CORONADO HISTORICAL ASSOCIATION

AND CORONADO MUSEUM

FINANCIAL STATEMENTS

JUNE 30, 2026 AND 2025

Leaf & Cole, LLP
Certified Public Accountants

CORONADO HISTORICAL ASSOCIATION, INCORPORATED
FINANCIAL STATEMENTS
JUNE 30, 2026 AND 2025

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Leaf & Cole, LLP
Certified Public Accountants
A Partnership of Professional Corporations

Independent Auditor's Report

To the Board of Directors
Coronado Historical Association, Incorporated

Opinion

We have audited the accompanying financial statements of Coronado Historical Association, Incorporated (a nonprofit organization), which comprise the statements of financial position as of June 30, 2026 and 2025, and the related statements of activities, functional expenses, and cash flows for the years 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 Coronado Historical Association, Incorporated as of June 30, 2026 and 2025, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Coronado Historical Association, Incorporated, 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 Coronado Historical Association, Incorporated's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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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, including omissions, 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 Coronado Historical Association, Incorporated'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 Coronado Historical Association, Incorporated'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.

Leaf & Cole LLP

San Diego, California
October 23, 2026

CORONADO HISTORICAL ASSOCIATION, INCORPORATED
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2026 AND 2025

ASSETS

	2026	2025
Current Assets: (Notes 2 and 6)		
Cash and cash equivalents	$ 11,148	$ 220,787
Accounts receivable	3,053	49,293
Contributions receivable	506,320	8,500
Inventory	11,583	9,532
Prepaid expenses	9,578	12,418
Total Current Assets	541,682	300,530
Noncurrent Assets: (Notes 2, 4, 5, 7, 8, 9, 10 and 11)		
Right of use asset - operating lease, net	15,368	20,999
Property and equipment, net	6,440,858	6,570,614
Restricted cash and investments:		
Donor restricted funds	65,805	76,763
Restricted reserves	268,570	313,860
Board designated funds	4,460,893	1,118,699
Total Restricted cash and investments:	4,795,268	1,509,322
Total Noncurrent Assets	11,251,494	8,100,935
TOTAL ASSETS	$ 11,793,176	$ 8,401,465

LIABILITIES AND NET ASSETS

Current Liabilities: (Notes 2, 8 and 11)		
Accounts payable and accrued expenses	$ 59,417	$ 105,516
Payroll and related liabilities payable	12,110	10,360
Deferred revenue	31,245	34,245
Museum cafe deposit	100,800	100,800
Operating lease liability, current	5,806	5,631
Current portion of notes payable	67,338	65,247
Total Current Liabilities	276,716	321,799
Noncurrent Liabilities: (Notes 8 and 11)		
Operating lease liability, net of current portion	9,562	15,368
Notes payable, net of current portion	2,281,085	2,342,733
Total Noncurrent Liabilities	2,290,647	2,358,101
Total Liabilities	2,567,363	2,679,900
Commitments and Contingency (Note 11)		
Net Assets: (Notes 2, 9 and 10)		
Without Donor Restrictions:		
Undesignated	4,430,545	4,212,243
Board designated funds	4,729,463	1,432,559
Total Without Donor Restrictions	9,160,008	5,644,802
With Donor Restrictions:	65,805	76,763
Total Net Assets	9,225,813	5,721,565
TOTAL LIABILITIES AND NET ASSETS	$ 11,793,176	$ 8,401,465

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

CORONADO HISTORICAL ASSOCIATION, INCORPORATED
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2026 AND 2025

	2026			2025		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Contributions	$ 3,597,659	$ 5,267	$ 3,602,926	$ 85,850	$ 74,690	$ 160,540
Investment income	284,486	-	284,486	99,103	-	99,103
Membership dues	219,210	-	219,210	197,910	-	197,910
Grants	104,000	-	104,000	104,000	-	104,000
Education	98,015	-	98,015	90,063	-	90,063
Rental income	72,928	-	72,928	73,391	-	73,391
Event income	54,810	-	54,810	96,275	-	96,275
Museum store sales	46,698	-	46,698	42,931	-	42,931
In-kind contributions	10,033	-	10,033	45,996	-	45,996
Other income	6,283	-	6,283	4,758	-	4,758
Research library fees	2,265	-	2,265	2,115	-	2,115
Net assets released from restrictions	16,225	(16,225)	-	33,077	(33,077)	-
Total Support and Revenue	4,512,612	(10,958)	4,501,654	875,469	41,613	917,082
Expenses:						
Program Services:						
Museum collections and exhibits	627,879	-	627,879	605,286	-	605,286
Education and outreach	195,028	-	195,028	236,328	-	236,328
Museum store	60,969	-	60,969	41,030	-	41,030
Total Program Services	883,876	-	883,876	882,644	-	882,644
Supporting Services:						
Management and general	62,659	-	62,659	51,858	-	51,858
Fundraising	50,871	-	50,871	32,723	-	32,723
Total Supporting Services	113,530	-	113,530	84,581	-	84,581
Total Expenses	997,406	-	997,406	967,225	-	967,225
Change in Net Assets	3,515,206	(10,958)	3,504,248	(91,756)	41,613	(50,143)
Net Assets at Beginning of Year	5,644,802	76,763	5,721,565	5,736,558	35,150	5,771,708
NET ASSETS AT END OF YEAR	$ 9,160,008	$ 65,805	$ 9,225,813	$ 5,644,802	$ 76,763	$ 5,721,565

