

**SPRING FARM
CENTER ALTERNATIVE RESEARCH
EDUCATION SANCTUARY**

FINANCIAL STATEMENTS

December 31, 2020

SPRING FARM CENTER
ALTERNATIVE RESEARCH EDUCATION SANCTUARY

December 31, 2020

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GUSTAFSON & WARGO CPAs, LLP

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Spring Farm Center Alternative Research Education Sanctuary
3364 Route 12
Clinton, NY 13323

We have audited the accompanying financial statements of Spring Farm Center Alternative Research Education Sanctuary (a nonprofit organization) which comprise the statement 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.

Auditors' 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 audit to obtain reasonable assurance about whether the financial statements are free from 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 an audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Spring Farm Center Alternative Research Education Sanctuary, 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 the accounting principles generally accepted in the United States of America.



GUSTAFSON & WARGO CPAs LLP
Utica • New York

October 29, 2021

SPRING FARM CENTER ALTERNATIVE RESEARCH EDUCATION SANCTUARY
STATEMENT OF FINANCIAL POSITION
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,481,487	\$ 491,824
Interest and dividends receivable	105,445	86,737
Receivables	8,149	14
Prepaid expenses	40,970	24,102
Investments	28,502,541	28,690,707
Property and equipment, net	1,420,208	1,495,865
Collections	154,984	154,984
	<u>31,713,784</u>	<u>30,944,233</u>
Total assets	<u>31,713,784</u>	<u>30,944,233</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES:		
Accounts payable	47,638	46,730
Accrued expenses	17,876	25,145
	<u>65,514</u>	<u>71,875</u>
Total liabilities	<u>65,514</u>	<u>71,875</u>
NET ASSETS:		
Without donor restrictions	13,112,630	13,722,358
With donor restrictions	18,535,640	17,150,000
	<u>31,648,270</u>	<u>30,872,358</u>
Total net assets	<u>31,648,270</u>	<u>30,872,358</u>
Total liabilities and net assets	<u>\$ 31,713,784</u>	<u>\$ 30,944,233</u>

SPRING FARM CENTER ALTERNATIVE RESEARCH EDUCATION SANCTUARY
STATEMENT OF ACTIVITIES
For the years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
REVENUES AND GAINS:		
Contributions-including in-kind donations of \$15,260 and \$25,044 for 2020 and 2019, respectively	\$ 2,275,540	\$ 261,581
Program service fees	-	14,525
Investment income	1,263,958	1,285,541
Net realized and unrealized gain/(loss) on securities	(1,194,820)	4,655,621
Sale items	146	1,001
Miscellaneous	3,584	4,002
Total revenues and gains without donor restrictions	2,348,408	6,222,271
EXPENSES:		
Program services	1,378,853	1,527,626
Management and general	170,368	118,962
Fundraising expenses	23,275	18,337
Total expenses	1,572,496	1,664,925
Change in assets without donor restrictions	775,912	4,557,346
Net Assets at Beginning of year	30,872,358	26,315,012
Net Assets at End of Year	\$ 31,648,270	\$ 30,872,358

SPRING FARM CENTER ALTERNATIVE RESEARCH EDUCATION SANCTUARY
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2020

	Program Services	Management and General	Fundraising	2020 Totals
Accounting service	\$ -	\$ 84,600	\$ -	\$ 84,600
Advertising and promotion	2,050	-	-	2,050
Animal/nature sanctuary	236,624	-	3,125	239,749
Compensation of officers	17,252	17,252	8,627	43,131
Conferences, conventions, and meetings	1,386	-	-	1,386
Depreciation	82,162	14,508	-	96,670
Grants, donations and other assistance	5,623	-	-	5,623
Information technology	5,497	250	-	5,747
Insurance	68,666	1,952	-	70,618
Miscellaneous expenses	2,761	775	-	3,536
Occupancy	118,085	-	-	118,085
Office expenses	24,096	617	11,523	36,236
Other employee benefits	32,368	1,704	-	34,072
Other professional services	12,390	12,388	-	24,778
Other salaries and wages	640,982	33,736	-	674,718
Payroll taxes	48,631	2,586	-	51,217
Pension plan contributions	9,393	-	-	9,393
Spay-neuter service	1,238	-	-	1,238
Travel	7,220	-	-	7,220
Veterinarian-sanctuary service	62,429	-	-	62,429
Total expenses	\$ 1,378,853	\$ 170,368	\$ 23,275	\$ 1,572,496

See the accompanying notes to the financial statements.

