictions and are reported in the accompanying statement of activities as net assets released from restrictions. Other donor restrictions are permanent in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Fiscal Year Change

Effective October 1, 2019, the OVLC changed from a fiscal year end of September 30 to June 30. A nine month fiscal transition period from October 1, 2019 through June 30, 2020, precedes the start of the new fiscal year cycle.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Prior-Period Summarized Information

The financial statements include certain prior-period summarized comparative information in total but not presented by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the OVLC's financial statements for the year ended September 30, 2019 from which the summarized information was derived.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents consists of cash on hand, cash in banks, cash in money market funds and certificates of deposit and exclude cash equivalents held for investment. The OVLC includes in cash equivalents certificates of deposit regardless of maturity date. Certificates of deposit are valued at face value as an estimate of fair value. Total certificates of deposit with maturity dates in excess of 90 days was approximately \$372,600 as of June 30, 2020.

Revenue Recognition

All revenue is recognized in the period when the contribution or unconditional promise to give is received. In the absence of donor restrictions, contributions are considered to be available for use. All donor restricted contributions are reported as increases in net assets with donor restrictions.

Investments

Investments in marketable securities with readily determinable fair values and all investments in marketable debt securities are valued at their fair values in the statement of financial position. There were no investment advisory fees for the nine months ended June 30, 2020 and the year ended September 30, 2019, respectively.

Property and Equipment

The OVLC's investment in farm vehicles, furniture and computer equipment is stated at cost, or fair market value if donated. Expenditures for maintenance and repairs are charged to operations as incurred. Depreciation is calculated using the straight-line method over an estimated useful life of three to twenty seven and a half years. The OVLC capitalizes all assets which have a useful life greater than one year and a cost greater than \$2,500.

Property Held for Conservation Purposes

Property held for conservation purposes includes purchased or donated properties and conservation easements to be maintained as nature preserves. Purchased land is stated at the lesser of cost or fair market value. Donated properties are initially recorded at their appraised values at the date of contribution, and are carried at the lower of this amount or fair market value. Preserved land and conservation easements are treated as commitments and are recorded in property held for conservation purposes as \$1 each and also net assets with donor restrictions. All nature reserve land and buildings have fair market values of \$0 due primarily to deed restrictions, which affect potential sales.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Fair Value Measurements

Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures* issued by the Financial Accounting Standards Board (FASB) defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. Pursuant to ASC 820, assets and liabilities recorded at fair value are categorized based upon the level of judgment associated with the inputs used to measure fair value. ASC 820 establishes a three-level fair value hierarchy that describes the inputs that are used to measure the fair values of respective assets and liabilities:

Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date.

Level 2 – Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

Following is a description of the valuation methodologies used for investments measured at fair value.

Cash: Valued at face value (Level 1)

Cash equivalents – money market funds: Valued at face value. (Level 1)

Common stock and exchange traded funds: Valued utilizing quoted prices available in active markets for identical investments as of the reporting date. (Level 1)

Donated Services

The OVLC recognizes contribution revenue for specialized services that would otherwise be purchased by the OVLC in an amount equal to the fair value of those services. Donated services, which meet certain authoritative criteria and can be objectively valued, have been reflected as contributions in-kind in the accompanying statements. The OVLC received donated services from a variety of unpaid volunteers which included 1,406 hours for programs, 289 hours for management and general, and 277 hours for fundraising. Although these services are an integral part of OVLC's ability to sustain OVLC's mission, they do not meet the criteria for recognition under GAAP.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Functional Expenses

The OVLC allocates its expenses on a functional basis among its various projects and support services. Expenses that can be identified with a specific project and support service are allocated directly according to their expenditure classification. Other expenses that are common to several functions are allocated using various statistical bases.

Contracts

Contracts are received from federal, state, and local agencies are recorded as contract revenue as the related costs are incurred. Costs incurred under the contracts are subject to audit by government agencies. Management believes that the disallowance of costs, if any, would not be material to the financial statements. Amounts received prior to OVLC providing services required by the grant or contract are recorded as contract liabilities. There were no contract liabilities as of June 30, 2020.

Tax Exempt Status

The OVLC is an exempt OVLC under Section 501(c)(3) of the Internal Revenue Code (IRC) and Section 23701(d) of the California Revenue and Taxation Code, and is considered a public charity.

Uncertain Tax Positions

Financial Accounting Standards Board's ASC 740-10, *Accounting for Uncertainty in Income Taxes*, prescribes a threshold for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The OVLC files tax returns in the U.S. federal jurisdiction and in the state of California. The OVLC's tax returns from the year 2016 to the present remain subject to examination by the IRS for federal tax purposes, and the tax years from 2015 to the present remain subject to examination by the state of California. Management has evaluated its tax positions for all jurisdictions in which the statute of limitations remains open and has determined that the OVLC had taken no uncertain tax positions that require adjustment to the financial statements. The OVLC is not aware of any activities that are subject to tax on unrelated business income, excise or other taxes.