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

CORONADO HISTORICAL ASSOCIATION, INCORPORATED
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2026

	Program Services				Supporting Services			
	Museum Collections and Exhibits	Education and Outreach	Museum Store	Total	Management and General	Fundraising	Total	Total
Salaries and Related Expenses:								
Salaries and wages	$ 212,411	$ 17,362	$ 19,970	$ 249,743	$ 19,970	$ 19,970	$ 39,940	$ 289,683
Payroll taxes and related costs	17,767	1,453	1,671	20,891	1,670	1,670	3,340	24,231
Employee benefits	21,349	1,745	2,007	25,101	2,007	2,007	4,014	29,115
Total Salaries and Related Expenses	251,527	20,560	23,648	295,735	23,647	23,647	47,294	343,029
Nonsalary Related Expenses:								
Administrative expenses	14,427	4,124	4,076	22,627	1,000	1,166	2,166	24,793
Advertising and marketing	1,407	722	-	2,129	-	-	-	2,129
Buildings and grounds	38,266	29,762	2,551	70,579	8,504	5,952	14,456	85,035
Collection	7,752	-	-	7,752	-	-	-	7,752
Cost of goods sold	-	-	18,522	18,522	-	-	-	18,522
Dues and subscriptions	2,601	-	-	2,601	-	-	-	2,601
Events	16,200	29,394	621	46,215	-	-	-	46,215
Exhibitions	53,641	-	-	53,641	-	-	-	53,641
Gifts, plaques and awards	4,764	330	81	5,175	-	-	-	5,175
Information technology	18,486	64	2,075	20,625	-	-	-	20,625
In-kind expenses	1,221	8,672	140	10,033	-	-	-	10,033
Insurance	5,021	3,905	335	9,261	1,116	781	1,897	11,158
Interest	41,816	32,524	2,788	77,128	9,293	6,505	15,798	92,926
Miscellaneous	784	1,720	1,366	3,870	3,214	1,700	4,914	8,784
Outside services	79,170	3,000	-	82,170	-	-	-	82,170
Professional services	18,896	4,651	-	23,547	-	-	-	23,547
Supplies	415	-	-	415	-	-	-	415
Total Nonsalary Related Expenses	304,867	118,868	32,555	456,290	23,127	16,104	39,231	495,521
Depreciation	71,485	55,600	4,766	131,851	15,885	11,120	27,005	158,856
Total Expenses	$ 627,879	$ 195,028	$ 60,969	$ 883,876	$ 62,659	$ 50,871	$ 113,530	$ 997,406