SPRING FARM CENTER ALTERNATIVE RESEARCH EDUCATION SANCTUARY
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2019

	Program Services	Management and General	Fundraising	2019 Totals
Accounting service	-	48,300	-	48,300
Advertising and promotion	629	-	30	659
Animal/nature sanctuary	238,054	-	-	238,054
Compensation of officers	10,038	10,039	5,019	25,096
Conferences, conventions, and meetings	3,285	-	-	3,285
Depreciation	94,726	16,716	-	111,442
Grants, donations and other assistance	800	-	-	800
Information technology	2,058	-	-	2,058
Insurance	69,674	1,449	-	71,123
Miscellaneous expenses	6,621	259	-	6,880
Occupancy	111,956	-	-	111,956
Office expenses	40,108	2,556	13,288	55,952
Other employee benefits	36,508	1,921	-	38,429
Other professional services	7,626	4,830	-	12,456
Other salaries and wages	577,533	30,392	-	607,925
Payroll taxes	47,496	2,500	-	49,996
Pension plan contributions	11,177	-	-	11,177
Spay-neuter service	55,351	-	-	55,351
Travel	8,910	-	-	8,910
Veterinarian-sanctuary service	60,785	-	-	60,785
Loss on disposal of asset	144,291	-	-	144,291
Total expenses	\$ 1,527,626	\$ 118,962	\$ 18,337	\$ 1,664,925

See the accompanying notes to the financial statements.

SPRING FARM CENTER ALTERNATIVE RESEARCH EDUCATION SANCTUARY
STATEMENT OF CASH FLOWS
For the years ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 775,912	\$ 4,557,346
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	96,670	111,442
Loss on disposal of asset	-	144,291
Unrealized (gains)/losses on investments	1,432,300	(2,903,834)
Non-cash contributions	(1,385,640)	
Changes in:		
Receivables	(8,135)	(14)
Accrued interest and dividends	(18,708)	(16,760)
Prepaid insurance	(16,868)	(4,200)
Accounts payable	908	20,116
Accrued salaries and taxes	(7,269)	2,769
Net cash provided by operating activities	869,170	1,911,156
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase/disposal of property, equipment and collections, net	(21,013)	(108,904)
Purchase of investments	(1,354,374)	(5,249,689)
Sale of investments	1,495,880	3,514,905
Net cash provided by (used in) investing activities	120,493	(1,843,688)
INCREASE IN CASH AND CASH EQUIVALENTS	989,663	67,468
CASH AND CASH EQUIVALENTS - beginning of year	491,824	424,356
CASH AND CASH EQUIVALENTS - end of year	\$ 1,481,487	\$ 491,824

SPRING FARM CENTER
ALTERNATIVE RESEARCH EDUCATION SANCTUARY

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

1. Nature of Operations

Spring Farm Center Alternative Research Education Sanctuary (Organization), located in Clinton, New York, is a not-for-profit organization which is a retirement/rehabilitation sanctuary for abused, abandoned, unwanted, or homeless domestic and farm animals. On its over 300 acres, the Organization offers interspecies communication consultations, workshops and lectures, a nature sanctuary, an animal sanctuary, memorial gardens, cultural events, volunteer program, and tours.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The financial statements of Spring Farm Center Alternative Research Education Sanctuary have been prepared in conformity with accounting principles generally accepted in the United States.

Income Tax Status

The Organization is exempt from federal income taxes as an organization qualified under Section 501(c)(3) of the Internal Revenue Code. The Organization has also been classified by the Internal Revenue Service as an entity which is not a private foundation. As of December 31, 2020, the years ended after December 31, 2017 remain subject to examination by applicable tax jurisdictions.

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 the reported amounts of assets, liabilities, revenues, and expenditures, as well as the disclosure of contingencies. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of these financial statements, the Organization considers all checking, savings, and money market accounts with an original maturity of three months or less to be cash and cash equivalents, which at times may exceed federally insured limits. The Organization has cash balance in a bank in excess of amounts federally insured. The uninsured balances totaled approximately \$200,000 at December 31, 2020. The Organization maintains its cash with a high quality financial institution which the Organization believes mitigates the risk.

Investments

Investments are reported at fair value on the statements of financial position. Investment income and losses (including realized gains and losses on investments, unrealized gains and losses on investments, interest, and dividends) is included in unrestricted income unless restricted by donor or law.

