

SALT POND AREAS BIRD SANCTUARIES, INC.

FINANCIAL STATEMENTS

For the Years Ended December 31, 2019 and 2018

SALT POND AREAS BIRD SANCTUARIES, INC.

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For the Years Ended December 31, 2019 and 2018

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Trustees
Salt Pond Areas Bird Sanctuaries, Inc.
Falmouth, Massachusetts

We have reviewed the accompanying financial statements of the Salt Pond Areas Bird Sanctuaries, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Sanders, Walsh & Eaton, CPAs, LLC

Osterville, Massachusetts
May 1, 2020

SALT POND AREAS BIRD SANCTUARIES, INC.

Statements of Financial Position For the Years Ended December 31, 2019 and 2018

| | 2019 | 2018 |
|-------------------------------|---------------------|---------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 71,900 | \$ 91,572 |
| Prepaid expenses | 7,250 | 8,904 |
| Investments | 1,233,896 | 983,275 |
| Total Current Assets | <u>1,313,046</u> | <u>1,083,750</u> |
| Fixed Assets: | | |
| Land | 3,873,778 | 3,873,778 |
| Land Improvements | 96,046 | 96,046 |
| Building and improvements | 1,174,939 | 1,170,641 |
| Equipment | 79,389 | 60,925 |
| Furniture and fixtures | 37,345 | 35,487 |
| Vehicle | 22,897 | 22,897 |
| Total Fixed Assets | <u>5,284,393</u> | <u>5,259,773</u> |
| Less Accumulated depreciation | <u>(777,377)</u> | <u>(749,982)</u> |
| Net Fixed Assets | <u>4,507,016</u> | <u>4,509,791</u> |
| Other Assets: | | |
| Endowment investments | 304,000 | 304,000 |
| Antique Tool Collection | 14,650 | 14,650 |
| Security Deposits | 2,571 | 1,721 |
| Total Other Assets | <u>321,221</u> | <u>320,370</u> |
| Total Assets | <u>\$ 6,141,283</u> | <u>\$ 5,913,911</u> |

LIABILITIES AND NET ASSETS

| | | |
|----------------------------------|---------------------|---------------------|
| Current Liabilities: | | |
| Accounts payable | \$ 10,352 | \$ 39,226 |
| Deferred revenue | 9,350 | 13,300 |
| Security deposits | 2,571 | 1,721 |
| Total Liabilities | <u>22,273</u> | <u>54,247</u> |
| Net Assets: | | |
| Without donor restrictions | 2,104,486 | 1,893,548 |
| With donor restrictions | 4,014,524 | 3,966,116 |
| Total Net Assets | <u>6,119,010</u> | <u>5,859,664</u> |
| Total Liabilities and Net Assets | <u>\$ 6,141,283</u> | <u>\$ 5,913,911</u> |

The accompanying notes are an integral part of these financial statements

SALT POND AREAS BIRD SANCTUARIES, INC.

Statement of Activities
For the Year Ended December 31, 2019

| | Without Donor Restriction | With Donor Restriction | Total |
|--|------------------------------|---------------------------|--------------|
| Revenues, Gains and Other Support: | | | |
| Contributions | \$ - | \$ 98,414 | \$ 98,414 |
| Grant income | - | 72,684 | 72,684 |
| Book income | 247 | - | 247 |
| Nature class income | 12,700 | - | 12,700 |
| Rental income | 49,463 | - | 49,463 |
| Wedding and special function income | 44,300 | - | 44,300 |
| Less direct expenses | 28,301 | - | 28,301 |
| Net rental income | 65,462 | - | 65,462 |
| Special events income | 28,849 | - | 28,849 |
| Less direct expenses | 15,977 | - | 15,977 |
| Net special events income | 12,872 | - | 12,872 |
| Miscellaneous | 897 | - | 897 |
| Investment income, net | 243,809 | 55,217 | 299,026 |
| Less net assets released from restrictions | 177,907 | (177,907) | - |
| Total Revenues, Gains and Other Support | 513,894 | 48,408 | 562,302 |
| | | | |
| Expenses: | | | |
| Program | 278,452 | - | 278,452 |
| Management and general | 24,504 | - | 24,504 |
| Fundraising | - | - | - |
| Total Expenses | 302,956 | - | 302,956 |
| | | | |
| Change in Net Assets | 210,938 | 48,408 | 259,346 |
| | | | |
| Net Assets at the Beginning of Year | 1,893,548 | 3,966,116 | 5,859,664 |
| | | | |
| Net Assets at End of the Year | \$ 2,104,486 | \$ 4,014,524 | \$ 6,119,010 |

