

**AGUA HEDIONDA LAGOON FOUNDATION
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
For the Year Ended
June 30, 2025**

NIGRO & NIGRO^{PC}

AGUA HEDIONDA LAGOON FOUNDATION

Table of Contents

June 30, 2025

FINANCIAL SECTION

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses.....	5
Statement of Cash Flows	6
Notes to Financial Statements.....	7

Financial Section



INDEPENDENT AUDITORS' REPORT

Board of Directors
Agua Hedionda Lagoon Foundation
Carlsbad, California

Opinion

We have audited the accompanying financial statements of Agua Hedionda Lagoon Foundation (a California nonprofit organization) which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Agua Hedionda Lagoon Foundation as of June 30, 2025, and the results of its operations and 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Agua Hedionda Lagoon Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Agua Hedionda Lagoon Foundation ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Company'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 Company'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.

A handwritten signature in blue ink that reads "Negro & Negro, PC". The signature is fluid and cursive, with "Negro & Negro" on the first line and "PC" on the second line to the right.

Murrieta, California
December 15, 2025

AGUA HEDIONDA LAGOON FOUNDATION
Statement of Financial Position
June 30, 2025

		<u>2025</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 178,239	
Investments (Note 3)	333,843	
Accounts receivable	28,955	
Inventory	3,937	
Prepays	<u>13,813</u>	
Total current assets	558,787	
Non-current assets:		
Fixed assets, net (Note 4)	<u>465,718</u>	
Total assets	<u>\$ 1,024,505</u>	
LIABILITIES AND NET ASSETS		
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	\$ 79,276	
Deferred revenue	<u>249,472</u>	
Total current liabilities	<u>328,748</u>	
Long-term liabilities:		
Accrued vacation payable	<u>23,216</u>	
Total liabilities	<u>351,964</u>	
Net Assets		
Investment in fixed assets	465,718	
Without donor restrictions	<u>206,823</u>	
Total net assets	<u>672,541</u>	
Total liabilities and net assets	<u>\$ 1,024,505</u>	

AGUA HEDIONDA LAGOON FOUNDATION
Statement of Activities
For the Year Ended June 30, 2025

	Without Donor Restrictions
	2025
SUPPORT AND OTHER REVENUE	
Contributions	\$ 258,479
Membership	152,996
Education programs	596,477
Gift shop sales, net (Note 5)	32,380
Grants	100,457
Fundraising events, net (Note 6)	<u>483,556</u>
Total support and other revenue	<u>1,624,345</u>
EXPENSES	
Program Services:	
Community outreach	202,202
Discovery center	381,208
Educational programs	449,330
Trails and restoration	252,855
Supporting Services:	
General and administrative	149,976
Fundraising	<u>173,505</u>
Total expenses	<u>1,609,076</u>
Change in net assets from operations	<u>15,269</u>
OTHER GAINS/(LOSSES)	
Investment earnings	<u>21,040</u>
Total other gains/(losses)	<u>21,040</u>
Change in net assets	<u>36,309</u>
NET ASSETS	
Beginning of the year	<u>636,232</u>
End of the year	<u>\$ 672,541</u>