Risks and Uncertainties

The Organization's investments are comprised of a variety of financial instruments and are managed and monitored by management and their investment advisor. The fair values reported in the statement of financial position are subject to various risks including changes in the equity markets, the interest rate environment, and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported in the accompanying financial statements could change materially in the near future.

Property and Equipment

Property and equipment are stated at cost if purchased, and at fair value if donated and depreciated on a straight-line basis over their estimated useful lives. Estimated useful lives range from three to forty years. The Organization capitalizes all assets over \$2,500. Depreciation expense for the years ended December 31, 2020 and 2019 was \$96,670 and \$111,442 respectively.

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Collections

The Organization capitalizes its collections. Collections are capitalized at cost if purchased and at appraised or fair value at date of collection if received by donation. Gains and losses on donated collections are recorded based on the presence or absence of donor restrictions placed on items at the date of donation. Proceeds from the sale of any collection item are not restricted as to use. Depreciation is not taken on the collections.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as net assets with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions.

Donated Securities

Donated securities are recorded as contributions at their fair value at the date of donation. Securities with a fair market value of \$1,385,640 were received during 2020.

Donated Materials and Services

Donated materials and services are reflected as contributions at their estimated values with an offsetting charge to expense. Only those materials and services for which there is an objective

basis of valuation are reflected in the financial statements. Donated materials for the years ended December 31, 2020 and 2019 were \$15,260 and \$18,525 respectively.

The Organization received donated services from several veterinarians. Donated services for the years ended December 31, 2020 and 2019 were \$4,211 and \$6,519 respectively.

Functional Allocation of Expenses

The costs of providing the various programs have been summarized on a functional basis in the statements of activities. The costs are functionalized on a direct basis, where possible. Indirect costs are allocated on the basis of time spent, square footage, or some other reasonable basis consistently applied.

Investment Fees

Net investment returns reflect fees paid by various investment funds to their affiliated investment advisors, transfer agents, and others as described in each fund prospectus or other published documents. These fees are deducted prior to allocation of investment earnings activity and thus not separately identifiable as an expense.

Prior Period Balances

Certain prior period balances have been reclassified to conform to the current year presentation.

3. Implementation of Accounting Pronouncements

During 2020, the Organization adopted FASB ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The core principle of the revenue model is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. While the new standard is applicable to the Organization's program service revenue, its application did not have a significant impact on its financial statements. The Organization's contribution and other revenue fall outside the scope of topic 606.

During 2019, the Organization adopted ASU No. 2016-18 *Statement of Cash Flows: Restricted Cash*, which amends guidance and presentation related to restricted cash in the statement of cash flows, including stating that amounts generally described as restricted cash and restricted cash equivalents should be included in cash and cash equivalents when reconciling the beginning-of-period and end-of-period amounts shown in the statement of cash flows. The Organization adopted ASU No. 2016-18 for the fiscal year ended December 31, 2019 and retroactively applied the ASU as required. While the new standard is applicable to the Organization, its application did not have a significant impact on its financial statements.

4. Liquidity and Availability of Financial Assets

The following reflects the organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	<u>2020</u>	<u>2019</u>
Financial assets year-end	\$ 30,097,621	\$ 29,269,281
Less those unavailable for general expenditures within one year, due to:		
Donor-restrictions	<u>18,235,640</u>	<u>16,850,000</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 11,861,981</u>	<u>\$ 12,419,282</u>

5. Fair Value Measurements

Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 – Inputs are quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs are quoted prices for similar assets or liabilities in an active market, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable, and market-corroborated inputs which are derived principally from or corroborated by observable market data.

Level 3 – Inputs are derived from valuation techniques in which one or more significant inputs or value drivers are unobservable.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for investments measured at fair value. There have been no significant changes in the methodologies used during the years ended December 31, 2020 and 2019.

Level 1 Fair Value Measurements

Investments in mutual funds are based on quoted net asset values of the shares held at year-end. Investments in common stocks and US Government securities are valued at the closing price reported on the active market on which the individual securities are traded.

