

**THE TURTLE CONSERVANCY**



INDEPENDENT AUDITORS' REPORT  
*AND*  
FINANCIAL STATEMENTS

DECEMBER 31, 2020

# TURTLE CONSERVANCY

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# **HINRICHER & COUSINO, LLP**

*Certified Public Accountants*

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
of The Turtle Conservancy

We have audited the accompanying financial statements of the Turtle Conservancy (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statement of activities, cash flows, and functional expenses 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 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 evaluation of 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 Turtle Conservancy as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Hirricher & Cousino LLP*

Thousand Oaks, California

October 1, 2021

**TURTLE CONSERVANCY**  
**STATEMENT OF FINANCIAL POSITION**  
December 31, 2020

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ASSETS

Current assets:

Cash	\$ 585,389
Pledges and accounts receivable	18,994
Inventory	42,880
Investments	1,098
Total current assets	<u>648,361</u>

Property and equipment, net of accumulated depreciation

677,529

Other assets:

Prepaid expenses and other assets	37,927
Intangible assets, net of accumulated amortization	115,644
	<u>153,571</u>

Total assets

\$ 1,479,461

LIABILITIES

Current liabilities:

Accounts payable	\$ 60,371
Accrued expenses and other liabilities	53,694
Purchase commitment - short term	266,667
Total current liabilities	<u>380,732</u>

Long term liabilities

Paycheck protection program loan	138,997
Due to related party	1,992
Purchase commitment - long term	266,667
Notes payable	266,958
Total long term liabilities	<u>674,614</u>

Total liabilities

1,055,346

NET ASSETS

Net assets:

Without donor-imposed restrictions	(103,276)
With donor-imposed restrictions	527,391
Total net assets	<u>424,115</u>
Total liabilities and net assets	<u><u>\$ 1,479,461</u></u>

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*See accompanying independent auditors' report and notes to financial statements.*

**TURTLE CONSERVANCY****STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2020

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	Without Donor Imposed Restrictions	With Donor Imposed Restrictions	Total
Public support, revenue, and reclassifications			
Contributions	\$ 940,686	\$ 269,870	\$ 1,210,556
Sales, net of costs of \$42,942	2,439	0	2,439
Rental income	22,480	0	22,480
Membership fees	76,187	0	76,187
Interest income	110	0	110
Miscellaneous income	44,767	0	44,767
Net assets released from restrictions	144,863	(144,863)	0
Total support, revenue, and reclassifications	<u>1,231,532</u>	<u>125,007</u>	<u>1,356,539</u>
Expenses			
Program services	2,126,286	0	2,126,286
Fundraising expenses	103,707	0	103,707
Supporting services			
Management and general	99,517	0	99,517
Total expenses	<u>2,329,510</u>	<u>0</u>	<u>2,329,510</u>
Change in net assets	(1,097,978)	125,007	(972,971)
Net assets at beginning of year	<u>994,702</u>	<u>402,384</u>	<u>1,397,086</u>
Net assets at end of year	<u>\$ (103,276)</u>	<u>\$ 527,391</u>	<u>\$ 424,115</u>

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*See accompanying independent auditors' report and notes to financial statements.*

# TURTLE CONSERVANCY

## STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2020

### CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (972,971)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation and amortization	107,883
Acquisition of museum pieces	533,334
Unrealized (gains)/losses on investments	(110)
(Increase) or decrease in:	
Pledges and accounts receivable	(3,518)
Inventory	3,424
Prepaid expense & other assets	(17,818)
Increase or (decrease) in:	
Accounts payable	9,684
Accrued expenses and other liabilities	(19,756)
Due to related parties	(53,889)
Net cash provided by (used in) operating activities	<u>(413,737)</u>

### CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of fixed assets	<u>(14,920)</u>
Net cash provided by (used in) financing activities	<u>(14,920)</u>

### CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from paycheck protection program loan	138,997
Proceeds from notes payable	<u>266,958</u>
Net cash provided by (used in) financing activities	<u>405,955</u>

