

LACAWAC SANCTUARY
FOUNDATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

LACAWAC SACTUARY FOUNDATION, INC.

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DECEMBER 31, 2022 AND 2021**

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Lacawac Sanctuary Foundation, Inc.

Opinion

We have audited the financial statements of Lacawac Sanctuary Foundation, Inc. (the "Organization") which comprise the statements of financial position as of December 31, 2022 and 2021, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 Organization'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.

Koharski & Co., PC

Scranton, PA
July 20, 2023

LACAWAC SACTUARY FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 54,840	\$ 65,887
Accounts receivable	170	5,268
Investments	431,184	559,872
Restricted cash	<u>518,425</u>	<u>448,536</u>
Total Current Assets	1,004,619	1,079,563
RESTRICTED INVESTMENTS	232,947	275,300
PROPERTY AND EQUIPMENT, net	5,181,575	4,343,537
BENEFICIAL INTEREST IN FUNDS HELD BY OTHERS	<u>63,822</u>	<u>81,180</u>
	<u>\$ 6,482,963</u>	<u>\$ 5,779,580</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Demand note payable	\$ -	\$ 9,709
Current portion of notes payable	18,083	25,111
Accounts payable	35,738	10,859
Accrued payroll	11,322	8,541
Refundable advances	16,637	99,200
Deferred revenue	<u>6,135</u>	<u>6,385</u>
Total Current Liabilities	87,915	159,805
NOTES PAYABLE, net of current portion	<u>66,569</u>	<u>69,159</u>
Total Liabilities	<u>154,484</u>	<u>228,964</u>
NET ASSETS:		
With donor restrictions	1,470,194	706,066
Without donor restrictions:		
Undesignated	4,758,285	4,744,550
Board designated - Watres house	<u>100,000</u>	<u>100,000</u>
Total Net Assets	<u>6,328,479</u>	<u>5,550,616</u>
	<u>\$ 6,482,963</u>	<u>\$ 5,779,580</u>

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

LACAWAC SACTUARY FOUNDATION, INC.

**STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND SUPPORT:			
Public support:			
Cash contributions and memberships	\$ 154,602	\$ 316,074	\$ 470,676
Contribution of land	-	655,000	655,000
Grant income	157,508	-	157,508
Fundraising events	<u>38,379</u>	<u>-</u>	<u>38,379</u>
Total Public Support	<u>350,489</u>	<u>971,074</u>	<u>1,321,563</u>
Revenues:			
Lodging and facility usage fees	80,850	-	80,850
Program income	120,221	-	120,221
Miscellaneous income	2,544	-	2,544
Interest income	139	-	139
Investment income (loss), net	(118,837)	(33,803)	(152,640)
Change in value of beneficial interests	<u>-</u>	<u>(17,358)</u>	<u>(17,358)</u>
Total Revenues	<u>84,917</u>	<u>(51,161)</u>	<u>33,756</u>
Net Assets Released from Restrictions	<u>155,785</u>	<u>(155,785)</u>	<u>-</u>
Total Revenues and Support	<u>591,191</u>	<u>764,128</u>	<u>1,355,319</u>
EXPENSES:			
Program services	379,236	-	379,236
Supporting services:			
Management and general	125,379	-	125,379
Fundraising	<u>72,841</u>	<u>-</u>	<u>72,841</u>
Total Expenses	<u>577,456</u>	<u>-</u>	<u>577,456</u>
CHANGE IN NET ASSETS	13,735	764,128	777,863
NET ASSETS - Beginning	<u>4,844,550</u>	<u>706,066</u>	<u>5,550,616</u>
NET ASSETS - Ending	<u>\$ 4,858,285</u>	<u>\$ 1,470,194</u>	<u>\$ 6,328,479</u>

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

LACAWAC SACTUARY FOUNDATION, INC.

**STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND SUPPORT:			
Public support:			
Contributions and memberships	\$ 97,053	\$ 13,273	\$ 110,326
Grant income	94,067	187,250	281,317
Fundraising events	<u>33,982</u>	<u>-</u>	<u>33,982</u>
Total Public Support	<u>225,102</u>	<u>200,523</u>	<u>425,625</u>
Revenues:			
Lodging and facility usage fees	76,932	-	76,932
Program income	90,637	-	90,637
Interest income	205	-	205
Investment income, net	74,697	34,359	109,056
Change in value of beneficial interests	<u>-</u>	<u>6,306</u>	<u>6,306</u>
Total Revenues	<u>242,471</u>	<u>40,665</u>	<u>283,136</u>
Net Assets Released from Restrictions	<u>28,740</u>	<u>(28,740)</u>	<u>-</u>
Total Revenues and Support	<u>496,313</u>	<u>212,448</u>	<u>708,761</u>
EXPENSES:			
Program services	296,246	-	296,246
Supporting services:			
Management and general	86,152	-	86,152
Fundraising	<u>64,260</u>	<u>-</u>	<u>64,260</u>
Total Expenses	<u>446,658</u>	<u>-</u>	<u>446,658</u>
CHANGE IN NET ASSETS	49,655	212,448	262,103
NET ASSETS - Beginning	<u>4,794,895</u>	<u>493,618</u>	<u>5,288,513</u>
NET ASSETS - Ending	<u>\$ 4,844,550</u>	<u>\$ 706,066</u>	<u>\$ 5,550,616</u>

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

LACAWAC SACTUARY FOUNDATION, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022**

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
	<u>Environmental Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	
EXPENSES:				
Salaries	\$ 134,098	\$ 44,709	\$ 25,274	\$ 204,081
Payroll taxes	11,266	2,897	1,931	16,094
Employee benefits	8,497	6,043	4,029	18,569
Research and preservation programs	133,394	-	-	133,394
Depreciation	37,222	-	-	37,222
Fundraising activities	-	-	28,255	28,255
Miscellaneous	1,303	26,824	-	28,127
Insurance	13,001	10,400	2,600	26,001
Occupancy	16,218	3,243	2,162	21,623
Professional fees	-	16,767	-	16,767
Computer and internet	4,298	3,009	1,289	8,596
Marketing tourism	-	4,773	3,182	7,955
Community programs	6,956	-	-	6,956
Repairs and maintenance	6,612	-	-	6,612
Supplies and postage	2,611	653	3,265	6,529
Office expense	2,845	1,992	854	5,691
Interest	-	4,069	-	4,069
Dues and memberships	915	-	-	915
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenses	<u>\$ 379,236</u>	<u>\$ 125,379</u>	<u>\$ 72,841</u>	<u>\$ 577,456</u>

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

LACAWAC SACTUARY FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	<u>Program Services</u>	<u>Supporting Services</u>		
	<u>Environmental Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
EXPENSES:				
Salaries	\$ 87,708	\$ 47,526	\$ 27,154	\$ 162,388
Payroll taxes	7,905	4,481	2,987	15,373
Employee benefits	7,647	4,571	3,075	15,293
Research and preservation programs	109,642	-	-	109,642
Depreciation	36,995	-	-	36,995
Occupancy	17,341	3,060	-	20,401
Fundraising activities	-	-	20,129	20,129
Insurance	11,578	5,792	1,926	19,296
Supplies and postage	2,190	4,380	4,380	10,950
Professional fees	5,763	3,842	-	9,605
Community programs	5,774	-	-	5,774
Interest	-	4,809	-	4,809
Dues and memberships	1,895	-	2,744	4,639
Repairs and maintenance	-	4,421	-	4,421
Marketing tourism	-	1,557	1,009	2,566
Computer and internet	882	881	440	2,203
Office expense	834	832	416	2,082
Miscellaneous	92	-	-	92
Total Expenses	<u>\$ 296,246</u>	<u>\$ 86,152</u>	<u>\$ 64,260</u>	<u>\$ 446,658</u>

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

LACAWAC SACTUARY FOUNDATION, INC.

**STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from grants and contributions	\$ 580,246	\$ 406,602
Cash received from services	208,602	165,060
Cash received from investments	19,931	31,431
Cash paid to employees for salaries and benefits	(235,963)	(187,438)
Cash paid to vendors for goods and services	(272,542)	(212,615)
Cash paid for interest	<u>(4,069)</u>	<u>(4,809)</u>
Net Cash Provided by Operating Activities	<u>296,205</u>	<u>198,231</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(220,260)	(22,892)
Sales of investments	23,257	33,026
Purchases of investments	(24,787)	(37,619)
Transfer from beneficial interest	<u>3,754</u>	<u>2,750</u>
Net Cash Used by Investing Activities	<u>(218,036)</u>	<u>(24,735)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net payments on demand note payable	(9,709)	(1,895)
Proceeds from long-term debt	74,700	-
Payments on long-term debt	<u>(84,318)</u>	<u>(23,112)</u>
Net Cash Used by Financing Activities	<u>(19,327)</u>	<u>(25,007)</u>
NET CHANGE IN CASH	58,842	148,489
CASH - Beginning	<u>514,423</u>	<u>365,934</u>
CASH - Ending	<u>\$ 573,265</u>	<u>\$ 514,423</u>
SUPPLEMENTAL INFORMATION:		
Cash	\$ 54,840	\$ 65,887
Restricted cash	<u>518,425</u>	<u>448,536</u>
	<u>\$ 573,265</u>	<u>\$ 514,423</u>

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

LACAWAC SACTUARY FOUNDATION, INC.