The following tables set forth by level, with the fair value hierarchy, the investments at fair value as of December 31:

	2020			
Reoccurring fair value measurements				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Totals</u>
Common stocks	\$ 19,555,555	\$ —	\$ —	\$ 19,555,555
Exchange-traded funds	1,086,130	—	—	1,086,130
Mutual funds	<u>7,860,856</u>	—	—	<u>7,860,856</u>
	<u>\$ 28,502,541</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 28,502,541</u>

	2019			
Reoccurring fair value measurements				
	Level 1	Level 2	Level 3	Totals
Common stocks	\$ 19,145,714	\$ —	\$ —	\$ 19,145,714
Exchange-traded funds	1,064,880	—	—	1,064,880
Mutual funds	<u>8,480,113</u>	—	—	<u>8,480,113</u>
	<u>\$ 28,690,707</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 28,690,707</u>

Investment income is summarized as follows:

	<u>2020</u>	<u>2019</u>
Interest income	\$ 668	\$ 2,370
Dividend income	1,227,390	1,203,178
Partnership distributions	23,880	51,975
Capital gain distributions	12,020	28,018
Realized and unrealized gains/(losses) on investments	<u>(1,194,820)</u>	<u>4,655,621</u>
	<u>\$ 69,138</u>	<u>\$ 5,941,162</u>

6. Endowment Funds

Spring Farm Center Alternative Research Education Sanctuary's endowment consists of a donor-restricted fund. As required by GAAP, net assets associated with the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions. The donor-restricted endowment fund is made up of the following account balances as of December 31:

	<u>2020</u>	<u>2019</u>
Assets:		
Investments	\$ 18,235,640	\$ 16,850,000
Real Estate	<u>300,000</u>	<u>300,000</u>
Total Assets	<u>\$ 18,535,640</u>	<u>\$ 17,150,000</u>
Net assets:		
With donor restrictions	<u>\$ 18,535,640</u>	<u>\$ 17,150,000</u>
Total net assets	<u>\$ 18,535,640</u>	<u>\$ 17,150,000</u>

Interpretation of Relevant Law

Investments are reported at fair value and gains on net assets with donor restrictions are to be classified according to explicit donor-imposed stipulations. Absent explicit donor-imposed stipulations, applicable state law is to be followed. The Organization has interpreted New York State Law to allow the use of gains on investment net assets with donor restrictions for specific operating purposes absent explicit donor-imposed stipulations that all or a portion of such gains be restricted. Accordingly, such gains on net assets with donor restrictions are reported as net assets without donor restrictions unless there is a presence of donor-imposed stipulations as to their use. Changes in fair value resulting from realized and unrealized gains and losses are reflected as net appreciation (depreciation) within the statements of activities.

The Board of Directors of Spring Farm Center Alternative Research Education Sanctuary has interpreted the relevant state law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions is classified as net assets without donor restrictions until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by the relevant state law. Unless specifically defined, a donor-restricted endowment fund that is required by donor stipulation to accumulate or appropriate endowment funds, the Organization considers the following factors:

- 1) The duration and preservation of the fund
- 2) The purposes of the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and appreciation of investments
- 6) Other resources of the Organization
- 7) The investment policies of the Organization; and where appropriate, alternatives to spending from the endowment fund and the possible effects of those alternatives.

The following schedule represents the endowment activity for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Endowment net assets, beginning of year	\$ 17,150,000	\$ 17,150,000
Restricted donations	1,385,640	-
Investment income	1,263,290	1,285,541
Transfers to unrestricted	<u>(1,263,290)</u>	<u>(1,285,541)</u>
Endowment net assets, end of year	<u>\$ 18,535,640</u>	<u>\$ 17,150,000</u>

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specific period. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to preserve capital, considering the impact of inflation, strive for consistent annual total returns, and achieve long-term returns which meet or exceed inflation, and earn the highest possible return given the risk tolerance established by the Organization. The Organization expects its endowment fund, over time, to provide an average rate of return of approximately 5 percent annually. Actual returns in any given year may vary from this amount.

Strategies employed for Achieving Objectives

The Organization primarily relies on investment in highly rated securities that provide long term stable growth and generate current income that can be used for operations. The Organization limits the number of positions but diversifies among asset classes and utilizes a buy and hold strategy.

Endowment Spending Policy & How the Investment Objectives Relate to the Spending Policy

The Organization uses the total return concept for Endowment Fund income. Under this concept, endowment income to be utilized was established at 100% for 2020 and 2019, respectively, based upon the average of the interest and dividend income of the endowment assets accounts.

7. Concentrations of Credit and Market Risk

The Organization's investments consist of marketable equity securities. By their nature, these investments contain a credit risk associated with market conditions and fluctuations. In addition, there is also an element of credit risk associated with the financial conditions of the companies where these funds are invested.

