

**SPRING FARM CENTER  
ALTERNATIVE RESEARCH  
EDUCATION SANCTUARY**

Financial Statements

December 31, 2024 and 2023

# SPRING FARM CENTER ALTERNATIVE RESEARCH EDUCATION SANCTUARY

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## INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Directors  
Spring Farm Center Alternative Research Education Sanctuary:

### **Opinion**

We have audited the accompanying financial statements of Spring Farm Center Alternative Research Education Sanctuary (a nonprofit organization) which comprise the statements of financial position as of December 31, 2024 and 2023, 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 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, 2024 and 2023, and the changes in 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 Spring Farm Center Alternative Research Education Sanctuary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Spring Farm Center Alternative Research Education Sanctuary's ability to continue as a going concern within one year after the date that the financial statements are available to be 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 Spring Farm Center Alternative Research Education Sanctuary'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Spring Farm Center Alternative Research Education Sanctuary'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.



March 10, 2025

# SPRING FARM CENTER ALTERNATIVE RESEARCH EDUCATION SANCTUARY

## Statements of Financial Position

December 31, 2024 and 2023

<u>Assets</u>	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 578,931	631,362
Interest and dividends receivable	212,388	186,209
Receivables	7	2,967
Prepaid expenses	60,531	42,293
Investments	33,565,807	32,880,252
Property and equipment, net	2,724,310	2,408,092
Artwork	153,604	153,604
	<hr/>	<hr/>
Total assets	\$ 37,295,578	36,304,779
	<hr/> <hr/>	<hr/> <hr/>
<u>Liabilities and Net Assets</u>		
Liabilities:		
Accounts payable	62,958	165,090
Accrued expenses and other liabilities	41,296	26,727
	<hr/>	<hr/>
Total liabilities	104,254	191,817
	<hr/>	<hr/>
Net assets:		
Without donor restrictions	18,655,684	17,577,322
With donor restrictions	18,535,640	18,535,640
	<hr/>	<hr/>
Total net assets	37,191,324	36,112,962
	<hr/>	<hr/>
Total liabilities and net assets	\$ 37,295,578	36,304,779
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See accompanying notes to the financial statements.

# SPRING FARM CENTER ALTERNATIVE RESEARCH EDUCATION SANCTUARY

## Statements of Activities

Years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Changes in net assets without donor restrictions:		
Revenues, gains and other support:		
Contributions of cash and other financial assets	\$ 709,144	1,526,946
Contributions of nonfinancial assets	29,877	21,796
Investment income	1,673,137	1,569,108
Net realized and unrealized gains (losses) on investments	869,482	(189,785)
Loss on sale/disposal of property and artwork	(13,133)	(12,317)
Workshops	7,330	8,750
Sale items	3,406	2,382
Miscellaneous	22,893	29,284
	<u>3,302,136</u>	<u>2,956,164</u>
Total revenues, gains and other support		
Expenses:		
Program services	1,948,948	1,692,808
Management and general	229,486	215,831
Fundraising expenses	45,340	23,839
	<u>2,223,774</u>	<u>1,932,478</u>
Total expenses		
Change in net assets without donor restrictions	1,078,362	1,023,686
Net assets at beginning of year	<u>36,112,962</u>	<u>35,089,276</u>
Net assets at end of year	<u>\$ 37,191,324</u>	<u>36,112,962</u>

See accompanying notes to the financial statements.

## SPRING FARM CENTER ALTERNATIVE RESEARCH EDUCATION SANCTUARY

### Statement of Functional Expenses

Year ended December 31, 2024

	<u>Program services</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>2024 Totals</u>
Accounting service	\$ -	120,090	-	120,090
Advertising and promotion	10,610	50	-	10,660
Animal/nature sanctuary	293,957	-	-	293,957
Compensation of officers	20,000	20,289	10,096	50,385
Conferences, conventions and meetings	-	127	1,752	1,879
Depreciation	116,169	16,721	-	132,890
Grants, donations and other assistance	5,500	-	-	5,500
Information technology	4,726	80	-	4,806
Insurance	114,254	2,070	-	116,324
Miscellaneous expenses	695	300	-	995
Occupancy	96,439	-	-	96,439
Office expenses	51,229	1,858	18,909	71,996
Other employee benefits	40,686	18,039	2,794	61,519
Other professional services	9,589	7,126	-	16,715
Other salaries and wages	1,017,953	37,405	10,006	1,065,364
Payroll taxes	72,989	4,267	1,487	78,743
Pension plan contributions	22,872	1,064	296	24,232
Travel	13,950	-	-	13,950
Veterinary professional services	57,330	-	-	57,330
	\$ 1,948,948	229,486	45,340	2,223,774
Total expenses	\$ 1,948,948	229,486	45,340	2,223,774

See accompanying notes to the financial statements.