The accompanying notes are an integral part of these financial statements

SALT POND AREAS BIRD SANCTUARIES, INC.

Statement of Activities
For the Year Ended December 31, 2018

| | <u>Without Donor Restriction</u> | <u>With Donor Restriction</u> | <u>Total</u> |
|--|--------------------------------------|-----------------------------------|---------------------|
| Revenues, Gains and Other Support: | | | |
| Contributions | \$ 7,250 | \$ 55,491 | \$ 62,741 |
| Grant income | - | 105,176 | 105,176 |
| Book income | 715 | - | 715 |
| Nature class income | 13,096 | - | 13,096 |
| Rental income | 49,114 | - | 49,114 |
| Wedding and special function income | 56,200 | - | 56,200 |
| Less direct expenses | <u>29,563</u> | <u>-</u> | <u>29,563</u> |
| Net rental income | 75,751 | - | 75,751 |
| Special events income | 31,243 | - | 31,243 |
| Less direct expenses | <u>10,580</u> | <u>-</u> | <u>10,580</u> |
| Net special events income | 20,663 | - | 20,663 |
| Investment income, net | (69,937) | (3,640) | (73,577) |
| Less net assets released from restrictions | <u>190,824</u> | <u>(190,824)</u> | <u>-</u> |
| Total Revenues, Gains and Other Support | 238,362 | (33,797) | 204,565 |
| Expenses: | | | |
| Program | 309,041 | - | 309,041 |
| Management and general | 24,357 | - | 24,357 |
| Fundraising | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Expenses | 333,398 | - | 333,398 |
| Change in Net Assets | (95,036) | (33,797) | (128,833) |
| Net Assets at the Beginning of Year | <u>1,988,584</u> | <u>3,999,913</u> | <u>5,988,497</u> |
| Net Assets at End of the Year | <u>\$ 1,893,548</u> | <u>\$ 3,966,116</u> | <u>\$ 5,859,664</u> |

The accompanying notes are an integral part of these financial statements

SALT POND AREAS BIRD SANCTUARIES, INC.