Total increase (decrease) in cash	(22,702)
Cash and restricted cash, beginning of year	<u>608,091</u>
Cash and restricted cash, end of year	<u><u>\$ 585,389</u></u>

### Reconciliation of cash and restricted cash:

Cash - operation	\$ 25,378
Program related restricted cash	<u>560,011</u>
	<u><u>\$ 585,389</u></u>

### Supplemental Information:

Interest paid	\$ 0
Income taxes paid	\$ 0

*See accompanying independent auditors' report and notes to financial statements.*

**TURTLE CONSERVANCY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended December 31, 2020

	Program Expenses								Supporting Services			
	BCC	Bolson			Pritchard		Other Programs	Total Programs	General &		Total	
		Bolson	USA	Geometric	Global	Collection			Yniphora	Administrative		Fundraising
Payroll and related expenses	\$ 377,261	\$ 792	\$ 139	\$ 1,553	\$ 88,617	\$ 23,597	\$ 4,126	\$ 12,234	\$ 508,319	\$ 37,132	\$ 51,294	\$ 596,745
Advertising & marketing	0	136	0	1,460	4,686	0	0	57	6,339	119	10,254	16,712
Animal adoption expense	590	0	0	0	0	0	0	254	844	0	0	844
Animal care & supplies	32,891	0	0	0	0	14	0	0	32,905	0	20	32,925
Auto expenses	7,079	0	0	0	0	42	0	0	7,121	116	0	7,237
Bank fees	987	30	0	476	15	0	26	132	1,666	784	3,351	5,801
Communications	1,092	0	0	0	120	0	0	0	1,212	4,191	0	5,403
Computer equipment & software	1,193	154	0	0	354	0	0	0	1,701	1,706	640	4,047
Dues & subscriptions	1,580	0	0	0	4,548	0	0	0	6,128	1,133	3,588	10,849
Global education programs	6	0	0	0	44,732	0	0	0	44,738	0	1,436	46,174
Grant giving	0	97,136	20,000	20,000	0	0	0	2,000	139,136	0	0	139,136
Housekeeping services	760	0	0	0	0	0	0	0	760	220	0	980
Insurance	36,674	0	0	0	0	0	0	0	36,674	5,451	0	42,125
Interest	0	0	0	0	0	0	0	0	0	292	0	292
License and taxes	0	0	0	0	0	0	0	0	0	305	0	305
Meals and entertainment	2,626	0	0	0	91	375	0	0	3,092	3,168	767	7,027
Membership expenses	48,617	0	0	0	0	0	0	0	48,617	0	6,955	55,572
Miscellaneous	0	0	0	272	0	0	0	0	272	0	1,457	1,729
Office supplies	897	0	0	92	2,524	0	0	0	3,513	2,195	95	5,803
Postage & mailing service	241	0	0	0	1,015	207	0	0	1,463	916	3,034	5,413
Printing and copying	244	0	0	0	6,700	29	0	0	6,973	110	690	7,773
Professional services	23,466	11,765	0	4,008	894	28,657	0	0	68,790	33,624	17,165	119,579
Project expenses	0	0	0	11,000	0	15,308	0	1,305	27,613	0	0	27,613
Rent	132,000	0	0	0	2,500	0	0	0	134,500	1,350	1,350	137,200
Repairs and maintenance	18,468	0	0	0	0	1,412	0	0	19,880	38	0	19,918
Museum collection	0	0	0	0	0	800,000	0	0	800,000	0	0	800,000
Small equipment	418	0	0	0	0	300	0	0	718	322	0	1,040
Supplies	12,747	75	0	0	577	4,644	0	0	18,043	1,388	1,585	21,016
Travel expenses	881	0	0	0	1,110	2,876	0	0	4,867	1,979	26	6,872
Utilities	90,391	0	0	0	0	0	0	0	90,391	49	0	90,440
Veterinary expense	5,057	0	0	0	0	0	0	0	5,057	0	0	5,057
Total expenses before depreciation and amortization	796,166	110,088	20,139	38,861	158,483	877,461	4,152	15,982	2,021,332	96,588	103,707	2,221,627
Depreciation and amortization	90,562	3,971	0	0	1,600	684	8,137	0	104,954	2,929	0	107,883
Total expenses	<u>\$ 886,728</u>	<u>\$ 114,059</u>	<u>\$ 20,139</u>	<u>\$ 38,861</u>	<u>\$ 160,083</u>	<u>\$ 878,145</u>	<u>\$ 12,289</u>	<u>\$ 15,982</u>	<u>\$ 2,126,286</u>	<u>\$ 99,517</u>	<u>\$ 103,707</u>	<u>\$ 2,329,510</u>