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

CORONADO HISTORICAL ASSOCIATION, INCORPORATED
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025

	Program Services				Supporting Services			
	Museum Collections and Exhibits	Education and Outreach	Museum Store	Total	Management and General	Fundraising	Total	Total
Salaries and Related Expenses:								
Salaries and wages	$ 234,245	$ 15,628	$ 2,597	$ 252,470	$ 5,875	$ 2,044	$ 7,919	$ 260,389
Payroll taxes and related costs	19,324	1,304	217	20,845	490	171	661	21,506
Employee benefits	21,060	2,532	525	24,117	496	172	668	24,785
Total Salaries and Related Expenses	274,629	19,464	3,339	297,432	6,861	2,387	9,248	306,680
Nonsalary Related Expenses:								
Administrative expenses	12,754	4,399	4,023	21,176	2,353	1,390	3,743	24,919
Advertising and marketing	1,137	1,403	-	2,540	-	-	-	2,540
Buildings and grounds	35,658	27,734	2,377	65,769	7,924	5,547	13,471	79,240
Collection	5,047	-	-	5,047	-	-	-	5,047
Cost of goods sold	-	-	16,456	16,456	-	-	-	16,456
Dues and subscriptions	2,967	-	-	2,967	-	-	-	2,967
Events	52,744	15,035	460	68,239	-	-	-	68,239
Exhibitions	52,042	-	-	52,042	-	-	-	52,042
Gifts, plaques and awards	4,596	523	132	5,251	-	-	-	5,251
Information technology	8,955	79	1,544	10,578	1,633	-	1,633	12,211
In-kind expenses	1,376	43,890	730	45,996	-	-	-	45,996
Insurance	4,308	3,351	287	7,946	957	670	1,627	9,573
Interest	42,670	33,188	2,845	78,703	9,482	6,638	16,120	94,823
Miscellaneous	1,375	3,700	2,155	7,230	-	500	500	7,730
Outside services	4,347	5,608	-	9,955	375	-	375	10,330
Professional services	29,162	22,682	1,944	53,788	6,481	4,536	11,017	64,805
Supplies	455	-	-	455	-	-	-	455
Total Nonsalary Related Expenses	259,593	161,592	32,953	454,138	29,205	19,281	48,486	502,624
Depreciation	71,064	55,272	4,738	131,074	15,792	11,055	26,847	157,921
Total Expenses	$ 605,286	$ 236,328	$ 41,030	$ 882,644	$ 51,858	$ 32,723	$ 84,581	$ 967,225

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

CORONADO HISTORICAL ASSOCIATION, INCORPORATED
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2026 AND 2025

	2026	2025
Cash Flows From Operating Activities:		
Change in net assets	$ 3,504,248	$ (50,143)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	158,856	157,921
Amortization of debt issuance costs	5,703	5,703
Amortization of right of use asset	5,806	5,461
Net realized and unrealized gains on investments	(198,275)	(37,133)
(Increase) Decrease in:		
Accounts receivable	46,240	(38,607)
Contributions receivable	(497,820)	(494)
Inventory	(2,051)	(1,518)
Prepaid expenses	2,840	579
Increase (Decrease) in:		
Accounts payable and accrued expenses	(46,099)	83,176
Payroll and related liabilities payable	1,750	1,555
Deferred revenue	(3,000)	(3,050)
Museum cafe deposit	-	75,400
Operating lease liability	(5,631)	(5,461)
Net Cash Provided by Operating Activities	2,972,392	193,389
Cash Flows From Investing Activities:		
Purchase of property and equipment	(29,100)	(28,624)
Restricted investments (purchases) and sales, net	(3,132,961)	(47,299)
Net Cash Used in Investing Activities	(3,162,061)	(75,923)
Cash Flows From Financing Activities:		
Payments on notes payable	(65,260)	(57,008)
Net Cash Used in Financing Activities	(65,260)	(57,008)
Net (Decrease) Increase in Cash and Cash Equivalents and Restricted Cash	(254,929)	60,458
Cash and Cash Equivalents and Restricted Cash at Beginning of Year	534,647	474,189
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR	$ 279,718	$ 534,647
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	$ 87,387	$ 89,230
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows from operating leases	$ 6,180	$ 6,180

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

Note 1 - Organization:

Coronado Historical Association, Incorporated ("CHA"), a non-profit 501(c)(3) charitable organization, was founded in 1969 to help people understand and appreciate Coronado's unique history, art, architecture, and historical resources. CHA continually works towards these goals and brings the history of Coronado to the community. CHA preserves everything from 1880s newspapers to vintage garments, and over 20,000 photographs. In CHA's galleries, Coronado history comes to life through fascinating permanent exhibits and changing displays.

Mission

CHA's mission is to advance learning and stewardship in all by serving as Coronado's primary center for community history.

The following is a brief description of CHA's programs:

Museum Collections and Exhibits

CHA offers the public an opportunity to learn about the history, people, and culture that make Coronado special, and for that purpose, it develops educational exhibits and programs. CHA's building houses three exhibition galleries, a lecture hall/classroom, a public research center, museum collections storage vault, Museum Store, and museum cafe.

CHA has an extensive collection of local history objects and archives, including paintings, photographs, military items, textiles, and early Coronado documents. The collection is maintained under the care of the Curator of Collections and Executive Director/Curator, and is held for research, education, and public exhibition in furtherance of public service. As a matter of policy, proceeds from the sale of collection items are used for direct care of the collection, or to acquire other items for the collection upon deaccession in the event of a sale. CHA does not include either the cost or the value of its collection in the statements of financial position, nor does it recognize gifts of collection items as revenues in the statements of activities.