AGUA HEDIONDA LAGOON FOUNDATION

Statement of Functional Expenses For the Year Ended June 30, 2025

Expenses	Program Services					Supporting Services		2025
	Community Outreach	Discovery Campus	Educational Programs	Trails and Conservation	General and Administrative	Fundraising	Total Expenses	
Salaries and benefits:								
Salaries and wages	\$ 127,638	\$ 210,535	\$ 315,845	\$ 160,421	\$ 103,140	\$ 138,482	\$ 1,056,061	
Payroll taxes	10,051	17,589	24,290	12,564	8,376	10,889	83,759	
Employee benefits	6,665	8,662	10,438	7,331	6,221	6,887	46,204	
Total salaries and benefits	144,354	236,786	350,573	180,316	117,737	156,258	1,186,024	
Other expenses:								
Advertising and promotion	-	10,688	3,563	-	-	-	14,251	
Bank charges	7,737	7,737	7,737	7,737	1,719	1,719	34,386	
Conferences and meeting	-	-	-	-	10,446	-	10,446	
Exhibit expenses	-	16,044	16,044	-	-	-	32,088	
Facilities and maintenance	294	34,202	1,122	8,705	294	295	44,912	
Grant fulfillment services	-	-	-	16,483	-	-	16,483	
Insurance	3,294	3,294	3,294	3,294	3,294	3,293	19,763	
Materials and services	14,023	28,416	40,113	9,437	11,471	6,925	110,385	
Office and technology	12,952	26,601	9,444	9,444	2,724	2,724	63,889	
Professional services	10,309	10,309	10,308	10,308	2,291	2,291	45,816	
Travel	2,107	-	-	-	-	-	2,107	
Depreciation	7,132	7,131	7,132	7,131	-	-	28,526	
Total other expenses	57,848	144,422	98,757	72,539	32,239	17,247	423,052	
Total expenses	\$ 202,202	\$ 381,208	\$ 449,330	\$ 252,855	\$ 149,976	\$ 173,505	\$ 1,609,076	

AGUA HEDIONDA LAGOON FOUNDATION*Statement of Cash Flows**For the Year Ended June 30, 2025*

		2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets from operations		\$ 15,269
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Depreciation expense		28,526
(Increase) decrease in operating assets:		
Accounts receivable		25,237
Inventory		1,662
Prepays		13,727
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities		11,091
Deferred revenue		(62,093)
Accrued vacation payable		<u>(2,578)</u>
Net cash provided by operating activities		<u>30,841</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments		100,000
Purchases of investments		(100,000)
Proceeds from investment earnings on cash accounts		2,014
Purchases of fixed assets		<u>(15,784)</u>
Net cash used in investing activities		<u>(13,770)</u>
Net increase in cash and cash equivalents		17,071
CASH AND CASH EQUIVALENTS:		
Beginning of year		<u>161,168</u>
End of year		<u>\$ 178,239</u>

AGUA HEDIONDA LAGOON FOUNDATION

Notes to Financial Statements

June 30, 2025

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

Agua Hedionda Lagoon Foundation (the “Foundation” or the “Organization”) was incorporated as a 501(c)(3) in March 1990 for the preservation and enhancement of land for scientific, historic, educational, ecological, recreational, agricultural, scenic and open space use. The Foundation is governed by 15 Board of Directors. Foundation runs a Discovery Center to serve as the cornerstone for the foundation’s effort to bring awareness to the lagoon and the watershed. The Foundation provides educational programs in the form of field trips, camps, afterschool programs, and preschool. The Foundation maintains trails around the lagoon for public enjoyment and conservation efforts.

B. Basis of Presentation and Accounting

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) “Audit and Accounting Guide for Not-for-Profit Organizations” (the “Guide”). ASC 958-205 was effective July 1, 2018 and addresses general-purpose external financial statements appropriate for not-for-profit organizations.

Under the provisions of the ASC 958-205, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified 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 Organization. The Organization’s board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met either by the actions of the not-for-profit organization to satisfy a particular purpose restriction, or by the passage of time. Some donor restrictions are perpetual (or permanent) in nature, whereby the donor has stipulated the funds be maintained in perpetuity, whereby the corpus of the donation must remain unspent.

C. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

AGUA HEDIONDA LAGOON FOUNDATION

Notes to Financial Statements

June 30, 2025

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Fair Value Measurements

In accordance with fair value measurements, the Organization categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Financial assets and liabilities recorded on the statement of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The Organization has the ability to access the holding and quoted prices as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 – Inputs that are unobservable. Unobservable inputs reflect the Organization's own assumptions about the factors market participants would use in pricing an investment and is based on the best information available in the circumstances.

E. Cash and Cash Equivalents

The Organization considers cash on hand, certificates of deposit with original maturity dates of three months or less at the date of investment and other similar instruments readily convertible to cash to be cash and cash equivalents.

