

**LACAWAC SANCTUARY**  
**FOUNDATION, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2019 AND 2018**

**LACAWAC SANCTUARY FOUNDATION, INC.**

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DECEMBER 31, 2019 AND 2018**

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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of Lacawac Sanctuary Foundation, Inc. (the "Organization"), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lacawac Sanctuary Foundation, Inc. as of December 31, 2019 and 2018, 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.

*Kohanski & Co., PC*

Moosic, PA  
May 14, 2020

**LACAWAC SANCTUARY FOUNDATION, INC.**

**STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 11,545	\$ 25,976
Restricted cash	175,435	26,577
Accounts receivable	-	6,933
Investments	<u>424,905</u>	<u>365,699</u>
Total Current Assets	611,885	425,185
RESTRICTED INVESTMENTS	235,464	214,916
PROPERTY AND EQUIPMENT, net	4,341,349	4,371,276
BENEFICIAL INTEREST IN FUNDS HELD BY OTHERS	<u>21,542</u>	<u>-</u>
	<u>\$ 5,210,240</u>	<u>\$ 5,011,377</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Demand note payable	\$ 14,434	\$ 13,355
Current portion of notes payable	8,312	7,939
Accounts payable	9,962	1,258
Accrued payroll	5,349	4,871
Deferred revenue	<u>6,535</u>	<u>35</u>
Total Current Liabilities	44,592	27,458
NOTES PAYABLE, net of current portion	<u>94,456</u>	<u>102,691</u>
Total Liabilities	<u>139,048</u>	<u>130,149</u>
NET ASSETS:		
With donor restrictions	437,251	241,492
Without donor restrictions	<u>4,633,941</u>	<u>4,639,736</u>
Total Net Assets	<u>5,071,192</u>	<u>4,881,228</u>
	<u>\$ 5,210,240</u>	<u>\$ 5,011,377</u>

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

**LACAWAC SANCTUARY FOUNDATION, INC.**

**STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2019**

	<u>With Donor Restrictions</u>	<u>Without Donor Restrictions</u>	<u>Total</u>
<b>REVENUES AND SUPPORT:</b>			
Public Support:			
Contributions and memberships	\$ 183,058	\$ 119,976	\$ 303,034
Grant income	-	55,331	55,331
Fund-raising events	-	29,941	29,941
Total Public Support	<u>183,058</u>	<u>205,248</u>	<u>388,306</u>
Revenues:			
Lodging and facility usage fees	-	40,368	40,368
Program income	-	112,864	112,864
Interest income	-	4	4
Investment income, net	35,873	72,142	108,015
Change in value of beneficial interests	3,405	-	3,405
Miscellaneous	-	500	500
Total Revenues	<u>39,278</u>	<u>225,878</u>	<u>265,156</u>
Net Assets Released from Restrictions	<u>(26,577)</u>	<u>26,577</u>	<u>-</u>
Total Revenues and Support	<u>195,759</u>	<u>457,703</u>	<u>653,462</u>
<b>EXPENSES:</b>			
Program Services	-	332,784	332,784
Supporting Services:			
Management and general	-	66,775	66,775
Fundraising	-	63,939	63,939
Total Expenses	<u>-</u>	<u>463,498</u>	<u>463,498</u>
CHANGE IN NET ASSETS	195,759	(5,795)	189,964
NET ASSETS - Beginning	<u>241,492</u>	<u>4,639,736</u>	<u>4,881,228</u>
NET ASSETS - Ending	<u>\$ 437,251</u>	<u>\$ 4,633,941</u>	<u>\$ 5,071,192</u>