Education and Outreach

In support of its mission, CHA has a special focus on educational programs and outreach. In addition to a year-round schedule of public lectures and other thought-provoking programs for adults and youth, such as a Preservation Symposium every spring (co-presented with other leading Coronado organizations), CHA presents core curriculum aligned in-classroom programming in partnership with the Coronado Unified School District. CHA also promotes appreciation of historic landscapes through the annual Coronado Historic Home Tour. Additionally, CHA awards the Going the Extra Mile (GEM) award to property owners whose thoughtful efforts to preserve and restore, rather than replace, existing homes turns potential teardowns into local architectural GEMS. CHA's volunteer Docents lead historic walking tours around Coronado. The tours are offered six days a week. The tour explores Coronado's points of interest. CHA's commitment to education extends to training future professionals through robust high school, college, and graduate internship programs. CHA partners with Coronado High School and local universities to create opportunities for students to get hands-on experience conducting oral histories, developing exhibits, and cataloging collections. Key outreach tools are publications such as the *Heritage Bulletin* eNewsletter and contribute scholarly informational articles in local journals and magazines.

Note 2 - Significant Accounting Policies:

Accounting Method

The financial statements of CHA have been prepared on the accrual basis of accounting, which is in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), and, accordingly, reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes thereon are classified and reported as follows:

- Net Assets Without Donor Restrictions - Net assets available for use in general operations, and not subject to donor (or certain grantor) restrictions. The governing board has designated, from Net Assets Without Donor Restrictions, a board-designated fund.
- Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires—that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value, and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy), and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

- Level 1 inputs are quoted prices in active markets for identical investments that the investment manager has the ability to access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the investment, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the investment.

Note 2 - Significant Accounting Policies: (Continued)

Fair Value Measurements

CHA's statements of financial position includes the following financial instruments that are required to be measured at fair value on a recurring basis:

- Investments in mutual funds and exchange traded funds are considered Level 1 assets, and are reported at fair value based on quoted prices in active markets for identical assets at the measurement date.

Allowance for Credit Losses

CHA recognizes an allowance for credit losses on accounts receivable to represent the net amount expected to be collected as of the statements of financial position date. Such allowance is based on the credit losses expected to arise over the life of the asset which is based on the expectation as of the statements of financial position date, aging reports and historical information. Accounts receivable are written off when CHA determines such receivables are deemed uncollectible. Write-offs are recognized as a deduction from the allowance for credit losses. Management believes that all accounts receivable are fully collectible; therefore, no allowance for credit losses on accounts receivable was recorded at June 30, 2026 and 2025.

Allowance for Uncollectible Contributions Receivable

Bad debts are recognized on the allowance method, based on historical experience and management's evaluation of contributions receivables. Management believes that all contributions receivable are fully collectible; therefore, no allowance for uncollectible contributions receivable was recorded at June 30, 2026 and 2025.

Inventory

Inventory of retail store merchandise consist primarily of books, periodicals, and other gift items. Inventory is valued at the lower of average cost (first-in, first-out) or net realizable value.

Capitalization and Depreciation

CHA capitalizes all expenditures in excess of $1,500 for property and equipment at cost, while donations of property and equipment are recorded at their estimated fair values. Such donations are reported as support without donor restrictions, 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 support with donor restrictions. Absent donor stipulations regarding how those donated assets must be maintained, CHA reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. CHA reclassifies Net Assets With Donor Restrictions to Net Assets Without Donor Restrictions at that time.

Property and equipment are depreciated using the straight-line method over the estimated useful asset lives as follows:

Buildings	40 years
Building improvements	7 - 30 years
Office furniture and equipment	3 - 7 years
Collections and exhibitions	5 years

Depreciation totaled $158,856 and $157,921 for the years ended June 30, 2026 and 2025, respectively.

Note 2 - Significant Accounting Policies: (Continued)

Capitalization and Depreciation (Continued)

Maintenance and repairs are charged to operations as incurred. Upon sale or disposition of property or equipment, the asset account is reduced by the cost, and the accumulated depreciation account is reduced by the depreciation taken prior to the sale. Any resultant gain or loss is then recorded as income or expense.

Impairment of Real Estate

CHA reviews its investment in real estate for impairment whenever events and changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of real estate exceeds the fair value of such property. There were no impairment losses recognized in 2026 and 2025.

Leases

CHA entered into an operating lease for office equipment in May 2020. The office equipment was replaced and a new lease was entered into in October 2023. Pursuant to the guidance for accounting for leases, CHA accounts for the operating leases as noted below.