*See accompanying independent auditors' report and notes to financial statements.*



**TURTLE CONSERVANCY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2020

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**NOTE 1 – DESCRIPTION OF ORGANIZATION**

The Turtle Conservancy (the "TC") is dedicated to protecting the world's most endangered tortoises and turtles and their habitats through innovative and strategic conservation, land preservation, training, education, field programs, and targeted assurance colonies. The TC is supported primarily through donor contributions.

The TC was organized May 21, 2005, as a not-for-profit corporation in California under Section 501 (c)(3) of the Internal Revenue Code. Presently the TC would need to substantially scale back its operations without the financial support of its founder (See notes 3 and 8).

During the year ended December 31, 2020, the TC funded the following programs:

International Animal and Land Conservation - The TC, along with its partner organizations, are responsible for managing and funding several international programs, with the 2 largest based in (a) Mexico - the 43,540 acre San Ignacio preserve in the Bolson de Mapimi and 18,600 acres of the nearby Guimbalete preserve in the Chihuahuan Desert of northern Mexico to protect the critically endangered Bolson Tortoise (b) South Africa - 825 acres in the Breede River Valley, east of Cape Town, which is understood to be the one of last habitats with a viable population of the Geometric tortoise. In addition, the TC provides practical and financial support for turtle conservation projects implemented by partner organizations in Argentina, Madagascar, the Philippines, Australia and elsewhere.

Captive Breeding Program - Based in Southern California, the TC breeds a great number of critically endangered turtles and tortoises in terms of combined species and numbers. We manage 19 of the world's most endangered species, and have 484 animals belonging to 43 species. During 2020 we hatched 107 endangered turtles and tortoises. The center creates a long-term plan for each species that we hold and breed and defines the desired outcome in terms of potential need for repatriation, reintroduction, or other conservation needs.

Pritchard Collection - During 2020 the TC integrated the Chelonian Research Institute (CRI) into its programs by acquiring its entire catalog and museum-piece collection (See note 2). Founded and developed in 1997 in Oviedo, Florida, by Dr. Peter Pritchard, it is one of the world's leading institutions dedicated to the research and conservation of turtles. A large component of the Institute is the world's third-largest turtle and tortoise museum collection, consisting of over 14,000 catalogued specimens, representing 270 of the world's approximately 350+ recognized species of turtles. The collection also includes other notable contents, from an impressive assortment of turtle artwork to published and unpublished works of Dr. Pritchard.

Local and Global Education - During 2020 the TC expanded its education program by collaborating with a local high school to develop a pioneering scientific curriculum. The students study many topics including husbandry, conservation, ecosystems, and animal biology, as practical examples of wider concepts. Over the Summer of 2020 we developed an academic virtual field trip program which is available to all education establishments.

**TURTLE CONSERVANCY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2020

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NOTE 1 – DESCRIPTION OF ORGANIZATION (Continued)

Promoting Appreciation for the Wonder of Turtles Worldwide - To inspire conservation awareness and action to save the world's turtles and tortoises, the TC used a number of different approaches during 2020:

(1) publication of *The Tortoise*, Volume 3, Number 1 - a cutting edge conservation magazine bringing additional awareness to an ever-increasing global audience.

(2) global media outreach through public service announcements and documentaries.