Use of Estimates

Financial statements prepared in accordance with GAAP require management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Subsequent Events and Uncertainties

Management has evaluated subsequent events through January 25, 2021, the date which the financial statements were available to be issued. Refer to Note 16, subsequent events and uncertainties.

3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following as of June 30, 2020:

| | |
|----------------------------------|---------------------|
| Cash and cash equivalents | \$ 1,338,586 |
| Investments | 745,984 |
| Grants and contracts receivable | 273,785 |
| Less board-designated endowments | <u>(126,832)</u> |
| | <u>\$ 2,231,523</u> |

Based on the available liquidity as of June 30, 2020 and expected cash income for the fiscal year ending June 30, 2021, the OVLC does not anticipate using the board-designated endowments during the fiscal year ending June 30, 2021.

4. INVESTMENTS

Investments consist of the following as of:

| <u>June 30, 2020</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Excess (Deficit) Of Fair Value Over Cost</u> |
|-----------------------|-------------------|-------------------|---------------------------------------------------------|
| Cash | \$ 12,907 | \$ 12,907 | \$ - |
| Common Stock | 6,519 | 9,561 | 3,042 |
| Exchange traded funds | | | |
| Real estate | 41,080 | 36,736 | (4,344) |
| US equity | 177,701 | 229,010 | 51,309 |
| Foreign equity | 266,532 | 275,454 | 8,922 |
| Fixed income | 334,852 | 332,470 | (2,382) |
| Other | <u>50,809</u> | <u>34,846</u> | <u>(15,963)</u> |
| | <u>\$ 890,400</u> | <u>\$ 930,984</u> | <u>\$ 40,584</u> |

4. INVESTMENTS (Cont.)

| <u>September 30, 2019</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Excess (Deficit) Of Fair Value Over Cost</u> |
|---------------------------|-------------------|-------------------|---------------------------------------------------------|
| Cash | \$ 9,607 | \$ 9,607 | \$ - |
| Exchange traded funds | | | |
| Real estate | 39,839 | 47,789 | 7,950 |
| US equity | 173,707 | 230,537 | 56,830 |
| Foreign equity | 258,860 | 287,566 | 28,706 |
| Fixed income | 331,381 | 333,063 | 1,682 |
| Other | 50,809 | 46,979 | (3,830) |
| | <u>\$ 864,203</u> | <u>\$ 955,541</u> | <u>\$ 91,338</u> |

Investment income (loss) consists of the following for the nine months ended June 30, 2020 and the year ended September 20, 2019:

| | <u>2020</u> | <u>2019</u> |
|----------------------------------------|--------------------|------------------|
| Dividends and interest | \$ 15,775 | \$ 23,218 |
| Gain on sale of property held for sale | - | 61,000 |
| Net change in unrealized gain | <u>(50,754)</u> | <u>(15,795)</u> |
| | <u>\$ (34,979)</u> | <u>\$ 68,423</u> |

5. FAIR VALUE MEASUREMENTS

The following sets forth by level, within the fair value hierarchy, the OVLC's assets measured at fair value on a recurring basis as of June 30, 2020:

| | <u>Fair Value (Level 1)</u> | <u>Fair Value (Level 2)</u> | <u>Fair Value (Level 3)</u> |
|-----------------------|---------------------------------|---------------------------------|---------------------------------|
| Cash | \$ 12,907 | \$ - | \$ - |
| Common stock | 9,561 | - | - |
| Exchange traded funds | 908,516 | - | - |
| | <u>\$ 930,984</u> | <u>\$ -</u> | <u>\$ -</u> |

The following sets forth by level, within the fair value hierarchy, the OVLC's assets measured at fair value on a recurring basis as of September 30, 2019:

| | <u>Fair Value (Level 1)</u> | <u>Fair Value (Level 2)</u> | <u>Fair Value (Level 3)</u> |
|-----------------------|---------------------------------|---------------------------------|---------------------------------|
| Cash | \$ 9,607 | \$ - | \$ - |
| Exchange traded funds | 945,934 | - | - |
| | <u>\$ 955,541</u> | <u>\$ -</u> | <u>\$ -</u> |

6. PROPERTY HELD FOR CONSERVATION PURPOSES

Property held for conservation purposes is summarized by major classifications as follows at June 30, 2020 and September 30, 2019:

| | <u>2020</u> | <u>2019</u> |
|-----------------------------------------------|---------------------|---------------------|
| Land easements | \$ 5 | \$ 5 |
| Land and building | <u>7,116,721</u> | <u>7,116,721</u> |
| | 7,116,726 | 7,116,726 |
| Less accumulated depreciation | <u>(569,453)</u> | <u>(542,948)</u> |
| | 6,547,273 | 6,573,778 |
| Construction in progress | <u>77,547</u> | <u>63,128</u> |
| Total property held for conservation purposes | <u>\$ 6,624,820</u> | <u>\$ 6,636,906</u> |

Depreciation and amortization expense for the nine months ended June 30, 2020 and the year ended September 30, 2019, was approximately \$26,500 and \$48,300, respectively.