Statement of Functional Expenses

For the Year Ended December 31, 2019

| | Program Expenses | | | | | | | Total Program Services | Management and General Expenses | Fundraising Expenses | Total |
|-----------------------------|------------------|----------------|-----------|-------------------------|--------------------------|----------|------------|------------------------------|---------------------------------------|-------------------------|-------|
| | Preservation | Bourne Farm | Knob | Peach Tree Circle | Lovell Future Fund | Zinn | | | | | |
| Salaries & wages | \$ 50,739 | \$ 46,092 | \$ 6,894 | \$ 21,416 | \$ - | - | \$ 125,141 | \$ 18,236 | - | \$ 143,377 | |
| Payroll taxes | 3,881 | 3,521 | 527 | 1,642 | - | - | 9,571 | 1,397 | - | 10,968 | |
| Fringe benefits | 1,555 | 2,333 | 259 | 700 | - | - | 4,847 | - | - | 4,847 | |
| Accounting expense | 4,770 | 2,782 | 1,590 | 2,783 | - | - | 11,925 | 1,590 | - | 13,515 | |
| Advertising | 1,612 | 684 | - | - | - | - | 2,296 | - | - | 2,296 | |
| Auto expense | 361 | 1,146 | - | 605 | - | - | 2,112 | - | - | 2,112 | |
| Bank and credit card fees | 643 | 11 | - | - | - | - | 654 | - | - | 654 | |
| Contributions | 150 | - | - | - | - | - | 150 | - | - | 150 | |
| Dues & subscription | 2,244 | - | - | - | - | - | 2,244 | 112 | - | 2,356 | |
| Insurance | 8,367 | 6,046 | 3,217 | 2,559 | - | - | 20,189 | 2,349 | - | 22,538 | |
| Legal expense | 975 | - | - | 1,825 | - | - | 2,800 | - | - | 2,800 | |
| Office expense | 3,486 | - | 135 | - | 183 | - | 3,804 | 676 | - | 4,480 | |
| Police detail | - | - | 5,784 | - | - | - | 5,784 | - | - | 5,784 | |
| Program expense | 995 | - | - | - | - | - | 995 | - | - | 995 | |
| Pumpkin day | - | - | - | - | - | - | - | - | - | - | |
| Repairs & maintenance | 1,190 | 9,227 | 14,331 | 1,366 | - | - | 26,114 | - | - | 26,114 | |
| Seminar & education expense | - | - | - | - | 8,000 | 2,451 | 10,451 | - | - | 10,451 | |
| Special events | - | - | - | - | - | - | - | - | - | - | |
| Supplies | 795 | 3,611 | - | - | - | - | 4,406 | - | - | 4,406 | |
| Taxes | - | - | - | - | - | - | - | 144 | - | 144 | |
| Telephone | 2,017 | - | - | - | - | - | 2,017 | - | - | 2,017 | |
| Utilities | 1,380 | 3,275 | - | 2,660 | - | - | 7,315 | - | - | 7,315 | |
| Website hosting | 353 | - | - | - | - | - | 353 | - | - | 353 | |
| Total exp. before depr. | 85,513 | 78,728 | 32,737 | 35,556 | 8,183 | 2,451 | 243,168 | 24,504 | - | 267,672 | |
| Depreciation | 4,033 | 24,750 | 117 | 6,384 | - | - | 35,284 | - | - | 35,284 | |
| Total expenses | \$ 89,546 | \$ 103,478 | \$ 32,854 | \$ 41,940 | \$ 8,183 | \$ 2,451 | \$ 278,452 | \$ 24,504 | - | \$ 302,956 | |

The accompanying notes are an integral part of these financial statements

SALT POND AREAS BIRD SANCTUARIES, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2018

