

LACAWAC SANCTUARY
FOUNDATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

DRAFT

LACAWAC SACTUARY FOUNDATION, INC.

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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, 2020 and 2019, 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, 2020 and 2019, 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.

Scranton, PA
XXXXX XX, 2021

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LACAWAC SACTUARY FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 81,795	\$ 11,545
Restricted cash	284,139	175,435
Accounts receivable	738	-
Investments	<u>502,925</u>	<u>424,905</u>
Total Current Assets	869,597	611,885
RESTRICTED INVESTMENTS	250,029	235,464
PROPERTY AND EQUIPMENT, net	4,332,542	4,341,349
BENEFICIAL INTEREST IN FUNDS HELD BY OTHERS	<u>58,601</u>	<u>21,542</u>
	<u>\$ 5,510,769</u>	<u>\$ 5,210,240</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Demand note payable	\$ 11,604	\$ 14,434
Current portion of notes payable	8,703	8,312
Accounts payable	11,674	9,962
Accrued payroll	2,925	5,349
Refundable advances	99,200	-
Deferred revenue	<u>4,569</u>	<u>6,535</u>
Total Current Liabilities	138,675	44,592
NOTES PAYABLE, net of current portion	<u>83,581</u>	<u>94,456</u>
Total Liabilities	<u>222,256</u>	<u>139,048</u>
NET ASSETS:		
With donor restrictions	493,618	437,251
Without donor restrictions:		
Undesignated	4,694,895	4,633,941
Board designated - Watres house	<u>100,000</u>	<u>-</u>
Total Net Assets	<u>5,288,513</u>	<u>5,071,192</u>
	<u>\$ 5,510,769</u>	<u>\$ 5,210,240</u>

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

LACAWAC SACTUARY FOUNDATION, INC.

**STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND SUPPORT:			
Public Support:			
Contributions and memberships	\$ 48,964	\$ 62,250	\$ 111,214
Grant income	256,747	-	256,747
Fund-raising events	<u>28,657</u>	<u>-</u>	<u>28,657</u>
Total Public Support	<u>334,368</u>	<u>62,250</u>	<u>396,618</u>
Revenues:			
Lodging and facility usage fees	62,239	-	62,239
Program income	61,692	-	61,692
Interest income	170	-	170
Investment income, net	90,020	23,324	113,344
Change in value of beneficial interests	<u>-</u>	<u>8,129</u>	<u>8,129</u>
Total Revenues	<u>214,121</u>	<u>31,453</u>	<u>245,574</u>
Net Assets Released from Restrictions	<u>37,336</u>	<u>(37,336)</u>	<u>-</u>
Total Revenues and Support	<u>585,825</u>	<u>56,367</u>	<u>642,192</u>
EXPENSES:			
Program Services	306,504	-	306,504
Supporting Services:			
Management and general	61,992	-	61,992
Fundraising	<u>56,375</u>	<u>-</u>	<u>56,375</u>
Total Expenses	<u>424,871</u>	<u>-</u>	<u>424,871</u>
CHANGE IN NET ASSETS	160,954	56,367	217,321
NET ASSETS - Beginning	<u>4,633,941</u>	<u>437,251</u>	<u>5,071,192</u>
NET ASSETS - Ending	<u>\$ 4,794,895</u>	<u>\$ 493,618</u>	<u>\$ 5,288,513</u>

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

LACAWAC SACTUARY FOUNDATION, INC.

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

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

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

LACAWAC SACTUARY FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	<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	\$ 79,608	\$ 44,069	\$ 22,786	\$ 146,463
Payroll taxes	7,846	3,138	2,092	13,076
Employee benefits	7,478	4,523	3,075	15,076
Research and preservation programs	90,483	-	-	90,483
Depreciation	31,957	-	-	31,957
Repairs and maintenance	30,909	-	-	30,909
Fundraising activities	-	-	19,251	19,251
Insurance	10,764	4,306	2,870	17,940
Occupancy	13,051	3,263	-	16,314
Professional fees	10,026	-	-	10,026
Supplies and postage	1,930	1,930	5,791	9,651
Marketing tourism	7,692	-	-	7,692
Community programs	6,135	-	-	6,135
Interest	4,991	-	-	4,991
Office expense	2,058	529	353	2,940
Dues and memberships	1,315	-	-	1,315
Computer and internet	261	234	157	652
Total Expenses	<u>\$ 306,504</u>	<u>\$ 61,992</u>	<u>\$ 56,375</u>	<u>\$ 424,871</u>

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

LACAWAC SACTUARY FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

	<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
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 SACTUARY FOUNDATION, INC.

