

LACAWAC SANCTUARY
FOUNDATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

LACAWAC SACTUARY FOUNDATION, INC.

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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, 2021 and 2020, 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, 2021 and 2020, 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.

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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.

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.

Kohanski & Co., PC
Scranton, PA
July 22, 2022

LACAWAC SACTUARY FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 65,887	\$ 81,795
Restricted cash	448,536	284,139
Accounts receivable	5,268	738
Investments	<u>559,872</u>	<u>502,925</u>
Total Current Assets	1,079,563	869,597
RESTRICTED INVESTMENTS	275,300	250,029
PROPERTY AND EQUIPMENT, net	4,343,537	4,332,542
BENEFICIAL INTEREST IN FUNDS HELD BY OTHERS	<u>81,180</u>	<u>58,601</u>
	<u>\$ 5,779,580</u>	<u>\$ 5,510,769</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Demand note payable	\$ 9,709	\$ 11,604
Current portion of notes payable	25,111	8,703
Accounts payable	10,859	11,674
Accrued payroll	8,541	2,925
Refundable advances	99,200	99,200
Deferred revenue	<u>6,385</u>	<u>4,569</u>
Total Current Liabilities	159,805	138,675
NOTES PAYABLE, net of current portion	<u>69,159</u>	<u>83,581</u>
Total Liabilities	<u>228,964</u>	<u>222,256</u>
NET ASSETS:		
With donor restrictions	706,066	493,618
Without donor restrictions:		
Undesignated	4,744,550	4,694,895
Board designated - Watres house	<u>100,000</u>	<u>100,000</u>
Total Net Assets	<u>5,550,616</u>	<u>5,288,513</u>
	<u>\$ 5,779,580</u>	<u>\$ 5,510,769</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 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
Fundraising 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 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
Fundraising activities	-	-	20,129	20,129
Occupancy	17,341	3,060	-	20,401
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
Office expense	834	832	416	2,082
Computer and internet	882	881	440	2,203
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.

**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.

**STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from grants and contributions	\$ 406,602	\$ 488,852
Cash received from services	165,060	123,363
Cash received from investments	31,431	19,132
Cash paid to employees for salaries and benefits	(187,438)	(177,039)
Cash paid to vendors for goods and services	(212,615)	(211,596)
Cash paid for interest	<u>(4,809)</u>	<u>(4,991)</u>
Net Cash Provided by Operating Activities	<u>198,231</u>	<u>237,721</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(22,892)	(23,150)
Sales of investments	33,026	25,823
Purchases of investments	(37,619)	(24,196)
Transfers to beneficial interest	-	(25,000)
Transfer from beneficial interest	<u>2,750</u>	<u>1,070</u>
Net Cash Used by Investing Activities	<u>(24,735)</u>	<u>(45,453)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net payments on demand note payable	(1,895)	(2,830)
Payments on long-term debt	<u>(23,112)</u>	<u>(10,484)</u>
Net Cash Used by Financing Activities	<u>(25,007)</u>	<u>(13,314)</u>
NET CHANGE IN CASH	148,489	178,954
CASH - Beginning	<u>365,934</u>	<u>186,980</u>
CASH - Ending	<u>\$ 514,423</u>	<u>\$ 365,934</u>
SUPPLEMENTAL INFORMATION:		
Cash	\$ 65,887	\$ 81,795
Restricted cash	<u>448,536</u>	<u>284,139</u>
	<u>\$ 514,423</u>	<u>\$ 365,934</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, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 262,103	\$ 217,321
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	36,995	31,957
Net realized and unrealized gain on investments	(77,625)	(94,212)
Change in value of beneficial interest	(9,056)	(8,129)
Contribution to beneficial interest	(16,273)	(5,000)
Change in assets and liabilities:		
Accounts receivable	(4,530)	(738)
Accounts payable	(815)	1,712
Accrued payroll	5,616	(2,424)
Refundable advances	-	99,200
Deferred revenue	1,816	(1,966)
	<u>\$ 198,231</u>	<u>\$ 237,721</u>
Net Cash Provided by Operating Activities		
	<u>\$ 198,231</u>	<u>\$ 237,721</u>
SUPPLEMENTAL INFORMATION:		
Vehicle purchased with note payable	<u>\$ 25,098</u>	<u>\$ -</u>

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

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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 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, 2021 AND 2020**

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.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

**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.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

**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, 2018.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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 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, 2021. The Organization is currently evaluating the effect the provisions of this ASU will have on the financial statements.