CHA determines if an arrangement is a lease at inception. An arrangement is a lease if the arrangement conveys a right to direct the use of, and obtain substantially all of the economic benefits from, the use of an asset for a period of time in exchange for consideration. Operating leases are included in right-of-use ("ROU") assets–operating and lease liability–operating in the statements of financial position.

ROU assets represent CHA's right to use an underlying asset for the lease term and lease liabilities represent CHA's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that CHA will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. CHA has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right-of-use assets on the statements of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, CHA has elected to use the weighted average borrowing rate for computing the present value of lease liabilities.

Debt Issuance Costs

Debt issuance costs are incurred in order to obtain financing for CHA. Debt issuance costs are amortized on a straight-line basis over the term of the related loan, which approximates the interest method. Unamortized deferred financing costs are presented as a direct reduction from the carrying value of the related obligation to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense, and totaled $5,703 for each of the years ended June 30, 2026 and 2025.

Compensated Absences

Accumulated unpaid vacation totaling $7,026 and $7,430 at June 30, 2026 and 2025, respectively, is accrued when incurred, and included in payroll and related liabilities payable.

Note 2 - Significant Accounting Policies: (Continued)

Collections

In conformity with the practice followed by many museums and historical organizations, art and historic objects purchased by or donated to CHA are not capitalized in the statements of financial position. CHA's collection is made up of artifacts, photographs, records, and remembrances of Coronado's past that are held for exhibition and various other program activities. Each of the items is cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed continuously. The collection is maintained under the care of professional staff and is held for research, education, and public exhibition in furtherance of public service, rather than for financial gain. As a matter of policy, proceeds from the sale of collection items are used for the direct care of the collection or to acquire other items for the collection. Direct care of collections is defined by CHA as costs that prolong the life and usefulness of the collection, costs providing benefits that enhance the quality and protection of the collection, and costs that make a physical impact on collection objects, increasing or restoring their cultural or scientific value. Routine and ongoing expenditures are not considered direct care of collections.

CHA does not include either the cost or the value of its collection in the statements of financial position, nor does it recognize gifts of collection items as revenues in the statement of activities. Purchased collection items are recorded as decreases in net assets without donor restrictions in the year in which the items are acquired, or in net assets with donor restrictions if the net assets used to purchase the items are restricted by the donor. Contributed collection items are excluded from the financial statements. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset classes, as determined by the item's Deed of Gift.

Revenue Recognition

Grants and contributions are recognized when the donor makes a promise to give to CHA that is in substance, unconditional. Grants and contributions that are restricted by the donor are reported as increases in Net Assets Without Donor Restrictions if the restrictions expire in the fiscal year in which the grants and contributions are recognized. All other donor-restricted grants and contributions are reported as increases in Net Assets With Donor Restrictions, depending on the nature of the restrictions. When a restriction expires, Net Assets With Donor Restrictions are reclassified to net assets without donor restrictions. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

CHA offers memberships that typically last for a term of one year. CHA divides fees from these memberships between contributions and exchange transactions and recognizes revenue for the contribution upon sale. The exchange portion is also recognized upon sale, since fees are non-refundable and used to fund CHA's mission and access programs.

Museum store sales are recognized as revenue when the sale transaction occurs.

CHA recognizes revenue from education program fees, event income and research library fees upon sale or date of service, as applicable.

Rental income related to an office suite is recognized at $250 per month. Deferred rent totaled $31,000 and $34,000 at June 30, 2026 and 2025, respectively, and is included in deferred revenue on the statements of financial position.

Note 2 - Significant Accounting Policies: (Continued)

Revenue Recognition (Continued)

Gift cards are recognized as revenue when they are redeemed. Unredeemed gift cards included in deferred revenue totaled $245 at June 30, 2026 and 2025.

Donated Materials and Services

CHA utilizes the services of many volunteers throughout the year. This contribution of services by the volunteers is not recognized in the financial statements, unless the services received (a) create or enhance nonfinancial assets, or (b) require specialized skills which are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The donated services for the years ended June 30, 2026 and 2025 did not meet the requirements above; therefore, no amounts were recognized in the financial statements.

CHA received the following in-kind donations which are recorded at fair value for the years ended June 30:

	2026	2025
Supplies and material	$ 7,008	$ 6,941
Local artwork donated for home tour	3,025	4,055
App commercial hosting 2024	-	20,000
Apple and Android app package	-	15,000
Total In-Kind Contributions	$ 10,033	$ 45,996

In valuing supplies and materials, CHA estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.

In valuing artwork, CHA received an appraisal of the fair market value from an independent appraiser at the time of the gift.