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

**LACAWAC SANCTUARY FOUNDATION, INC.**

**STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2018**

	<u>With Donor Restrictions</u>	<u>Without Donor Restrictions</u>	<u>Total</u>
<b>REVENUES AND SUPPORT:</b>			
Public Support:			
Contributions and memberships	\$ 21,241	\$ 161,784	\$ 183,025
Grant income	-	190,926	190,926
Fund-raising events	-	27,718	27,718
	<u>21,241</u>	<u>380,428</u>	<u>401,669</u>
Total Public Support			
Revenues:			
Lodging and facility usage fees	-	53,455	53,455
Program income	-	106,641	106,641
Interest income	-	7	7
Investment loss, net	(28,507)	-	(28,507)
Miscellaneous	-	29,786	29,786
	<u>(28,507)</u>	<u>189,889</u>	<u>161,382</u>
Total Revenues			
Net Assets Released from Restrictions	<u>(52,675)</u>	<u>52,675</u>	<u>-</u>
Total Revenues and Support			
	<u>(59,941)</u>	<u>622,992</u>	<u>563,051</u>
<b>EXPENSES:</b>			
Program Services	-	231,940	231,940
Supporting Services:			
Management and general	-	62,029	62,029
Fundraising	-	104,982	104,982
	<u>-</u>	<u>398,951</u>	<u>398,951</u>
Total Expenses			
CHANGE IN NET ASSETS	(59,941)	224,041	164,100
NET ASSETS - Beginning	<u>301,433</u>	<u>4,415,695</u>	<u>4,717,128</u>
NET ASSETS - Ending	<u>\$ 241,492</u>	<u>\$ 4,639,736</u>	<u>\$ 4,881,228</u>

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

**LACAWAC SANCTUARY FOUNDATION, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2019**

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	<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	\$ 107,470	\$ 44,788	\$ 24,561	\$ 176,819
Payroll taxes	9,916	3,803	2,536	16,255
Employee benefits	6,888	4,133	2,755	13,776
Research and preservation programs	99,105	-	-	99,105
Depreciation	33,107	-	-	33,107
Community programs	24,604	-	-	24,604
Fundraising activities	-	-	21,857	21,857
Occupancy	14,008	3,502	-	17,510
Insurance	10,000	3,836	2,558	16,394
Marketing tourism	6,430	-	4,286	10,716
Professional fees	9,297	-	-	9,297
Supplies and postage	2,058	-	4,801	6,859
Repairs and maintenance	6,353	-	-	6,353
Interest	-	5,842	-	5,842
Office expense	1,717	684	460	2,861
Dues and memberships	1,363	-	-	1,363
Computer and internet	468	187	125	780
	<u>468</u>	<u>187</u>	<u>125</u>	<u>780</u>
Total Expenses	<u>\$ 332,784</u>	<u>\$ 66,775</u>	<u>\$ 63,939</u>	<u>\$ 463,498</u>

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



**LACAWAC SANCTUARY FOUNDATION, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2018**

	<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	\$ 82,074	\$ 34,607	\$ 38,769	\$ 155,450
Payroll taxes	7,000	3,500	3,598	14,098
Employee benefits	4,591	2,059	4,803	11,453
Research and preservation programs	60,759	-	-	60,759
Depreciation	31,214	-	-	31,214
Fundraising activities	-	-	25,229	25,229
Professional fees	-	5,657	16,289	21,946
Occupancy	10,363	3,455	3,455	17,273
Insurance	9,377	3,126	3,126	15,629
Community programs	11,437	-	-	11,437
Repairs and maintenance	7,270	1,817	-	9,087
Supplies and postage	5,102	1,700	1,700	8,502
Marketing tourism	-	-	6,793	6,793
Interest	-	4,888	-	4,888
Office expense	2,647	883	883	4,413
Computer and internet	1,011	337	337	1,685
Vehicle expense	978	-	-	978
Dues and memberships	425	-	-	425
Miscellaneous	(2,308)	-	-	(2,308)
Total Expenses	<u>\$ 231,940</u>	<u>\$ 62,029</u>	<u>\$ 104,982</u>	<u>\$ 398,951</u>

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

LACAWAC SANCTUARY FOUNDATION, INC.

**STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from grants and contributions	\$ 391,784	\$ 383,279
Cash received from services	172,829	166,869
Cash paid to employees for salaries and benefits	(206,372)	(150,579)
Cash paid to vendors for goods and services	(208,995)	(227,760)
Cash paid for interest	<u>(5,842)</u>	<u>(4,888)</u>
Net Cash Provided by Operating Activities	<u>143,404</u>	<u>166,921</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(3,180)	(94,676)
Sales of investments	18,369	17,600
Purchases of investments	<u>(17,383)</u>	<u>(59,396)</u>
Net Cash Used by Investing Activities	<u>(2,194)</u>	<u>(136,472)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net proceeds (payments) on demand note payable	1,079	(61)
Payments on long-term debt	<u>(7,862)</u>	<u>(56,370)</u>
Net Cash Used by Financing Activities	<u>(6,783)</u>	<u>(56,431)</u>
<b>NET CHANGE IN CASH</b>	134,427	(25,982)
<b>CASH - Beginning</b>	<u>52,553</u>	<u>78,535</u>
<b>CASH - Ending</b>	<u>\$ 186,980</u>	<u>\$ 52,553</u>
<b>SUPPLEMENTAL INFORMATION:</b>		
Cash	\$ 11,545	\$ 25,976
Restricted cash	<u>175,435</u>	<u>26,577</u>
	<u>\$ 186,980</u>	<u>\$ 52,553</u>

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

**LACAWAC SANCTUARY FOUNDATION, INC.**

**STATEMENTS OF CASH FLOWS (CONT'D)  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

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	<u>2019</u>	<u>2018</u>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES:</b>		
Transfer of restricted investment to beneficial interest in funds held by others	<u>\$ 15,115</u>	<u>\$ -</u>
Building purchased with note payable	<u>\$ -</u>	<u>\$ 167,000</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 189,964	\$ 164,100
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	33,107	31,214
Net realized and unrealized (gain) loss on investments	(95,855)	37,902
Change in value of beneficial interest	(3,405)	-
Contribution to beneficial interest	(3,022)	-
Change in assets and liabilities:		
Accounts receivable	6,933	(2,629)
Accounts payable	8,704	(20,361)
Accrued payroll	478	4,871
Deferred revenue	<u>6,500</u>	<u>(48,176)</u>
Net Cash Provided by Operating Activities	<u>\$ 143,404</u>	<u>\$ 166,921</u>

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

**LACAWAC SANCTUARY FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

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**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 lodging and facility use, programs and membership fees, and contributions.

**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.

**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 temporarily or permanently 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.

**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.

**LACAWAC SANCTUARY FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

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

**Contributions**

Contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. 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 contributions are recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions. 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. In the absence of donor restrictions to the contrary, restrictions on contributions of property or equipment or on assets restricted to acquiring property or equipment expire when the property or equipment is placed in service.

**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.

**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 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.

**LACAWAC SANCTUARY FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

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

**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 cost of investments received as gifts is fair-value as determined upon receipt. The cost 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.

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 Sanctuary's land and buildings was acquired from the Nature Conservancy which has a reversionary interest in the property if the Sanctuary 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.

**LACAWAC SANCTUARY FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

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

**Deferred Revenue**

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

**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 the president's salary, benefits, and payroll taxes, which are allocated on an estimate of his 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.

**Advertising Costs**

Advertising costs are charged to operations as incurred. Advertising costs were \$10,716 and \$6,793 for the years ended December 31, 2019 and 2018, respectively.

**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, 2016.

**LACAWAC SANCTUARY FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

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**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 diversified 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 Issued 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, 2019. The Organization is currently evaluating the effect the provisions of this ASU will have on the financial statements.

**Recently Implemented Accounting Standards**

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization implemented the provisions of this standard during the year ended December 31, 2019.

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies and improves the scope and accounting guidance for contributions received and made, primarily by not-for-profit organizations, and provides a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. The Organization implemented the provisions of this standard during the year ended December 31, 2019.



LACAWAC SANCTUARY FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

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

Recently Implemented Accounting Standards (Cont'd)

These ASUs have been implemented under the modified prospective approach. Under this approach, there is no restatement of prior amounts recognized. The requirements are applied to agreements that exist at the effective date, but only to the portion that has not yet been recognized in a prior period and all new agreements entered into after the effective date.

Other accounting standards that are not anticipated to have an impact on or are unrelated to the Organization's financial condition are not discussed herein.

Reclassifications

Certain items in the 2018 financial statements have been reclassified to agree to the December 31, 2019 format.

Subsequent Events

Management has evaluated subsequent events through May 14, 2020, 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, 2019.