7. PROPERTY AND EQUIPMENT

Property and equipment are summarized by major classifications as follows at June 30, 2020 and September 30, 2019.:

| | <u>2020</u> | <u>2019</u> |
|------------------------------------------------|------------------|------------------|
| Furniture | \$ 16,964 | \$ 16,964 |
| Office equipment | 30,510 | 24,677 |
| Machinery and equipment | 7,738 | 7,738 |
| Vehicles | <u>52,722</u> | <u>57,673</u> |
| | 107,934 | 107,052 |
| Less accumulated depreciation and amortization | <u>(56,191)</u> | <u>(42,060)</u> |
| | <u>\$ 51,743</u> | <u>\$ 64,992</u> |

Depreciation expense for the nine months ended June 30, 2020 and the year ended September 30, 2019 was approximately \$15,100 and \$10,400, respectively.

8. OPERATING LEASE

The OVLC leases its office on a month to month basis and has rent payments of \$1,613 per month.

9. NOTE PAYABLE

In June 2020, the OVLC received an Economic Injury Disaster Loan (EIDL) from the Small Business Administration in the amount of \$25,000. The note bears an interest rate of 2.75% and matures in June 2051.

The following is a schedule by year of the maturity of the note payable:

| Year ending June 30, | | |
|----------------------|----|---------------|
| 2021 | \$ | 73 |
| 2022 | | 886 |
| 2023 | | 910 |
| 2024 | | 936 |
| 2025 | | 962 |
| Thereafter | | <u>21,233</u> |
| | \$ | <u>25,000</u> |

No interest was due on the note for the nine months ended June 30, 2020.

10. CONDITIONAL GRANT

Paycheck Protection Program Loan

In May 2020, the OVLC received a loan of approximately \$116,200 under the Small Business Administration Payroll Protection Program. Loans received under this program are eligible for forgiveness as documented in the regulations. The OVLC has met the forgiveness criteria described in the regulations for approximately \$116,200 as of June 30, 2020. In accordance with ASC 958, the OVLC has recognized the loan which has met the forgiveness criteria as grant income in the statement of activities.

11. CONCENTRATIONS AND RISKS

Credit Risk

The OVLC maintains cash balances at several financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. Cash balances held in brokerage accounts are insured by the Securities Investor Protection Corporation (SIPC) up to \$250,000 per institution. Uninsured cash balances at June 30, 2020 totaled approximately \$927,200. The uninsured cash balances primarily consisted of funds invested in short term insured funds.

11. CONCENTRATIONS AND RISKS (Cont.)

Market Risk

The OVLC holds its investments in a diversified portfolio, pursuant to a Board adopted investment policy. Nevertheless, these investments are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the financial statements.

12. COMMITMENTS

Easements

The OVLC has agreed to undertake annual monitoring and enforcement activities to ensure compliance with the terms and conditions of 5 conservation easements. The OVLC is the owner of five properties restricted to open space uses.

Casitas Pass Bridge

As of June 30, 2020, the OVLC had incurred approximately \$46,000 in expenditures related to the construction of the Casitas Pass Bridge. These are recorded as construction in progress in the statement of financial position as June 30, 2020. The Casitas Water District ("CWD") is paying for the remaining construction costs of the bridge, which are estimated to be approximately \$300,000. Further the CWD expects to receive approximately \$172,000 from the Federal Emergency Management Agency related to the Thomas Fire settlement to offset the costs related to the bridge. The OVLC is responsible for the reimbursement of the net amount of construction costs incurred by the CWD, which are expected to be approximately \$128,000.

13. LINE OF CREDIT

In March 2019, the OVLC obtained an unsecured, revolving operating line of credit of \$100,000, with interest at the current Wall Street Journal Prime Rate plus 2%. Monthly payments of interest calculated based on the outstanding balance are required. The line of credit has a maturity date of March 25, 2021. As of June 30, 2020, there is no outstanding balance on the line of credit.

14. ENDOWMENT FUNDS

Interpretation of Relevant Law

The Board of Directors of the OVLC has interpreted the California adopted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the OVLC classifies as permanently restricted net assets (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the donor gift instrument.

In accordance with California UPMIFA the OVLC considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds;

- (1) The duration and preservation of the fund
- (2) The purposes of the OVLC and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the OVLC
- (7) The investment policies of the OVLC

Return Objectives and Risk Parameters

The OVLC has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that provide a reasonable balance between the quest for growth and the need to protect principal. The OVLC expects its endowment funds, over time, to provide an average annual rate of return of approximately two to five percent. Actual returns in any given year may vary from this amount.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the OVLC to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2020 or September 30, 2019.