In valuing app commercial hosting and Apple and Android app packages, CHA estimated the fair market value based on current rates for similar services.

App commercial hosting, Apple and Android app packages, supplies and materials and artwork were used in CHA's programs.

Functional Allocation of Expenses

The statements of functional expenses present expenses by function and natural classification. CHA allocates its expenses on a functional basis among its various programs and supporting services. Expenditures which can be identified with a specific program or support services are allocated directly, according to their natural expenditure classification. Costs that are common to several functions are allocated among the program and supporting services on the basis of time records, space utilized, and estimates made by CHA's management.

Note 2 - Significant Accounting Policies: (Continued)

Income Taxes

CHA is a public charity, and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code, except on net income derived from unrelated business activities. CHA's unrelated business activity did not generate taxable income, and no tax liability has been recorded at June 30, 2026 and 2025. CHA believes that it has appropriate support for any tax positions taken, and, as such, does not have any uncertain tax positions that are material to the financial statements. CHA is not a private foundation.

CHA's Return of Organization Exempt from Income Tax and Exempt Organization Business Income Tax Returns for Tax for the years ended June 30, 2026, 2025, 2024 and 2023 are subject to examination by Internal Revenue Service and State taxing authorities, generally three-to-four years after the returns were filed.

Risks and Uncertainties

CHA invests in various types of investment securities which are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near-term, and such changes could materially affect the amounts reported in the statements of financial position.

CHA maintains its cash in bank accounts and brokerage accounts which, at times, may exceed federally insured limits. CHA has not experienced any losses in such accounts. CHA believes it is not exposed to any significant credit risk on cash and cash equivalents.

Cash and Cash Equivalents and Restricted Cash

For purposes of the statements of cash flows, CHA considers all highly liquid investment instruments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents that are board-designated funds are held for long-term purposes and are not included in cash and cash equivalents. The following is a reconciliation of cash and cash equivalents, and restricted cash reported within the statements of financial position that sum to the total in the statements of cash flows at June 30:

	2026	2025
Cash and cash equivalents	$ 11,148	$ 220,787
Restricted reserves	268,570	313,860
Total Cash and Cash Equivalents and Restricted Cash	$ 279,718	$ 534,647

Subsequent Events

In preparing these financial statements, CHA has evaluated subsequent events for potential recognition or disclosure through October 23, 2026, the date the financial statements were available to be issued, and concluded that there were no events or transactions that needed to be disclosed.

Note 3 - Liquidity and Availability:

CHA regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. CHA considers investment income without donor restrictions, appropriated earnings from donor-restricted and board-designated endowments, contributions without donor restrictions, and contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. For purposes of analyzing resources available to meet general expenditures over a 12-month period, CHA considers all expenditures related to its ongoing activities, as well as the conduct of services undertaken to support those activities, to be general expenditures.

The table below presents financial assets available for general expenditures within one year at June 30:

	2026	2025
Cash and cash equivalents	$ 11,148	$ 220,787
Accounts receivable	3,053	49,293
Contributions receivable	506,320	8,500
Financial assets available to meet general expenditures within one year	$ 520,521	$ 278,580

In addition to financial assets available to meet general expenditures over the next 12 months, CHA operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

CHA's governing board has designated a portion of its unrestricted resources for Board-designated purposes. These funds are invested for long-term appreciation and current income, but remain available, and may be spent at the discretion of the Board of Directors.

Note 4 - Fair Value Measurements:

The following table summarizes assets measured at fair value by classification within the fair value hierarchy at June 30:

	2026			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2026
Mutual funds	$ 4,206,595	$ -	$ -	$ 4,206,595
Exchange traded funds	282,707	-	-	282,707
	$ 4,489,302	$ -	$ -	$ 4,489,302

	2025			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2025
Mutual funds	$ 612,111	$ -	$ -	$ 612,111

Note 5 - Investments:

Restricted cash and investments consist of the following at June 30:

	2026	2025
Mutual funds	$ 4,206,595	$ 612,111
Exchange trade funds	282,707	-
Cash and money market funds	100,956	32,030
Certificates of deposit	205,010	865,181
Total Restricted Cash and Investments	$ 4,795,268	$ 1,509,322

Certificates of deposit included in restricted cash investments bear interest at rates ranging from 4.10% to 5.00% and mature through May 2028.