**STATEMENTS OF CASH FLOWS (CONT'D)
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 777,863	\$ 262,103
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	37,222	36,995
Contribution of land	(655,000)	-
Net realized and unrealized (gains) losses on investments	172,571	(77,625)
Change in value of beneficial interest	13,604	(9,056)
Contribution to beneficial interest	-	(16,273)
Change in assets and liabilities:		
Accounts receivable	5,098	(4,530)
Accounts payable	24,879	(815)
Accrued payroll	2,781	5,616
Refundable advances	(82,563)	-
Deferred revenue	<u>(250)</u>	<u>1,816</u>
 Net Cash Provided by Operating Activities	 <u>\$ 296,205</u>	 <u>\$ 198,231</u>
 SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Vehicle purchased with note payable	<u>\$ -</u>	<u>\$ 25,098</u>

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

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1: NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Lacawac Sanctuary Foundation, Inc. (the "Organization") maintains marshes, forest, and lakes within its sanctuary and operates facilities for ecological research and education. The Organization is supported primarily through grants and contributions, program and membership fees, and lodging and facility use rentals.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, all significant receivables, payables, and other accruals are reflected.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets; net assets without donor restrictions and net assets with donor restrictions.

Net Assets without Donor Restrictions

These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions. Contributions that are restricted by the donor are also reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Net Assets with Donor Restrictions

These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either permanently or temporarily until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

**NOTE 1: NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES
(CONT'D)**

Use of Estimates

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

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be a cash equivalent.

Restricted Cash

Restricted cash consists of donor restricted contributions and grants received for the renovation of the Watres House Learning Center.

Accounts Receivable

Accounts receivable are reported at amounts management expects to collect on balances outstanding. Accounts are charged to bad debt expense when considered uncollectible based on a periodic review of individual accounts.

Investments

Equity securities with readily determinable fair-values and debt securities are valued at fair-value based on quoted market prices. Adjustments to reflect increases or decreases in market value, referred to as unrealized gains and losses, are reported in the statement of activities. The basis of investments received as gifts is fair-value as determined upon receipt. The basis of investments sold is determined by use of the specific identification method.

All realized gains and losses arising from the sale of investments and ordinary income from investments are reported as changes in unrestricted net assets unless their use is restricted by explicit donor imposed stipulations.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

**NOTE 1: NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES
(CONT'D)**

Fair-value Measurements

The Organization measures its investments at fair-value on a recurring basis. A fair-value hierarchy prioritizes the inputs to valuation techniques used to measure fair-value. This hierarchy consists of three broad levels that are ranked to indicate the quality and reliability of the resulting fair-value measure. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair-value of its investments. When available, the Organization measures fair-value using Level 1 inputs because they generally provide the most reliable evidence of fair-value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

Property and Equipment

Property and equipment are recorded at cost and are depreciated over their estimated useful lives using the straight-line method of depreciation. Repairs and minor equipment are charged against current operations when incurred. Management has set the capitalization threshold for reporting property and equipment at \$5,000.

A portion of the Organization's land and buildings was acquired from the Nature Conservancy which has a reversionary interest in the property if the Organization were to use the property for other than that stated purpose. The basis of the buildings was not determined at the time of transfer and, accordingly, is not being depreciated in these financial statements. This policy is not in accordance with Accounting Principles Generally Accepted in the United States of America, but the difference is not believed to be material.

Deferred Revenue

Deferred revenue consists of fees received in advance of being earned.

Revenue Recognition

Contributions are recognized when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

**NOTE 1: NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES
(CONT'D)**

Revenue Recognition (Cont'd)

A portion of the Organization's revenue is derived from cost-reimbursable grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

Donated Services

No amounts have been reflected in the financial statements for donated services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations, and various committee assignments.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that are allocated include salaries, benefits, and payroll taxes, which are allocated on an estimate of time and effort. In addition, occupancy costs, insurance, repairs and maintenance, supplies, office expenses, and computer costs are allocated based on estimates of percentage of use.