| | Program Expenses | | | | | | | | | | Total |
|-----------------------------|------------------|-------------|-----------|-------------------|--------------------|----------|------------------------|---------------------------------|----------------------|------------|-------|
| | Preservation | Bourne Farm | Knob | Peach Tree Circle | Lovell Future Fund | Zinn | Total Program Services | Management and General Expenses | Fundraising Expenses | Total | |
| Salaries & wages | \$ 48,262 | \$ 41,535 | \$ 6,569 | \$ 20,749 | \$ - | \$ - | \$ 117,115 | \$ 17,231 | \$ - | \$ 134,346 | |
| Payroll taxes | 3,692 | 3,177 | 503 | 1,588 | - | - | 8,960 | 1,318 | - | 10,278 | |
| Fringe benefits | 1,400 | 2,101 | 233 | 631 | - | - | 4,365 | - | - | 4,365 | |
| Accounting expense | 4,770 | 2,782 | 1,590 | 2,783 | - | - | 11,925 | 1,590 | - | 13,515 | |
| Advertising | 1,146 | 191 | - | - | - | - | 1,337 | - | - | 1,337 | |
| Auto expense | 492 | 1,812 | - | 976 | - | - | 3,280 | - | - | 3,280 | |
| Bank and credit card fees | 248 | 28 | 70 | - | - | - | 346 | 211 | - | 557 | |
| Book expense | 1,862 | - | - | - | - | - | 1,862 | - | - | 1,862 | |
| Consultants | 591 | - | - | 1,249 | - | - | 1,840 | - | - | 1,840 | |
| Contributions | 5,250 | - | - | - | - | - | 5,250 | - | - | 5,250 | |
| Dues & subscription | 1,970 | - | - | - | - | - | 1,970 | 475 | - | 2,445 | |
| Insurance | 8,431 | 6,079 | 3,202 | 2,582 | - | - | 20,294 | 2,407 | - | 22,701 | |
| Legal expense | 7,250 | - | - | 4,185 | - | - | 11,435 | - | - | 11,435 | |
| Meeting expense | - | - | - | - | - | - | - | 333 | - | 333 | |
| Office expense | 3,933 | 48 | 115 | - | - | - | 4,271 | 649 | - | 4,920 | |
| Police detail | - | - | 4,863 | - | - | - | 4,863 | - | - | 4,863 | |
| Program expense | 525 | - | - | - | - | - | 525 | - | - | 525 | |
| Pumpkin day | - | - | - | - | - | - | - | - | - | - | |
| Repairs & maintenance | 2,350 | 14,942 | 28,742 | 1,093 | - | - | 47,127 | - | - | 47,127 | |
| Scholarships | - | - | - | - | 8,000 | 2,527 | 10,527 | - | - | 10,527 | |
| Security expense | - | - | - | 116 | - | - | 116 | - | - | 116 | |
| Seminar & education expense | 1,750 | - | - | - | - | - | 1,750 | - | - | 1,750 | |
| Special events | - | - | 3,113 | - | - | - | 3,113 | - | - | 3,113 | |
| Supplies | - | 2,993 | - | - | - | - | 2,993 | - | - | 2,993 | |
| Taxes | - | - | - | 2,225 | - | - | 2,225 | 143 | - | 2,368 | |
| Telephone | 2,704 | - | - | - | - | - | 2,704 | - | - | 2,704 | |
| Utilities | 805 | 2,918 | - | 2,754 | - | - | 6,477 | - | - | 6,477 | |
| Website hosting | 392 | - | - | - | - | - | 392 | - | - | 392 | |
| Total exp. before depr. | 97,813 | 78,606 | 49,000 | 40,931 | 8,175 | 2,527 | 277,052 | 24,357 | - | 301,409 | |
| Depreciation | 4,261 | 23,289 | 73 | 4,366 | - | - | 31,989 | - | - | 31,989 | |
| Total expenses | \$ 102,074 | \$ 101,895 | \$ 49,073 | \$ 45,297 | \$ 8,175 | \$ 2,527 | \$ 309,041 | \$ 24,357 | \$ - | \$ 333,398 | |

The accompanying notes are an integral part of these financial statements

SALT POND AREAS BIRD SANCTUARIES, INC.

Statements of Cash Flows

For the Years Ended December 31, 2019 and 2018

| | <u>2019</u> | <u>2018</u> |
|--|------------------|------------------|
| Cash Flows from Operating Activities: | | |
| Increase in net assets | \$ 259,346 | \$ (128,833) |
| Adjustments to reconcile increase in net assets to cash provided by operating activities: | | |
| Depreciation | 43,357 | 41,951 |
| Unrealized (gain) loss on investments | (215,983) | 109,455 |
| Realized (gain) loss on investments | (49,205) | (44,361) |
| Non-cash contributions | (25,307) | - |
| (Increase) decrease in operating assets: | | |
| Prepaid expenses | 1,654 | 1,457 |
| Security deposit | (851) | 799 |
| Increase (decrease) in operating liabilities: | | |
| Accounts payable | (28,874) | 13,068 |
| Advance repayment of rent | - | (2,908) |
| Deferred revenue | (3,950) | 4,300 |
| Security deposit | 851 | (799) |
| Net Cash (Used) in Operating Activities | <u>(18,962)</u> | <u>(5,871)</u> |
| Cash Flows from Investing Activities: | | |
| Purchase of equipment and furniture | (40,582) | (89,353) |
| Purchases of investments | (132,009) | (119,919) |
| Proceeds from sale of investments | 171,881 | 173,218 |
| Net Cash (Used) in Investing Activities | <u>(710)</u> | <u>(36,054)</u> |
| Net (Decrease) in Cash | (19,672) | (41,925) |
| Cash, Beginning of Year | <u>91,572</u> | <u>133,497</u> |
| Cash, End of Year | <u>\$ 71,900</u> | <u>\$ 91,572</u> |