The following schedule summarizes the investment income for the years ended June 30:

	2026	2025
Interest and dividends	$ 89,683	$ 64,026
Net realized and unrealized gains	198,275	37,133
Investment fees	(3,472)	(2,056)
Total Investments Income	$ 284,486	$ 99,103

Note 6 - Contributions Receivable:

Contributions receivable totaling $506,320 and $8,500 at June 30, 2026 and 2025, respectively, are due in less than one year.

Note 7 - Property and Equipment:

Property and equipment consist of the following at June 30:

	2026	2025
Land	$ 2,300,000	$ 2,300,000
Building	4,400,000	4,400,000
Building improvements	1,407,577	1,378,477
Office furniture and equipment	40,163	40,163
Collections and exhibitions	28,058	28,058
Construction in progress	28,624	28,624
Subtotal	8,204,422	8,175,322
Less: Accumulated depreciation	(1,763,564)	(1,604,708)
Property and Equipment, Net	$ 6,440,858	$ 6,570,614

Note 8 - Notes Payable:

Notes payable consists of the following at June 30:

	2026	2025
The note payable which was originated on May 1, 2020 is held by the City of Coronado (the "City") under the Life Business Loan Program, in the original amount of $15,000. On June 16, 2020, the City authorized an additional $5,000, which was advanced on July 2, 2020. The loan is noninterest-bearing. Principal payments are due monthly in the amount of $333, beginning on January 1, 2022, until the loan is paid in full. The loan is unsecured.	$ 4,334	$ 8,333
The loan payable, which was originated on August 28, 2020 is held by the U.S. Small Business Administration in the original amount of $150,000. Interest is accrued at 2.75% per annum. Monthly principal and interest payments of $641 are due beginning August 28, 2022. The loan is due August 28, 2050. Secured by property and equipment. Accrued interest totaled $149 and $154 at June 30, 2026 and 2025, respectively, and is included in accounts payable and accrued expenses.	130,249	134,303
The California Enterprise Development Authority Series A Bonds which were originated on October 29, 2021 are held by First Republic Bank in the original amount of $1,600,000 and bear interest at 2.90%. Interest-only payments are required beginning December 1, 2021 through October 1, 2023. Beginning November 1, 2023, monthly payments of principal and interest in the amount of $6,995 are required. The loan is due October 1, 2051. Secured by a Deed of Trust. Accrued interest totaled $3,620 and $3,715 at June 30, 2026 and 2025, respectively, and is included in accounts payable and accrued expenses.	1,497,862	1,537,136
The California Enterprise Development Authority Series B Bonds which were originated on October 29, 2021 are held by First Republic Bank in the original amount of $495,000, and bear interest at 3.75%. Interest-only payments are required beginning December 1, 2021 through October 1, 2023. Beginning November 1, 2023, monthly payments of principal and interest in the amount of $2,397 are required. The loan is due October 1, 2051. Secured by a Deed of Trust. Accrued interest totaled $1,460 and $1,494 at June 30, 2026 and 2025, respectively, and is included in accounts payable and accrued expenses.	467,181	477,958

Continued

Note 8 - Notes Payable: (Continued)

	2026	2025
The California Enterprise Development Authority bonds which were originated on May 25, 2023 are held by First Republic Bank in the original amount of $400,000, and bear interest at 5.25%. Interest-only payments are required beginning June 1, 2023 through May 1, 2025. Beginning June 1, 2025, monthly payments of principal and interest in the amount of $2,354 are required. The loan is due October 1, 2051. Secured by a Deed of Trust. Accrued interest totaled $1,716 and $1,748 at June 30, 2026 and 2025, respectively, and is included in accounts payable and accrued expenses.	$ 392,299	$ 399,455
Total Notes Payable	2,491,925	2,557,185
Less: Unamortized debt issuance costs	(143,502)	(149,205)
Total Notes Payable, net	2,348,423	2,407,980
Less: Current Portion	(67,338)	(65,247)
Notes Payable, Net, Noncurrent	$ 2,281,085	$ 2,342,733

Debt issuance costs total $168,646, less accumulated amortization of $25,144 and $19,441 at June 30, 2026 and 2025, respectively.

The future principal payments on the note payables are as follows:

Years Ended June 30	
2027	$ 67,338
2028	65,619
2029	67,740
2030	70,064
2031	72,475
Thereafter	2,148,689
Total	$ 2,491,925

The note payables require CHA to be in compliance with certain covenants, including the following:

CHA shall maintain a Debt Service Coverage Ratio of not less than 1.15 to 1.00, measured annually as of each June 30, beginning June 30, 2022 and Liquid Assets greater than $650,000. Notwithstanding the foregoing, if, during any non-consecutive fiscal year, CHA fails to comply with the Debt Service Coverage Ratio covenant, such failure shall not be deemed an Event of Default so long as CHA satisfies the following two conditions for such fiscal year:

1) the reduction in CHA's net assets without donor restrictions determined in accordance with GAAP for such fiscal year does not exceed $100,000; and

2) CHA's liquid assets as of the end of such fiscal year are equal to or greater than $850,000.