## SPRING FARM CENTER ALTERNATIVE RESEARCH EDUCATION SANCTUARY

### Statement of Functional Expenses

Year ended December 31, 2023

	<u>Program services</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>2023 Totals</u>
Accounting service	\$ -	114,300	-	114,300
Advertising and promotion	4,104	-	-	4,104
Animal/nature sanctuary	253,634	-	-	253,634
Compensation of officers	20,000	25,000	5,000	50,000
Conferences, conventions and meetings	2,079	99	-	2,178
Depreciation	98,326	17,352	-	115,678
Grants, donations and other assistance	5,300	-	-	5,300
Information technology	4,546	285	-	4,831
Insurance	97,742	1,934	-	99,676
Occupancy	104,834	-	-	104,834
Office expenses	42,255	1,463	16,314	60,032
Other employee benefits	37,774	21,324	1,828	60,926
Other professional services	8,389	6,136	-	14,525
Other salaries and wages	873,935	23,855	-	897,790
Payroll taxes	76,646	3,484	697	80,827
Pension plan contributions	19,374	599	-	19,973
Travel	2,764	-	-	2,764
Veterinary professional services	41,106	-	-	41,106
	\$ 1,692,808	215,831	23,839	1,932,478
Total expenses	\$ 1,692,808	215,831	23,839	1,932,478

See accompanying notes to the financial statements.

## SPRING FARM CENTER ALTERNATIVE RESEARCH EDUCATION SANCTUARY

### Statements of Cash Flows

Years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,078,362	1,023,686
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	132,890	115,678
Net realized and unrealized (gains) losses on investments	(869,482)	189,785
Noncash contribution of investments	(149,798)	(278,438)
Loss on sale/disposal of property and artwork	13,133	12,317
Changes in:		
Receivables	2,960	(2,752)
Interest and dividends receivable	(26,179)	(39,434)
Prepaid expenses	(18,238)	6,713
Accounts payable	(102,132)	11,229
Accrued expenses and other liabilities	14,569	2,852
	<u>76,085</u>	<u>1,041,636</u>
Cash flows from investing activities:		
Purchase of property and equipment	(462,241)	(536,230)
Purchase of investments	(11,924,726)	(9,126,864)
Proceeds from sales of investments	12,258,451	8,613,465
	<u>(128,516)</u>	<u>(1,049,629)</u>
Decrease in cash and cash equivalents	(52,431)	(7,993)
Cash and cash equivalents - beginning of year	<u>631,362</u>	<u>639,355</u>
Cash and cash equivalents - end of year	<u>\$ 578,931</u>	<u>631,362</u>
Supplemental cash flow disclosure:		
Noncash operating and investing activity for the years ended December 31:		
Construction costs included in accounts payable, accrued expenses and other liabilities	<u>\$ -</u>	<u>120,187</u>

See accompanying notes to the financial statements.

# SPRING FARM CENTER ALTERNATIVE RESEARCH EDUCATION SANCTUARY

## Notes to Financial Statements

December 31, 2024 and 2023

(1) Nature of Operations

Spring Farm Center Alternative Research Education Sanctuary (Organization), located in Clinton, New York, is a nonprofit 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 and intuitive based workshops and lectures, a nature sanctuary, an animal sanctuary, memorial gardens, volunteer program and tours.

(2) Summary of Significant Accounting Policies

(a) 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 of America.

(b) 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.

(c) 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 exceeds federally insured limits. The Organization maintains its cash with high quality financial institutions which the Organization believes mitigates the risk.

(d) Investments and Investment Income

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) are included in unrestricted income unless restricted by donor or law.

# SPRING FARM CENTER ALTERNATIVE RESEARCH EDUCATION SANCTUARY

## Notes to Financial Statements

### (2) Summary of Significant Accounting Policies, Continued

#### (d) Investments and Investment Income, Continued

The Organization evaluates each investment security whose fair value has declined below cost to determine if any of the decline is due to a credit loss. The Organization's debt security investments include U.S. Government Securities notes and bills including treasury bonds and bills. Management has concluded that there is no risk of nonpayment due to the lack of historical credit losses for U.S. Treasury bonds and bills and consideration of current conditions and reasonable and supportable forecasts.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Investment gains and losses, both realized and unrealized, net of investment management fees, are reported in the statements of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

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 statements 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.

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.

#### (e) 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.

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.

# SPRING FARM CENTER ALTERNATIVE RESEARCH EDUCATION SANCTUARY

## Notes to Financial Statements

### (2) Summary of Significant Accounting Policies, Continued

#### (f) Artwork

The Organization capitalizes various donated 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. Artwork is capitalized at appraised value at date of donation. Gains and losses on the sale of artwork is classified in the statements of activities as support without donor restrictions.