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 Conservancy is currently evaluating the effect the provisions of this ASU will have on the financial statements.

Reclassifications

Certain items in the 2020 financial statements have been reclassified to agree to the December 31, 2021 format.

Subsequent Events

Management has evaluated subsequent events through July 22, 2022, 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, 2021.

LACAWAC SACTUARY FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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>2021</u>	<u>2020</u>
Cash	\$ 27,093	\$ 81,795
Accounts receivable	5,268	738
Unrestricted investments	<u>559,872</u>	<u>502,945</u>
	<u>\$ 592,233</u>	<u>\$ 585,478</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 \$15,291 and \$13,396 at December 31, 2021 and 2020, 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>2021</u>	<u>2020</u>
Cash equivalents	\$ 25,551	\$ 23,599
Exchange traded funds	82,930	69,462
Mutual funds - fixed income	77,590	71,471
Mutual funds - equity	<u>649,100</u>	<u>588,422</u>
	<u>\$ 835,172</u>	<u>\$ 752,954</u>

As of December 31, 2021 and 2020, all investments were considered Level 1 investments.

LACAWAC SACTUARY FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 4: PROPERTY AND EQUIPMENT

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

	<u>2021</u>	<u>2020</u>
Land, building, and improvements	\$ 4,548,415	\$ 4,537,965
Equipment	73,595	36,055
Furniture and fixtures	54,406	54,406
Construction-in-progress	<u>16,086</u>	<u>16,086</u>
	4,692,502	4,644,512
Less: accumulated depreciation	<u>(348,965)</u>	<u>(311,970)</u>
	<u>\$ 4,343,537</u>	<u>\$ 4,332,542</u>

Depreciation expense was \$36,995 and \$31,957 for the years ended December 31, 2021 and 2020, 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 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.

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 \$2,750 and \$1,070 were received in the years ended December 31, 2021 and 2020, respectively.

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

	<u>2021</u>	<u>2020</u>
Beginning Balance	\$ 58,601	\$ 21,542
Change in value	9,056	8,129
Contributions	16,273	30,000
Distributions	<u>(2,750)</u>	<u>(1,070)</u>
Ending Balance	<u>\$ 81,180</u>	<u>\$ 58,601</u>

LACAWAC SACTUARY FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 6: DEMAND NOTE PAYABLE

The Organization has a \$25,000 line-of-credit with interest payable monthly at the prime rate plus .75% (4.25% at December 31, 2021). 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, 2021 and 2020 was \$9,709 and \$11,604, respectively.

NOTE 7: NOTES PAYABLE

Notes payable consist of the following at December 31,:

	<u>2021</u>	<u>2020</u>
Bank note payable in monthly installments of \$1,988 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.	\$ 72,309	\$ 92,284
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 \$25,081.	<u>21,961</u>	<u>-</u>
	94,270	92,284
Less: current portion	<u>(25,111)</u>	<u>(8,703)</u>
	<u>\$ 69,159</u>	<u>\$ 83,581</u>

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

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 25,111
2023	55,564
2024	4,183
2025	4,183
2026	4,183
Thereafter	<u>1,046</u>
	<u>\$ 94,270</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, 2021 and 2020, \$99,200 has been reported as refundable advances.

NOTE 9: NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2021</u>	<u>2020</u>
Building improvements	\$ 335,336	\$ 172,778
Limnological research (original gift \$100,580)	160,575	143,877
Maintenance of lab (original gift \$76,000)	114,975	106,152
Future land purchase	42,043	35,176
Student research	25,864	23,635
Children's programs	14,000	12,000
High school age programs	13,273	-
	<u>\$ 706,066</u>	<u>\$ 493,618</u>

NOTE 10: 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.

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.

LACAWAC SACTUARY FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 10: CONTINGENCIES (CONT'D)

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.