For the 2025-2026 fiscal year, CHA has met the covenant.

Note 9 - Board-Designated Funds:

CHA's Board of Directors have designated a portion of its resources without donor restriction for the following purpose at June 30:

	2026	2025
Board-Designated Funds:		
CHA mission support	$ 3,610,893	$ 268,699
Liquidity reserve	850,000	850,000
Restricted reserves	268,570	313,860
Total Board-Designated Funds	$ 4,729,463	$ 1,432,559

The liquidity reserve is dictated by the bond covenant. Under the terms of the CEDA mortgage agreement, CHA is required to maintain a minimum liquid reserve of $850,000 throughout the term of the loan.

Note 10 - Net Assets With Donor Restrictions:

Net assets with donor restrictions represent contributions received or receivable by CHA, which are limited in their use by the donor-imposed restrictions. Net assets with donor restrictions are available for the following purpose at June 30:

	2026	2025
Subject to Expenditure for Specified Purpose:		
Margot K Shriver fund for history education	$ 64,493	$ 64,100
Lawn bowling exhibit	1,312	12,663
Total Subject to Expenditure for Specified Purpose	65,805	76,763
Total Net Assets with Donor Restrictions	$ 65,805	$ 76,763

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors are as follows for the years ended June 30:

	2026	2025
Purpose Restriction Accomplished:		
Lawn bowling exhibit	$ 16,225	$ 33,077
Total Net Assets Released from Restriction	$ 16,225	$ 33,077

Note 11 – Commitments and Contingency:

Retirement Plan

CHA has a retirement benefit plan (the "Plan") for eligible employees. The Plan allows for employee contributions up to the maximum amount allowed by the Internal Revenue Code. CHA may make discretionary matching and nonelective contributions if an eligible employee contributes to the Plan. CHA's contributions totaled $11,954 and $9,480 for the years ended June 30, 2026 and 2025, respectively, and is included in employee benefits in the statements of functional expenses.

Operating Lease

CHA entered into an operating lease for office equipment in May 2020. The office equipment was replaced and a new lease was entered into in October 2023. The lease expires January 2029. Lease expense for the lease was $6,180 for each of the years ended June 30, 2026 and 2025, and is included in administrative expenses on the statements of functional expenses.

Note 11 - Commitments and Contingency: (Continued)

Operating Lease (Continued)

The following summarizes the line items on the statements of financial position for the operating lease at June 30:

	2026	2025
Operating lease right-of-use asset, net	$ 15,368	$ 20,999
Operating lease liabilities, current	5,806	5,631
Operating lease liabilities, noncurrent portion	9,562	15,368
Total operating lease liabilities	$ 15,368	$ 20,999

The following summarizes the weighted average remaining lease term and discount rate as of June 30:

	2026	2025
Weighted average remaining lease term - Operating	2.6 years	3.6 years
Weighted average incremental borrowing rate - Operating	3.06%	3.06%

The following summarizes the line items in the statements of activities which include the components of lease expense for the year ended June 30:

	2026	2025
Operating lease expense	$ 6,180	$ 6,180

The following summarizes cash flow information related to leases for the year ended June 30:

	2026	2025
Operating cash flows from operating leases	$ 6,180	$ 6,180

The following is a schedule of future minimum rental payments under the lease:

Years Ended June 30	
2027	$ 6,180
2028	6,180
2029	3,605
Total Payments	$ 15,965
Less: Interest	(597)
Present value of lease liabilities	$ 15,368

Note 11 - Commitments and Contingency: (Continued)

Tax-Exempt Bond Arbitrage Compliance

In 2026, CHA received unrestricted bequests totaling $3,500,000. To address potential compliance risks, special bond counsel was retained to perform due diligence and evaluate the legal status of the funds relative to the outstanding California Enterprise Development Authority (CEDA) loans. Based on counsel's determination, the bequest was unexpected, received subsequent to the loan issuances, and lacks a legal nexus to the tax-exempt debt. Consequently, these funds do not constitute replacement proceeds. To preserve this status, the Board of Directors designated these funds as long-term reserves for future organizational stability and operations, explicitly restricting their use from tax-exempt debt service. CHA fulfills its ongoing reporting obligations via IRS Form 990, Schedule K.