8. Property and Equipment

Property and equipment consist of the following as of December 31:

	<u>2020</u>	<u>2019</u>
Land	\$ 286,105	\$ 286,105
Land improvements <i>(estimated life 5 to 40 years)</i>	201,283	201,283
Buildings <i>(estimated life 10-40 years)</i>	842,343	842,343
Building improvements <i>(estimated life 5 to 40 years)</i>	822,957	801,944
Solar power equipment <i>(estimated life 20 years)</i>	231,823	231,823
Farm equipment <i>(estimated life 5 to 10 years)</i>	144,709	144,709
Presentation equipment <i>(estimated life 10 to 20 years)</i>	44,669	44,669
Automobiles <i>(estimated life 5 to 7 years)</i>	81,171	81,171
Furnishings <i>(estimated life 7 to 10 years)</i>	31,448	31,448
Other <i>(estimated life 5 to 10 years)</i>	<u>12,048</u>	<u>12,048</u>
	2,698,556	2,677,543
Less: Accumulated depreciation	<u>(1,278,348)</u>	<u>(1,181,678)</u>
Property and equipment, net	<u>\$ 1,420,208</u>	<u>\$ 1,495,865</u>

9. Collections

The Organization has acquired, largely through donation, various art pieces including posters, prints, watercolors, oils, carvings and statuary, almost all representing animals or human-animal relationships. These pieces are displayed in the main hall, public rooms and gardens.

10. Net Assets with Donor Restrictions

Net assets with donor restriction are restricted until donor release.

For the year ended December 31, 2020 and 2019, donor restricted net assets consisted of:

	<u>2020</u>	<u>2019</u>
Real Estate	\$ 300,000	\$ 300,000
Investment	<u>18,235,640</u>	<u>16,850,000</u>
	<u>\$ 18,535,640</u>	<u>\$ 17,150,000</u>

In 1998, a Board member donated property and real estate to the Organization. The property donation was recorded as a fixed asset at its fair market value of \$300,000 and is being depreciated on the straight-line basis over forty years. The Board member retained a life interest in the property and maintains the property. Upon the Board member's death, the net asset will be released from restriction.

The investment consists of bequests in 1999 and 2020 in the amount of \$16,850,000 and \$1,375,640 respectively. The principal is restricted, and any income derived from the principal is unrestricted and can be used for operations.

11. Paycheck Protection Program

On April 28, 2020, the Organization received loan proceeds in the amount of \$166,300 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act (Cares Act), provides loans to qualifying employers for amounts up to 2.5 times the average monthly payroll expenses. The loans are forgivable after the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels during the coverage period.

The Organization applied for and was granted forgiveness for the full amount of the original loan in 2021. As such the loan was converted to grant revenue in 2020 under the provisions of FASB Accounting Standards Codification topic 958-605 which stipulates governmental assistance in the form of loan forgiveness is considered a non-exchange transaction referred to in the guidance as a contribution. Because PPP loan forgiveness is dependent on meeting certain conditions it is considered a conditional contribution and recognized as income when the conditions on which they depend are met.

12. Related Party Transactions

In 2020 and 2019, Board members donated approximately \$1,775,301 and \$59,425 respectively towards animal upkeep and general operations, respectively.

In 2020 the Organization engaged the services of a board member's business to fulfill comptrollership duties for the organization. Fees totaling \$72,100 were paid during 2020.

13. Pension Plan

The Organization has a Savings Incentive Match Plan for all employees who earned \$5,000 in compensation during any two calendar years. Eligible employees may make salary reduction elections twice a year. For the years ended December 31, 2020 and 2019, total pension expense was \$9,393 and \$11,177 respectively.

14. Subsequent Events

Management has evaluated subsequent events through October 29, 2021, which is the date the financial statements were available to be issued.

The organization committed to the installation of solar panels in late 2019. The total cost of the project was \$37,660 and was completed during 2021.

The organization committed to the construction of a new learning center room during 2020. The total cost of the project is expected to be \$185,000 and is expected to be completed in 2021.

The United States is presently in the midst of a national health emergency related to a virus commonly known as Novel coronavirus (COVID-19). The overall consequences of COVID-19 on a national, regional, and local level are unknown, but it has the potential to result in a significant economic impact. The impact of this situation on the Organization and its future results of operations and financial position is not presently determinable.

Management believes no additional events occurred between December 31, 2020 and October 29, 2021 that require adjustment of, or disclosure in, the accompanying financial statements.