(3) social media - this program reaches people around the worldwide with 179,000 followers on Facebook, 21,000 followers on Twitter and 137,000 followers on Instagram. The TC also publishes a monthly newsletter that is emailed out to 10,750 subscribers.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The TC presents its financial statements in accordance with Generally Accepted Accounting Principles (“GAAP”) for not-for-profit organizations. Under this guidance, the TC is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor-imposed restrictions and net assets with donor imposed restrictions. In addition, the TC is required to present a statement of cash flows and a statement of functional expenses.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities (e.g. the fair value of financial instruments, potential impairments to fixed assets and accrued expenses) at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Contributed Services

Contributions of donated services that create or enhance assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

The TC received a significant amount of donated services from unpaid volunteers who assist with the TC's program services and its fundraising campaigns. No amounts have been reflected in the financial statements for these services because the criteria for recognition have not been satisfied.

In-Kind Contributions

Contributions of non-cash goods and similar items, such as advertising, are recorded at the estimated fair value on the date of the contribution. Contributions of services that (1) create or enhance non-financial assets or those that require specialized skills, (2) are provided by individuals possessing those skills, and (3) would typically need to be purchased if not provided by donation are recorded at their fair value in the period received. For the year ended December 31, 2020, there were no non-cash in-kind donations.

**TURTLE CONSERVANCY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2020

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Support and Revenue

In conformity with GAAP, contributions received are recorded as without donor-imposed restrictions support or with donor-imposed restrictions support, depending on the existence and/or nature of any donor restrictions. Donor-imposed support is reported as an increase in net assets with donor-imposed restrictions. When a restriction expires (that is, when stipulated time restrictions end, or purpose of restriction is accomplished), net assets with donor-imposed restrictions are reclassified as net assets without donor-imposed restrictions. If donor-restricted support whose restrictions are met in the same reporting period, such support is reported as without donor-imposed support on the Statement of Activities.

Unconditional Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decrease of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Cash and Cash Equivalents

The TC considers cash and short-term deposits to include all stable highly liquid instruments with an original maturity date of three months or less. At December 31, 2020, the TC had no cash equivalents.

Investments

The TC presents its investments in accordance with GAAP for not-for-profit organizations. Under this guidance investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets and are allocated among the two classifications of net assets.

Inventory

Inventory consists of magazines for sale which are carried at the lower of cost or market. Cost is determined using the first in, first out method.

Museum and Exhibit Collections

The collections are held in furtherance of public service and education, kept unencumbered cared for and preserved and any proceeds of collection items sold will be used to acquire other items for collections and/or for direct care of existing collection pieces. Under GAAP guidance collections held for these purposes do not require capitalization on the statement of financial position.

The Pritchard collection was acquired during the year ended December 31, 2020, for an agreed upon price of \$800,000 (See note 1). It is management's intention to preserve the collection and to display the collection for public education in a museum type setting at the Ojai, California location. Accordingly, the TC has not capitalized its acquisitions of museum and exhibit collections

**TURTLE CONSERVANCY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2020

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Purchased property and equipment are stated at cost. Donated property is stated at fair market value at the date of acquisition. Such donations are reported as unrestricted revenue unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted revenue. Depreciation is computed using the straight-line method for financial statement purposes over estimated useful lives of twenty years for buildings and improvements and five years for furniture and equipment.

Expenditures for maintenance and repairs are charged directly to the appropriate operating account at the time the expense is incurred. Expenditures determined to represent additions and betterments are capitalized.

Income Tax

The TC is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal and state income taxes in the accompanying financial statements. In addition, the Internal Revenue Service has determined that the TC is not a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the year ended December 31, 2020. As of December 31, 2020, the TC's information returns generally remain open for the last three years.

Advertising Costs

Advertising costs are expensed as incurred. Total advertising costs for the year ended December 31, 2020, was \$16,712.

Functional Expenses

The costs of program and supporting service activities have been summarized on a functional basis in the statement of functional expenses. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Directly identifiable expenses are charged to programs and supporting activities. Expenses related to more than one function are allocated to programs and supporting services based on the ratio of each activity's direct salary costs to total direct salary costs for all activities. These are called shared costs and include utilities, occupancy, telephone, and other various costs.