F. Custodial Credit Risk

Cash balances are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). From time to time total cash and cash equivalents deposited with third party financial institutions by the Organization may exceed amounts not covered by the FDIC. As of June 30, 2025, there was no cash and cash equivalents held in excess of the FDIC limit.

G. Investments

Investments are stated at fair value at the Statement of Financial Position date as required by FASB. Net realized and unrealized gains/losses on investments are presented on the Statement of Activities, with respect to any donor restrictions, as investment return. Investment return is presented net of related internal and external fees. The average cost method is used to determine the basis for computing realized gains/losses.

H. Accounts Receivable

Management believes that all accounts receivables are fully collectible, and therefore no reserve for credit losses was recorded as of June 30, 2025.

AGUA HEDIONDA LAGOON FOUNDATION

Notes to Financial Statements

June 30, 2025

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Inventory

Gift shop inventory is stated at the lower of cost or net realizable value, using the first-in, first-out (FIFO) method. Inventory includes the cost of merchandise purchased for resale and is evaluated regularly for obsolescence or slow-moving items. Any write-downs to net realizable value are recorded in the period identified and are not reversed in subsequent periods.

J. Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

K. Fixed Assets

Land, buildings and equipment are recorded at cost. The Organization capitalizes items with a value in excess of \$2,500 and an expected life of five years or more. Donations of land, buildings, and equipment are recorded as support at their estimated fair value. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire buildings and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Assets under construction are not depreciated until placed into service. Buildings and equipment are depreciated using the straight-line method over the estimated useful asset lives as follows:

	Years
Building and improvements	5-39
Machinery and equipment	5-39
Furniture and fixtures	7-15
Vehicles	5

Maintenance, repairs, and minor renewals are charged to operations as incurred. Upon sale or disposition of land, buildings, and equipment, the asset and the related accumulated depreciation taken prior to the sale are removed from the Organization's records.

L. Accrued Vacation Payable

The Organization offers paid vacation to employees based on length of employment and position type. The balance at the end of the period is estimated by a multiple of each employee's respective accrued hours of vacation and his or her rate of pay at the period end date, including statutory benefits. This is reported as a long-term liability.

AGUA HEDIONDA LAGOON FOUNDATION

Notes to Financial Statements

June 30, 2025

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Revenue Recognition

When monies or other assets are received, the Organization classifies the transaction as either a contribution (i.e. a nonreciprocal transaction) or an exchange (i.e. a reciprocal transaction).

Contributed Revenue – In accordance with Accounting Standards Update (“ASU”) No. 2016-14, Not for Profit (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities (“ASU 2016-14”), when a transaction is determined to be a contribution, the Organization then determines whether it is conditional or unconditional. According to ASU 2018-08, Not for Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made (“ASU 2018-08”), conditional contributions contain donor-imposed barrier(s) that must be overcome before the Organization is entitled to the assets transferred or promised and ii) a right of return to the contributor for assets transferred or a right of release of the promisor from its obligation to transfer assets. When the condition(s) are substantially met, the contribution becomes unconditional. Unconditional contributions are those that are absent of any indication that the Organization is only entitled to the transfer of assets or a future transfer of assets if it has overcome a barrier, or that the agreement does not contain a right of return of assets transferred or a right of release from obligation. Unconditional contributions are classified as either net assets with donor restrictions or net assets without donor restrictions and are recorded in accordance with the guidelines outlined in Subtopic 958-605, Not-for-Profit Entities – Revenue Recognition. Unconditional contributions are recognized when the donor makes a promise to give to the Organization. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. All contributions are considered available for unrestricted use unless specifically restricted by the donor or subject to other legal restrictions. Expenses are recorded when incurred in accordance with the accrual basis of accounting. Contributions received with restrictions that are met in the same reporting period as received are reported as unrestricted support and increase net assets without donor restrictions.