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from grants and contributions	\$ 489,922	\$ 391,784
Cash received from services	123,363	160,669
Cash received from investments	19,132	12,160
Cash paid to employees for salaries and benefits	(177,039)	(206,372)
Cash paid to vendors for goods and services	(211,596)	(208,995)
Cash paid for interest	(4,991)	(5,842)
Net Cash Provided by Operating Activities	<u>238,791</u>	<u>143,404</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(23,150)	(3,180)
Sales of investments	25,823	18,369
Purchases of investments	(24,196)	(17,383)
Transfers to beneficial interest	(25,000)	-
Net Cash Used by Investing Activities	<u>(46,523)</u>	<u>(2,194)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings (payments) on demand note payable	(2,830)	1,079
Payments on long-term debt	(10,484)	(7,862)
Net Cash Used by Financing Activities	<u>(13,314)</u>	<u>(6,783)</u>
NET CHANGE IN CASH	178,954	134,427
CASH - Beginning	<u>186,980</u>	<u>52,553</u>
CASH - Ending	<u>\$ 365,934</u>	<u>\$ 186,980</u>
SUPPLEMENTAL INFORMATION:		
Cash	\$ 81,795	\$ 11,545
Restricted cash	<u>284,139</u>	<u>175,435</u>
	<u>\$ 365,934</u>	<u>\$ 186,980</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, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Transfer of restricted investment to beneficial interest in funds held by others	\$ -	\$ 15,115
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 217,321	\$ 189,964
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	31,957	33,107
Net realized and unrealized gain on investments	(94,212)	(95,855)
Change in value of beneficial interest	(8,129)	(3,405)
Contribution to beneficial interest	(3,930)	(3,022)
Change in assets and liabilities:		
Accounts receivable	(738)	6,933
Accounts payable	1,712	8,704
Accrued payroll	(2,424)	478
Refundable advances	99,200	-
Deferred revenue	(1,966)	6,500
Net Cash Provided by Operating Activities	<u>\$ 238,791</u>	<u>\$ 143,404</u>

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

LACAWAC SACTUARY FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

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, program 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. 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 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. 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.

LACAWAC SACTUARY FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

**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 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.

LACAWAC SACTUARY FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

**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 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.

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.

LACAWAC SACTUARY FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

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.

Advertising Costs

Advertising costs are charged to operations as incurred. Advertising costs were \$7,692 and \$10,716 for the years ended December 31, 2020 and 2019, 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.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

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

Income Taxes (Cont'd)

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, 2017.

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 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, 2020. The Organization is currently evaluating the effect the provisions of this ASU will have on the financial statements.

Reclassifications

Certain items in the 2019 financial statements have been reclassified to agree to the December 31, 2020 format.

Subsequent Events

Management has evaluated subsequent events through XXXXX XX, 2021, 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, 2020.

LACAWAC SACTUARY FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 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>2020</u>	<u>2019</u>
Cash	\$ 81,795	\$ 11,545
Accounts receivable	738	-
Unrestricted investments	<u>502,945</u>	<u>424,905</u>
	<u>\$ 585,478</u>	<u>\$ 436,450</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 \$13,396 and \$10,566 at December 31, 2020 and 2019, 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>2020</u>	<u>2019</u>
Cash equivalents	\$ 23,599	\$ 10,703
Exchange traded funds	69,462	68,084
Mutual funds - fixed income	71,471	70,806
Mutual funds - equity	<u>588,422</u>	<u>510,776</u>
	<u>\$ 752,954</u>	<u>\$ 660,369</u>

As of December 31, 2020 and 2019, all investments were considered Level 1 investments.

LACAWAC SACTUARY FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 4: PROPERTY AND EQUIPMENT

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

	<u>2020</u>	<u>2019</u>
Land, building, and improvements	\$ 4,537,965	\$ 4,537,965
Equipment	36,055	25,812
Furniture and fixtures	54,406	54,406
Construction-in-progress	<u>16,086</u>	<u>3,179</u>
	4,644,512	4,621,362
Less: accumulated depreciation	<u>(311,970)</u>	<u>(280,013)</u>
	<u>\$ 4,332,542</u>	<u>\$ 4,341,349</u>

Depreciation expense was \$31,957 and \$33,107 for the years ended December 31, 2020 and 2019, respectively.

NOTE 5: BENEFICIAL INTEREST IN TRUSTS HELD BY OTHERS

The Organization is the beneficiary of two trusts held by the Scranton Area Foundation. Income from the trusts are 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.

NOTE 6: 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 7: DEMAND NOTE PAYABLE

The Organization has a \$25,000 line-of-credit with interest payable monthly at the prime rate plus .75% (4.00% at December 31, 2020). 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, 2020 and 2019 was \$11,604 and \$14,434, respectively.

LACAWAC SACTUARY FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 8: NOTE PAYABLE

Note payable consist of the following at December 31,:

	<u>2020</u>	<u>2019</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.	\$ 92,284	\$ 102,768
Less: current portion	<u>(8,703)</u>	<u>(8,312)</u>
	<u>\$ 83,581</u>	<u>\$ 94,456</u>

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

Year Ending December 31,	<u>Amount</u>
2021	\$ 8,703
2022	9,112
2023	<u>74,469</u>
	<u>\$ 92,284</u>

NOTE 9: NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2020</u>	<u>2019</u>
Building improvements	\$ 172,778	\$ 140,685
Limnological research (original gift \$100,580)	143,877	135,250
Maintenance of lab (original gift \$76,000)	106,152	100,214
Future land purchase	35,176	25,000
Student research	23,635	21,752
Children's programs	12,000	4,600
Educational displays	<u>-</u>	<u>9,750</u>
	<u>\$ 493,618</u>	<u>\$ 437,251</u>

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

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.

On March 11, 2020, the World Health Organization declared, a novel strain of coronavirus disease ("COVID-19") a pandemic. The extent of COVID-19's effect on the Organization's operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult to predict considering the rapidly evolving landscape.

Management currently believes that it has adequate liquidity and business plans to continue to operate the business and mitigate the risks associated with COVID-19 for twelve months from the date of this report.

DRAFT