Income Taxes

The Organization is a not-for-profit corporation that is exempt from income taxes under section 501(c)3 of the Internal Revenue Code. No provision for Federal or state income taxes is required.

In accordance with the Financial Accounting Standards Board ("FASB") guidance on accounting for uncertainty in income taxes, management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. With few exceptions, the Organization is no longer subject to tax examinations by Federal, state, or local tax authorities for years before December 31, 2019.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1: NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES
(CONT'D)

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash, money market accounts, and certificates-of-deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts. Investments are made by investment managers whose performance is monitored by management and the investment committee of the Board of Trustees. Although the fair-values of investments are subject to fluctuation on a year-to-year basis, the Organization believes that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

Recently Implemented Accounting Standards

In February 2016, FASB issued Accounting Standards Update ("ASU") 2016-02, Leases. This ASU is intended to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. This update will be effective for annual reporting periods beginning after December 15, 2021. The Organization implemented the provisions of this ASU during the year ended December 31, 2022.

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities: Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The amendments in ASU 2020-07 improve transparency surrounding the valuation of gifts-in-kind as well as enhance and improve the presentation and disclosure of these contributions. This update will be effective for annual reporting periods beginning after June 15, 2021. The Organization implemented the provisions of this ASU during the year ended December 31, 2022.

Reclassifications

Certain items in the 2021 financial statements have been reclassified to agree to the December 31, 2022 format.

Subsequent Events

Management has evaluated subsequent events through July 20, 2023, which is the date the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements for the year ended December 31, 2022.

LACAWAC SACTUARY FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 2: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>2022</u>	<u>2021</u>
Cash	\$ 32,068	\$ 27,093
Accounts receivable	170	5,268
Unrestricted investments	<u>431,184</u>	<u>559,872</u>
	<u>\$ 463,422</u>	<u>\$ 592,233</u>

In addition to financial assets available to meet general expenditures over the year, the Organization operates on a balanced budget and anticipates covering its general expenditures by collecting sufficient program fees, rentals, memberships and contributions.

The Organization also has a \$25,000 line-of-credit, which it could draw upon in the event of an unanticipated liquidity need. The available balance on the line-of-credit was \$25,000 and \$15,291 at December 31, 2022 and 2021, respectively.

Restricted cash and investments consist of donor-restricted funds designated for specific purposes. Donor-restricted funds are not available for general expenditure.

NOTE 3: INVESTMENTS

Investments are summarized as follows at December 31:

	<u>2022</u>	<u>2021</u>
Cash equivalents	\$ 27,069	\$ 25,551
Exchange traded funds	61,261	82,930
Mutual funds - fixed income	71,773	77,590
Mutual funds - equity	<u>504,028</u>	<u>649,101</u>
	<u>\$ 664,131</u>	<u>\$ 835,172</u>

As of December 31, 2022 and 2021, all investments were considered Level 1 investments.

LACAWAC SACTUARY FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 4: PROPERTY AND EQUIPMENT

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

	<u>2022</u>	<u>2021</u>
Land, building, and improvements	\$ 5,253,988	\$ 4,548,415
Equipment	73,595	73,595
Furniture and fixtures	59,298	54,406
Construction-in-progress	<u>180,881</u>	<u>16,086</u>
	5,567,762	4,692,502
Less: accumulated depreciation	<u>(386,187)</u>	<u>(348,965)</u>
	<u>\$ 5,181,575</u>	<u>\$ 4,343,537</u>

Depreciation expense was \$37,222 and \$36,995 for the years ended December 31, 2022 and 2021, respectively.

NOTE 5: BENEFICIAL INTEREST IN TRUSTS HELD BY OTHERS

The Organization is the beneficiary of three trusts held by the Scranton Area Foundation. Income from the trusts is paid to the Organization to support the expenses of undergraduate students whose research deals with the natural resources of the sanctuary and for the future purchase of land around the sanctuary. The trusts are recorded at the fair-value of the underlying investments which are classified within level 3 of the fair-value hierarchy because the trust assets can never be redeemed by the Organization.

Distributions from the trusts are received only when requested by the Board of Trustees for specific projects or programs and are distributed in accordance with each Foundation's spending policy. Distributions of \$3,754 and \$2,750 were received in the years ended December 31, 2022 and 2021, respectively.