14. ENDOWMENT FUNDS (Cont.)

Endowment net asset composition by type of fund as of June 30, 2020, is as follows:

| | Without Donor <u>Restrictions</u> | With Donor <u>Restrictions</u> | <u>Total</u> |
|-----------------------|-----------------------------------------|--------------------------------------|-------------------|
| Operational | \$ 100,832 | \$ - | \$ 100,832 |
| Ojai Meadows Preserve | 26,000 | - | 26,000 |
| Cluff Vista | - | 60,000 | 60,000 |
| Operational | <u>-</u> | <u>125,000</u> | <u>125,000</u> |
| Total endowment funds | <u>\$ 126,832</u> | <u>\$ 185,000</u> | <u>\$ 311,832</u> |

Endowment net asset composition by type of fund as of September 30, 2019, is as follows:

| | Without Donor <u>Restrictions</u> | With Donor <u>Restrictions</u> | <u>Total</u> |
|-----------------------|-----------------------------------------|--------------------------------------|-------------------|
| Operational | \$ 100,832 | \$ - | \$ 100,832 |
| Ojai Meadows Preserve | 26,000 | - | 26,000 |
| Cluff Vista | - | 60,000 | 60,000 |
| Operational | <u>-</u> | <u>125,000</u> | <u>125,000</u> |
| Total endowment funds | <u>\$ 126,832</u> | <u>\$ 185,000</u> | <u>\$ 311,832</u> |

Changes in endowment net assets for the nine months ended June 30, 2020:

| | Without Donor <u>Restrictions</u> | With Donor <u>Restrictions</u> | <u>Total</u> |
|---------------------------------------------------------------------------------------|--------------------------------------|-----------------------------------|-------------------|
| Endowment net assets, beginning of year | \$ 126,832 | \$ 185,000 | \$ 311,832 |
| Net investment return (investment income, realized and unrealized gain/loss) | - | - | - |
| Contributions/additions | - | - | - |
| Appropriated for expenditure | <u>-</u> | <u>-</u> | <u>-</u> |
| Endowment net assets, end of year | <u>\$ 126,832</u> | <u>\$ 185,000</u> | <u>\$ 311,832</u> |

14. ENDOWMENT FUNDS (Cont.)

Changes in endowment net assets for the year ended September 30, 2019:

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---------------------------------------------------------------------------------------|---------------------------------------|------------------------------------|-------------------|
| Endowment net assets, beginning of year | \$ 126,832 | \$ 160,000 | \$ 286,832 |
| Net investment return (investment income, realized and unrealized gain/loss) | 985 | 1,437 | 2,442 |
| Contributions/additions | - | 25,000 | 25,000 |
| Appropriated for expenditure | <u>(985)</u> | <u>(1,437)</u> | <u>(2,422)</u> |
| Endowment net assets, end of year | <u>\$ 126,832</u> | <u>\$ 185,000</u> | <u>\$ 311,832</u> |

15. NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2020 and September 30, 2019, net assets with donor restrictions consisted of the following:

Subject to expenditure for specified purpose:

| | <u>2020</u> | <u>2019</u> |
|----------------------------------------------------------------------------------|------------------|------------------|
| Bridge | \$ 4,885 | \$ 4,885 |
| Trail Sign Replacement | - | 2,252 |
| Environmental Education for Young Adults With Moderate to Severe Disabilities | 293 | 293 |
| Oaks on Ventura River Preserve | 397 | 1,927 |
| Land acquisition | 10,000 | - |
| Thomas Fire Recovery | <u>-</u> | <u>57,175</u> |
| | <u>\$ 15,575</u> | <u>\$ 66,532</u> |

Subject to OVLC's endowment spending policy and appropriation:

| | | |
|-------------------------------------------------------|-----------------------|-----------------------|
| Cluff Vista endowment | \$ 60,000 | \$ 60,000 |
| Donor restricted endowment for operational support | <u>125,000</u> | <u>125,000</u> |
| | <u>185,000</u> | <u>185,000</u> |
| Total net assets with donor restrictions | <u>\$ 200,575</u> | <u>\$ 251,532</u> |

16. SUBSEQUENT EVENTS & UNCERTAINTIES

COVID-19

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. The COVID-19 pandemic and resulting global disruptions have caused significant economic uncertainty and volatility in financial markets. The impact of COVID-19 continues to evolve rapidly and the OVLC is not able at this time to estimate its full impact on the financial statements.

Executive Director Housing

On August 1, 2020, the executive director entered into a two year lease agreement with the OVLC to rent the Steelhead Preserve property. After the two years, the length of the tenancy will be decided on a yearly basis. Annual rent to be received is \$30,000.