Application of New Accounting Standard

In May 2014 the Financial Accounting Standards Board (FASB) issued ASU 2014-09, *Revenue from Contracts with Customers*. This ASU establishes principles for reporting information to users of financial statements about the nature, amount, and timing of revenue and cash flows arising from contracts with customers. More specifically, that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the amounts the entity expects to be entitled to in exchange for those goods and services. ASU 2014-09 is effective for annual reporting periods beginning after December 15, 2019. The new pronouncement was applied beginning January 1, 2020, and had no impact on the Facility's financial statements.

**TURTLE CONSERVANCY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2020

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

In June of 2018, the FASB issued ASU 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update are designed to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal) transactions within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. ASU 2018-08 is effective for fiscal years beginning after December 15, 2019. The new pronouncement was applied beginning January 1, 2020, and had no impact on the Facility's financial statements.

In February 2016, FASB issued ASU 2016-02, *Leases*. ASU 2016-02 requires entities to recognize all leased assets, with a corresponding liability, on the statement of financial position. Entities will also be required to present additional disclosures regarding the nature and extent of leasing activities. The requirements of this ASU are effective for the TC for the fiscal year beginning after December 15, 2021. The TC is in the process of evaluating the impact of this standard and potential effects on the financial statements.

**NOTE 3 – CONCENTRATION OF CREDIT RISK**

The TC maintains bank accounts at one high credit quality financial institution. Accounts are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). At times, the account balances may exceed the institution's federally insured limits. At December 31, 2020, the TC had \$310,011 of uninsured cash.

For the year ended December 31, 2020, the founder of the TC contributed \$815,959 which represents 60% of total revenue and contributions.

**NOTE 4 – INVENTORY**

At December 31, 2020, inventory at cost consisted of printed issues of the Tortoise magazine and merchandise totaling \$42,880.

**NOTE 5 – PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at December 31, 2020:

Buildings and improvements	\$1,148,809
Equipment	210,463
Furniture and fixtures	86,493
	<u>1,445,765</u>
Less accumulated depreciation	<u>(768,236)</u>
	<u>\$ 677,529</u>

Depreciation expense for the year ended December 31, 2020, was \$100,273.

**TURTLE CONSERVANCY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2020

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**NOTE 6 – INTANGIBLE ASSETS**

At December 31, 2020, intangible assets consist of capitalized costs related to obtaining a conditional use permit from the County of Ventura. At December 31, 2020, the costs, net of accumulated amortization of \$41,336, was \$115,644. Amortization expense for the year ended December 31, 2020, was \$7,610.

**NOTE 7 – COMMITMENTS AND CONTINGENCIES**

The TC leases its facilities in Ojai, California from a related party pursuant to a 10-year lease expiring on October 31, 2022 (See note 8). For the year ended December 31, 2020, rent expense paid to the related party was \$132,000. The lease provides for an additional ten-year extension at the option of the TC. The TC is also responsible for utilities and insurance costs. For the year ended December 31, 2020, utilities and property insurance expenses were \$111,582.

**NOTE 8 – RELATED PARTY TRANSACTIONS**

The TC pays McNell Properties LLC (“McNell”), a related LLC owned by the founder of the TC, for expenses related to operating their turtle conservation located on its premises in Ojai, California. The operating expenses include, but are not limited to supplies, utilities, landscaping and repairs and maintenance. At December 31, 2020, the amount due to related parties is \$1,992.

The TC pays rent to McNell (see Note 7). For the year ended December 31, 2020, the amount of rent paid to McNell was \$132,000.

On November 1, 2020, the TC signed a promissory note with the founder of the TC. For the year ended December 31, 2020, the balance was \$266,958. See Note 9 for details.

For the year ended December 31, 2020, the TC received contributions totaling \$815,959 from its founder.

The TC does business with other foreign non-profit organizations where the TC and/or CEO is part of the board of the foreign non-profit organizations. Under GAAP, we determined that there was no need to consolidate the financials.