Grant revenue is recognized in the period that the related work is performed in accordance with the terms of the grant. A grant receivable is recorded when revenue earned under a grant exceeds the cash received. Deferred revenue is recorded when cash received under a grant exceeds the revenue earned.

Donated property and equipment are recorded at fair market value at the date of gift. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Donated stock is recorded at fair market value at the date of the gift. If donors stipulate how long the stock must be held, the contribution is recorded as restricted support. In the absence of such stipulations, contributions of marketable securities are recorded as unrestricted support.

AGUA HEDIONDA LAGOON FOUNDATION

Notes to Financial Statements

June 30, 2025

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Revenue Recognition (Continued)

Exchange Transactions – The Organization accounts for exchange transactions in accordance with ASU No. 2014-09 (ASC Topic 606), Revenue from Contracts with Customers (“Topic 606”). Special event revenues are recognized when the event is presented. Ticket sales for admission to or sponsorships for the events that have been received as of June 30 for which the performance obligations are not yet complete are recorded as contract liabilities in the statements of financial position. The tickets sold for events are the identified contracts between the Organization and its event attendees. The transaction price for each ticket varies depending on the event. The performance obligation for these tickets is entry into the event. The performance obligation for these sales is the Organization’s obligation to put on the event or to carry out the program. Ticket sales between the Organization and its event attendees are identified as event revenues and are recognized at a point in time, which is when the event is presented. Ticket fees that have been received as of June 30 for which the performance obligation is not yet complete are recorded as contract liabilities in the statements of financial position. Special event revenue from exchange transactions amounted to \$609,984 for the year ended June 30, 2025.

Membership dues that are exchange transactions (i.e., a reciprocal benefit) are recognized over the membership period. Dues that are primarily contributions are recognized when received.

Program service fees that qualify as exchange transactions are recognized when the performance obligation is satisfied, typically when services are provided. Revenue is measured at the transaction price, which is the amount the Organization expects to be entitled to in exchange for transferring services to participants.

Gift shop sales revenue is recognized at the point in time when control of the merchandise transfers to the customer, which occurs when the customer takes possession of the goods at the point of sale. The transaction price is the amount the Organization expects to receive in exchange for the merchandise, and sales are recorded net of estimated returns, discounts, and sales taxes, if applicable.

The Organization has determined that the revenue sources have already been appropriately disaggregated in the statement of operations based on obligations that are substantially the same and have the same pattern of transfer to the end customer. As such, the Organization has not disaggregated revenue differently than the revenue sources depicted in the statement of operations.

N. Income Taxes

The Organization is a non-profit public-benefit corporation and has been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. Accordingly, no provision has been made for income taxes. Management has evaluated its tax positions and the certainty as to whether those positions will be sustained in the event of an audit by taxing authorities at the federal and state levels.

The primary tax positions evaluated are related to the Organization's continued qualification as a tax-exempt organization and whether there are unrelated business income activities conducted that would be taxable. Management has determined that all income tax positions are more likely than not of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required. The Organization files informational returns in the U.S. federal jurisdiction and the state of California.

AGUA HEDIONDA LAGOON FOUNDATION

Notes to Financial Statements

June 30, 2025

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Advertising costs

The Organization's expenses advertising costs as they are incurred. Advertising expenses for the year ended June 30, 2025 were \$14,251 and are included with materials and services in the statements of functional expenses.

P. Functional Expenses

Expenses by function have been allocated among program and supporting services classifications based on internal records and estimates made by the Organization's management. Program services are allocated based on time and effort.

NOTE 2 – LIQUIDITY AND AVAILABLE RESOURCES

The Organization's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

Description	Amount
Cash and cash equivalents	\$ 178,239
Investments	333,843
Accounts receivable	28,955
Inventory	3,937
Prepays	13,813
Financial assets available within one year	\$ 558,787

The Organization's policy for liquidity management requires that it structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. Cash in excess of daily requirements is invested in short-term investments and listed in the following note.