#### (g) Revenue Recognition

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Contributions are recorded as net assets with donor restrictions and revenue and support if they are received with donor imposed stipulations that limit their use. Donor restrictions expire by either the passage of stipulated time or the accomplishment of the stated purpose. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions with restrictions that are received and expended in the same period are considered net assets without donor restrictions.

Contributions with donor restrictions are those funds whose use is limited by donor imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Board of Directors. Net assets with donor restrictions are comprised of endowed funds, the income from which is to be used for operations.

Revenue and support from sales of goods and other sources are recognized at a point-in-time upon the transfer of the goods to customers, generally at the point of sale.

#### (h) Contributions of Nonfinancial Assets

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. The Organization received donated services from a certain veterinary practice. The value of donated materials and services are reflected in the accompanying financial statements as contributions of nonfinancial assets.

#### (i) Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated between program, management and general and fundraising. 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 that is consistently applied.

# SPRING FARM CENTER ALTERNATIVE RESEARCH EDUCATION SANCTUARY

## Notes to Financial Statements

### (2) Summary of Significant Accounting Policies, Continued

#### (j) Income Tax Status

The Organization is a New York nonprofit corporation 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 that is not a private foundation.

As of December 31, 2024 and 2023, the Organization did not have any unrecognized tax benefits or any related accrued interest or penalties. It is the Organization's policy to recognize any interest and penalties as expenses. The tax years open to examination by federal and New York State taxing authorities are 2021 through 2024.

#### (k) Subsequent Events

Subsequent events have been evaluated through March 10, 2025, which is the date financial statements were available to be issued.

### (3) 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>2024</u>	<u>2023</u>
Financial assets December 31:		
Cash and cash equivalents	\$ 578,931	631,362
Interest and dividend receivables	212,388	186,209
Receivables	7	2,967
Investments	<u>33,565,807</u>	<u>32,880,252</u>
Total financial assets	34,357,133	33,700,790
Less those unavailable for general expenditures within one year, due to:		
Endowment restricted by donor with purpose	<u>(18,235,640)</u>	<u>(18,235,640)</u>
Total financial assets available for general expenditure within one year	<u>\$ 16,121,493</u>	<u>15,465,150</u>

The Organization's ability to meet its cash needs is dependent on continued contributions, collections of receivables and investment market performance. Management regularly monitors liquidity required to meet its operating needs.

# SPRING FARM CENTER ALTERNATIVE RESEARCH EDUCATION SANCTUARY

## Notes to Financial Statements

### (4) Fair Value Measurements and Investment Income

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. These include U.S. Government securities notes and bills.

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.

There have been no significant changes in the methodologies used during the years ended December 31, 2024 and 2023.

The following tables present the Organization's investments at fair value on a recurring basis as of December 31:

	2024			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Totals</u>
Common stocks	\$ 16,833,206	-	-	16,833,206
Exchange-traded funds	1,493,649	-	-	1,493,649
Mutual funds	8,250,172	-	-	8,250,172
U.S. Government Securities notes and bills	-	6,988,780	-	6,988,780
	\$ 26,577,027	6,988,780	-	33,565,807

**SPRING FARM CENTER ALTERNATIVE RESEARCH EDUCATION SANCTUARY**

Notes to Financial Statements

(4) Fair Value Measurements and Investment Income, Continued

	2023			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Totals</u>
Common stocks	\$ 15,939,157	-	-	15,939,157
Exchange-traded funds	841,025	-	-	841,025
Mutual funds	8,487,982	-	-	8,487,982
U.S. Government Securities notes and bills	-	7,612,088	-	7,612,088
	<u>\$ 25,268,164</u>	<u>7,612,088</u>	<u>-</u>	<u>32,880,252</u>

Investment income is summarized as follows:

	<u>2024</u>	<u>2023</u>
Interest income	\$ 274,093	43,486
Dividend income	1,361,303	1,482,504
Partnership distributions	27,950	27,950
Capital gain distributions	9,791	15,168
Net realized and unrealized gains (losses) on investments	<u>869,482</u>	<u>(189,785)</u>
	<u>\$ 2,542,619</u>	<u>1,379,323</u>