**NOTE – 9 PURCHASE COMMITMENT**

On August 17, 2020, the TC entered into a purchase agreement for museum pieces with the Chelonian Research Institute Corporation (“CRI”) for \$800,000 consisting of three equal installments (See Notes and 2). The TC paid \$266,667 at closing, the second payment of \$266,667 is due on August 17, 2021, and is included on the statement of financial position as current liabilities. The final payment of \$266,666 is due on August 17, 2022 and is included on the statement of financial position as long-term liabilities.

**TURTLE CONSERVANCY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2020

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**NOTE 10 – NOTES PAYABLE**

On November 1, 2020 the TC signed a nine-year promissory note with the founder of the TC for the principal sum of one million dollars (\$1,000,000). Out of this amount, only \$266,958 has been withdrawn. The note bears interest of 0.39% per annum. No monthly or annual payments are due on the note until November 1, 2029, at which time the entire balance is due with accrued interest. The note may be prepaid at any time without penalty. All payments are to be applied first to accrued and unpaid interest and then to reduction of the principal balance. Payments of interest and principal may be wholly in kind or in money or partly in kind and partly in money. None of the TC assets are pledged as collateral. At December 31, 2020, the principal and accrued interest balance was \$266,958.

**NOTE 11 – PAYCHECK PROTECTION PROGRAM (PPP) LOAN**

On May 15, 2020, the TC obtained a Paycheck Protection Program (“PPP”) loan from Chase Bank in the amount of \$138,997. Payments on the loan do not begin until ten-months after the 24-week covered period ends which is expected to be September 2021. The interest rate is one-percent (1%) per annum and there are no assets pledged as collateral. Under the terms of the PPP loan, the TC may apply for forgiveness of the loan if the TC meets certain requirements. Management intends to apply for forgiveness as soon as possible and believes the TC meets the necessary requirements for forgiveness. In accordance with GAAP the PPP loan has been recorded as long-term liabilities on the statement of financial position.

**NOTE 12 – NET ASSETS WITH DONOR IMPOSED RESTRICTIONS**

At December 31, 2020, net assets with donor-imposed restrictions are restricted for the following purposes:

Subject to expenditure for a specified purpose:

In Situ	\$ 152,613
Geometric	134,246
Pacific Pond	35,000
Yniphora Program	136,332
Other Programs	69,200
	<u>\$ 527,391</u>

**TURTLE CONSERVANCY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2020

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**NOTE 13 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:**

The TC monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The TC has the following financial assets that could readily be made available within one year of the statement of financial position to fund expenses:

Cash - Operations	\$ 25,488
Pledges and accounts receivable	18,994
Investments	1,098
	<u>\$ 45,580</u>

In addition to financial assets available to meet general expenditures over the year, the TC operates with a balanced budget and anticipates covering its general expenditures through contributions, merchandise sales, and tours.

**NOTE 14 – COVID-19 PANDEMIC**

During March 2020, the COVID-19 pandemic developed rapidly throughout the world and has affected the TC both financially and operationally. Federal, state, and local government agencies have instituted restrictions in an effort to contain and slow the spread of COVID-19. These restrictions have had a significant impact on global supply chains, businesses, and communities. The pandemic has affected the TC's ability to continue programs, however management has taken steps to mitigate this effect on the TC's personnel, programs, and financial impact.

The COVID-19 pandemic is expected to continue to impact global commerce and the TC's 2021 operations. The duration and impact of the pandemic to the TC and its financial results cannot be reasonably estimated at this time.

**NOTE 15 – EVALUATION OF SUBSEQUENT EVENTS**

The TC received notice on May 27, 2021, that the PPP loan (See Note 11) was forgiven by the Small Business Administration (SBA).

On February 24, 2021, the TC received a second PPP loan in the amount of \$140,585. Terms of the second PPP loan are similar to the first PPP loan (See Note 11). Management intends to apply for forgiveness of the second PPP loan.

The TC received notice of penalty for failure to file form 3520 from the Internal Revenue Service ("IRS") in September 2021 for the amount of \$19,474. The notice of penalty does not jeopardize the TC's not-for-profit status. Management has submitted to the IRS evidence of filing and delivery receipt to the IRS and does not believe the penalty to be accurate. As of the date of these financial statements the outcome is not determinable.