NOTE 3 – INVESTMENTS AND INVESTMENT EARNINGS

The fair values, related measurement input techniques and related maturities of the major types of investments held by the Organization at June 30, 2025, were as follows:

Assets	Fair Value Input	Maturity (years)			Total
		Less than One	One to Five		
Money Market	Level 1	\$ 216,649	\$ -	\$ 216,649	
Exchange traded funds	Level 1	117,194	-	117,194	
Total investments		\$ 333,843	\$ -	\$ 333,843	

AGUA HEDIONDA LAGOON FOUNDATION

Notes to Financial Statements

June 30, 2025

NOTE 4 – FIXED ASSETS

Fixed assets as of June 30, 2025 consisted of the following:

Description	Balance July 1, 2024	Additions	Retirements	Balance June 30, 2025
Fixed assets being depreciated:				
Buildings and improvements	\$ 665,118	\$ -	\$ -	\$ 665,118
Machinery and equipment	65,074	-	-	65,074
Furniture and fixtures	84,576	13,284	-	97,860
Vehicles	2,700	2,500	-	5,200
Total fixed assets being depreciated:	817,468	15,784	-	833,252
Accumulated depreciation:				
Buildings and improvements	(256,641)	(20,218)	-	(276,859)
Machinery and equipment	(44,794)	(1,205)	-	(45,999)
Furniture and fixtures	(37,303)	(6,250)	-	(43,553)
Vehicles	(270)	(853)	-	(1,123)
Total accumulated depreciation	(339,008)	(28,526)	-	(367,534)
Total fixed assets being depreciated, net	478,460	(12,742)	-	465,718
Total fixed assets, net	\$ 478,460	\$ (12,742)	\$ -	\$ 465,718

Depreciation expense of \$28,526 is allocated to the program services and supporting services based on percentage time of use dedicated to each function.

NOTE 5 – GIFT SHOP SALES

The Foundation operates a gift shop that is incidental to its exempt purpose. Revenue from the sale of merchandise is reported net of directly related cost of goods sold in the accompanying Statement of Activities under program service revenue. For the year ended June 30, 2025, gross gift shop sales and related costs were as follows:

Description	Amount
Gross gift shop sales	\$ 62,799
Cost of goods sold	(30,419)
Gift shop sales, net	\$ 32,380

AGUA HEDIONDA LAGOON FOUNDATION
Notes to Financial Statements
June 30, 2025

NOTE 6 – FUNDRAISING EVENTS

During the year ended June 30, 2025, the Organization conducted the following fundraising events:

Events	2025		
	Revenues	Direct Expenses	Events, Net
Discovery gala	\$ 274,802	\$ (86,411)	\$ 188,391
Lagoona kahuna cleanup challenge	34,148	(3,714)	30,434
Haunted corn maze	98,781	(3,581)	95,200
Brick walkway	108,657	(24,384)	84,273
Sponsorships	93,596	(8,338)	85,258
Total fundraising events, net	\$ 609,984	\$ (126,428)	\$ 483,556

NOTE 7 – COMMITMENTS AND CONTINGENCIES

Litigation

In the ordinary course of operations, the Foundation is subject to claims and litigation from outside parties. After consultation with legal counsel, the Organization believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

Excluded Leases – Short-Term Leases and De Minimis Leases

The Foundation does not recognize a lease receivable and a deferred lease revenue for short-term leases. Short-term leases are certain leases that have a maximum possible term under the lease contract of 12-months (or less), including any options to extend, regardless of their probability of being exercised.

Also, *de minimis* lessor or lessee leases are certain leases (i.e., room rental, copiers, printers, postage machines) that regardless of their lease contract period are *de minimis* with regards to their aggregate total dollar amount to the financial statements as a whole.

NOTE 8 – SUBSEQUENT EVENTS

In December 2025 the Organization entered into a three-year lease agreement for a small office space.

Events subsequent to June 30, 2025 have been evaluated through December 15, 2025, the date at which the Organization's audited financial statements were available to be issued. No events requiring disclosures have occurred through this date.