(5) Property and Equipment

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

	<u>2024</u>	<u>2023</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 to 40 years</i> )	842,338	842,338
Building improvements ( <i>estimated life 5 to 40 years</i> )	2,145,760	1,408,298
Solar power equipment ( <i>estimated life 20 years</i> )	269,483	269,483
Farm equipment ( <i>estimated life 5 to 10 years</i> )	152,741	136,841
Presentation equipment ( <i>estimated life 10 to 20 years</i> )	44,669	44,669
Automobiles ( <i>estimated life 5 to 10 years</i> )	144,872	144,872
Furnishings ( <i>estimated life 7 to 10 years</i> )	38,926	38,926
Other ( <i>estimated life 5 to 10 years</i> )	111,898	111,898
	<u>4,238,075</u>	<u>3,484,713</u>
Less accumulated depreciation	(1,513,765)	(1,439,618)
Construction in progress	<u>-</u>	<u>362,997</u>
Property and equipment, net	<u>\$ 2,724,310</u>	<u>2,408,092</u>

# SPRING FARM CENTER ALTERNATIVE RESEARCH EDUCATION SANCTUARY

## Notes to Financial Statements

### (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. These financial assets are reflected in the accompanying statements of financial position as follows at December 31:

	<u>2024</u>	<u>2023</u>
Investments	\$ 18,235,640	18,235,640
Property and equipment	<u>300,000</u>	<u>300,000</u>
Total assets	<u>\$ 18,535,640</u>	<u>18,535,640</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 realized and unrealized gains (losses) on investments within the statements of activities.

# SPRING FARM CENTER ALTERNATIVE RESEARCH EDUCATION SANCTUARY

## Notes to Financial Statements

### (6) Endowment Funds, Continued

#### **Interpretation of Relevant Law, Continued**

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 is a reconciliation of the activity in the endowment funds for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Endowment net assets, January 1	\$ 18,535,640	18,535,640
Investment income	1,381,355	741,066
Amounts appropriated for expenditure	<u>(1,381,355)</u>	<u>(741,066)</u>
Endowment net assets, December 31	\$ <u>18,535,640</u>	<u>18,535,640</u>

# SPRING FARM CENTER ALTERNATIVE RESEARCH EDUCATION SANCTUARY

## Notes to Financial Statements

### (6) Endowment Funds, Continued

#### **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 and 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 2024 and 2023 based upon the average of the interest and dividend income of the endowment asset accounts.

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.

The fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the relevant state law requires the Organization retain as a fund of perpetual duration. If this situation were to occur, the deficiency would be recorded in the Organization's net assets with donor restrictions. There were no deficiencies reported at December 31, 2024 and 2023.

### (7) Net Assets with Donor Restrictions

Net assets with donor restriction are restricted for the following purposes or periods at December 31:

	<u>2024</u>	<u>2023</u>
Property restricted by time	\$ 300,000	300,000
Endowment subject to spending policy and appropriations - amounts held in perpetuity, for which earnings may be appropriated to support operations	<u>18,235,640</u>	<u>18,235,640</u>
	<u>\$ 18,535,640</u>	<u>18,535,640</u>

# SPRING FARM CENTER ALTERNATIVE RESEARCH EDUCATION SANCTUARY

## Notes to Financial Statements

### (7) Net Assets with Donor Restrictions, Continued

In 1998, a Board member constructed and donated a residential home on land owned by 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 property will be released from restriction.

### (8) Contributions of Nonfinancial Assets

Contributions of nonfinancial assets recognized within the statements of activities are as follows at December 31:

	<u>2024</u>	<u>2023</u>
Donated veterinary services	\$ 402	1,038
Food, supplies and other items	<u>29,475</u>	<u>20,758</u>
Total	<u>\$ 29,877</u>	<u>21,796</u>

All donated materials and services were utilized by the Organization. In valuing the veterinary services, the Organization estimates the fair value of the donation based on the published discount provided for the veterinarian services. The Organization estimates the fair value of food, supplies and other miscellaneous items on the basis of recent comparable sales prices or gift card values.

### (9) Related-Party Transactions

In 2024 and 2023, Board members donated approximately \$268,000 and \$342,000, respectively, towards animal upkeep and general operations, respectively.

The Organization engaged the services of a board member's business to fulfill comptrollership duties for the Organization. Fees totalling \$101,400 were paid during 2024 and 2023 included in accounting service expense in the statements of functional expenses. The Organization also compensates certain board members for their oversight of the Organization. Expenses totalling \$77,394 and \$73,429 were paid during 2024 and 2023, respectively included in compensation of officers and other employee benefits in the statements of functional expenses.

### (10) Pension Plan

The Organization has a Savings Incentive Match Pension Plan (Plan) for all employees who have earned \$5,000 in compensation. Eligible employees may make salary reduction elections three times a year. The Plan provides for a matching contribution equal to the employee salary reduction up to 3% of the employees' compensation. For the years ended December 31, 2024 and 2023, total pension expense was \$24,232 and \$19,973, respectively.