Reconciliations of assets measured using Level 3 inputs as of December 31:

	<u>2022</u>	<u>2021</u>
Beginning Balance	\$ 81,180	\$ 58,601
Change in value	(13,604)	9,056
Contributions	-	16,273
Distributions	<u>(3,754)</u>	<u>(2,750)</u>
Ending Balance	<u>\$ 63,822</u>	<u>\$ 81,180</u>

LACAWAC SACTUARY FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 6: DEMAND NOTE PAYABLE

The Organization has a \$25,000 line-of-credit with interest payable monthly at the prime rate plus .75% (8.25% at December 31, 2022). The line-of-credit is secured by substantially all of the Organization's assets. Borrowings on the line-of-credit are to be used for working capital. There was no outstanding balance as of December 31, 2022. The balance outstanding as of December 31, 2021 was \$9,709.

NOTE 7: NOTES PAYABLE

Notes payable consist of the following at December 31,:

	<u>2022</u>	<u>2021</u>
Note was refinanced in May 2022.	\$ -	\$ 72,309
Bank note payable in monthly installments of \$1,408, including interest of \$4.875%. The note matures May 2027 with a balloon payment due of all outstanding principal and interest, and is secured by some of the Organization's investments.	66,874	-
Bank note payable in monthly installments of \$349. The note is noninterest bearing and matures March 2027. This note is secured by a vehicle with a net book value of \$19,052.	<u>17,778</u>	<u>21,961</u>
Less: current portion	<u>84,652</u> <u>(18,083)</u>	<u>94,270</u> <u>(25,111)</u>
	<u>\$ 66,569</u>	<u>\$ 69,159</u>

The aggregate annual principal payments required on the notes payable are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 18,083
2024	18,778
2025	19,523
2026	20,299
2027	<u>7,969</u>
	<u>\$ 84,652</u>

LACAWAC SACTUARY FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
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NOTE 8: REFUNDABLE ADVANCES

In January 2020, the Organization received a conditional contribution of \$99,200 from the Commonwealth of Pennsylvania Department of Conservation and Natural Resources in the form of a matching grant to be used for the rehabilitation and development of the Watres Environmental Education Center. Due to circumstances resulting from the COVID-19 pandemic, the project was temporarily placed on hold. As a result, the grant has not been recognized as revenue in the accompanying financial statements because the conditions on which it depends have not been substantially met. As of December 31, 2022 and 2021, \$16,637 and \$99,200, respectively has been reported as refundable advances.

NOTE 9: BOARD DESIGNATED NET ASSETS

The Organization's Board of Directors designated that a portion of unrestricted net assets be used as a capital fund for the Watres House Learning Center's renovations. The balance of the designated funds is \$100,000 at years ended December 31, 2022 and 2021, respectively.

NOTE 10: NET ASSETS WITH DONOR RESTRICTIONS

The Organization's net assets with donor restrictions are available for the following purposes at December 31:

	<u>2022</u>	<u>2021</u>
Subject to expenditure specified purposes:		
Building improvements	\$ 518,425	\$ 335,336
Limnological research	36,674	59,495
Maintenance of lab	18,993	38,975
Future land purchase	33,071	42,043
Student research	20,307	25,864
High school age programs	10,444	13,273
Children's programs	-	14,250
	<u>637,914</u>	<u>529,236</u>
Subject to restriction in perpetuity:		
Land for nature preserve	655,000	-
Limnological research	101,030	100,830
Maintenance of lab	76,250	76,000
	<u>832,280</u>	<u>176,830</u>
	<u>\$ 1,470,194</u>	<u>\$ 706,066</u>

LACAWAC SACTUARY FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 11: CONTRIBUTED NONFINANCIAL ASSETS

Contributed nonfinancial assets recognized within the statement of activities for the years ended December 31 included:

	<u>2022</u>	<u>2021</u>
Land contribution	<u>\$ 655,000</u>	<u>\$ -</u>

The Organization recognized contributed nonfinancial assets within revenue. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

The Organization received a contribution of 87.49 acres in Pike County to create the Mark and Courtney Peterson Nature Preserve. The fair market value of the land was determined through an appraisal. The land must be maintained in its current state in perpetuity and used for environmental research and education.

NOTE 12: COMMITMENTS AND CONTINGENCIES

The Organization participates in both state and Federally assisted grant programs. These programs may be subject to program compliance audits by the grantors or their representatives. The Organization is potentially liable for any expenditure that may be disallowed pursuant to the terms of these grant programs. The Organization is not aware of any material items of noncompliance that would result in the disallowance of program expenditures.

The Organization has entered into numerous construction and improvement contracts which are funded through grants. As of December 31, 2022, The Organization has expensed \$39,451 of contract commitments totaling \$298,162.