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>2019</u>	<u>2018</u>
Cash	\$ 11,545	\$ 25,976
Accounts receivable	-	6,933
Unrestricted investments	<u>424,905</u>	<u>365,699</u>
	<u>\$ 436,450</u>	<u>\$ 398,608</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.

LACAWAC SANCTUARY FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

NOTE 2: LIQUIDITY AND AVAILABILITY (CONT'D)

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 \$10,566 and \$11,645 at December 31, 2019 and 2018, respectively.

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

NOTE 3: INVESTMENTS

Investments are summarized as follows at December 31:

	<u>2019</u>	<u>2018</u>
Cash equivalents	\$ 10,703	\$ 149,996
Exchange traded funds	68,084	37,185
Mutual funds - fixed income	70,806	-
Mutual funds - equity	<u>510,776</u>	<u>393,434</u>
	<u>\$ 660,369</u>	<u>\$ 580,615</u>

As of December 31, 2019 and 2018, all investments were considered Level 1 investments.

NOTE 4: PROPERTY AND EQUIPMENT

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

	<u>2019</u>	<u>2018</u>
Land, building, and improvements	\$ 4,537,965	\$ 4,537,965
Equipment	25,812	25,812
Vehicle	-	24,141
Furniture and fixtures	54,406	57,937
Construction-in-progress	<u>3,179</u>	<u>-</u>
	4,621,362	4,645,855
Less: accumulated depreciation	<u>(280,013)</u>	<u>(274,579)</u>
	<u>\$ 4,341,349</u>	<u>\$ 4,371,276</u>

Depreciation expense was \$33,107 and \$31,214 for the years ended December 31, 2019 and 2018, respectively.

LACAWAC SANCTUARY FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 5: BENEFICIAL INTEREST IN TRUSTS HELD BY OTHERS**

The Organization is the beneficiary of a trust held by Scranton Area Foundation. Income from the trust is paid to the Organization to support the expenses of undergraduate students whose research deals with the natural resources of the sanctuary. The trust is 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.

**NOTE 6: DEMAND NOTE PAYABLE**

The Organization has a \$25,000 line-of-credit with interest payable monthly at the prime rate plus .75% (5.50% at December 31, 2019). 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. The balance outstanding as of December 31, 2019 and 2018 was \$14,434 and \$13,355, respectively.

**NOTE 7: NOTE PAYABLE**

Note payable consist of the following at December 31,:

	<u>2019</u>	<u>2018</u>
Bank note payable in monthly installments of \$1,071 including interest of 4.60%. The note matures in May 2023 with a balloon payment due of all outstanding principal and accrued interest, and is secured by some of the Organization's investments.	\$ 102,768	\$ 110,630
Less: current portion	<u>(8,312)</u>	<u>(7,939)</u>
	<u>\$ 94,456</u>	<u>\$ 102,691</u>

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

<u>Year Ending December 31,</u>	<u>Amount</u>
2020	\$ 8,312
2021	8,703
2022	9,112
2023	<u>76,641</u>
	<u>\$ 102,768</u>

LACAWAC SANCTUARY FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 8: COMPENSATED ABSENCES**

All employees are eligible for paid time off in an amount dependent on their years of service. Employees are allowed to carry a maximum of 80 hours and are eligible for payment of unused vacation days upon termination of employment up to a maximum of 80 hours.

**NOTE 9: NET ASSETS WITH DONOR RESTRICTIONS**

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

	<u>2019</u>	<u>2018</u>
Limnological research (original gift \$100,580)	\$ 135,250	\$ 112,831
Maintenance of lab (original gift \$76,000)	100,214	87,142
Student research	21,752	14,941
Children's programs	4,600	-
Educational displays	9,750	-
Future land purchase	25,000	-
Building improvements	<u>140,685</u>	<u>26,578</u>
	<u>\$ 437,251</u>	<u>\$ 241,492</u>

**NOTE 10: CONTINGENCY**

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.

**NOTE 11: SUBSEQUENT EVENT**

Subsequent to year end, the coronavirus (COVID-19) pandemic had a significant impact on the world and the local economy. While management of the Organization does not anticipate any adverse long-term effects, uncertainty exists related to this matter.