The accompanying notes are an integral part of these financial statements

SALT POND AREAS BIRD SANCTUARIES, INC.
Notes to Financial Statements
For the Years Ended December 31, 2019 and 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of the Organization

Salt Pond Areas Bird Sanctuaries, Inc. (The "Organization") is a nonprofit corporation located in Falmouth, Massachusetts dedicated to the conservation and preservation of land and Bourne Farm for education, scientific study and aesthetic enjoyment.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting, in accordance with generally accepted accounting principles. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Basis of Presentation

The financial statements presentation follows the requirements of the Financial Accounting Standard Board in its Statement of Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*.

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net assets classification, deficiencies in information about liquidity and availability of resources, and lack of consistency in the type of information provided about expenses and investment returns. The Organization has adjusted the presentation of these statements accordingly.

Net Assets

Net assets, revenue, gains and losses are classified based on existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor or grantor restrictions. The governing Board has designated, from net assets without donor restrictions, net assets for capital improvements and acquisitions.

Net Assets With Donor Restrictions - Net assets subject to donor or grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources are maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire, that is when a stipulated time elapses or a stipulated purpose restriction is accomplished, in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of restrictions. 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 without donor restrictions and reported in the statements of activities as net assets released from restrictions.

SALT POND AREAS BIRD SANCTUARIES, INC.
Notes to Financial Statements
For the Years Ended December 31, 2019 and 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Tax Exempt Status

The Organization is a Massachusetts not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code of 1954 and is not a private foundation within the meaning of Section 509(a). Section 501(c)(3) of the Code provides for the exemption of organizations that are organized and operated exclusively for religious, charitable, scientific, literary or educational purposes and whose net earnings do not inure to the benefit of any private shareholder or individual. Contributions to the organization by individual donors qualify as tax deductible, subject to the limitations provided in the Internal Revenue Code.

Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. For the purposes of the statements of cash flows, The Organization exclude donor restricted cash and cash equivalents.

The Organization maintains its cash balances at a financial institution located in Massachusetts. The cash balance is insured by the Depositors Insurance Fund (DIF). The DIF is a private industry-sponsored insurance fund that insures all deposits above the FDIC limits in Massachusetts chartered savings banks. At times, balances not covered by DIF may exceed FDIC insured limits, however the Organization has not experienced any losses. Management believes that no significant concentration of credit risk exists with respect to this cash balance as of December 31, 2019.

Investments

Investments are carried at fair value. Donated investments are recorded at fair market value at the time of donation and subsequently adjusted to their year-end market value. Investment income on these investments, as well as unrealized gains and losses resulting from changes in market value are reported in the Statements of Activities.

Compensated Absences

Compensated absences have not been accrued because the amount cannot be reasonably estimated.

Revenue

The Organization's support comes primarily through donor contributions.

Contributions

The Organization records contributions received as without or with donor restrictions depending on the existence of any donor restrictions.

SALT POND AREAS BIRD SANCTUARIES, INC.

Notes to Financial Statements

For the Years Ended December 31, 2019 and 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Allocation of Functional Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, technology, insurance, and other, which are allocated on the basis of estimates of time and effort.

Property and equipment

Property and equipment are stated at cost. Expenditures for maintenance and repairs are charged to expense as incurred; betterments that add to the value of the related assets or materially extend the life of the assets in excess of \$500 are capitalized. Contributions of property and equipment are recorded at the fair market value at the time of the contribution.

Depreciation is calculated using straight-line rates generally over the following estimated useful lives:

| | |
|---------------------------|--------------|
| Building and improvements | 40 years |
| Equipment | 5 - 10 years |
| Furniture and fixtures | 5 - 7 years |
| Vehicles | 5 - 7 years |

Depreciation expense for the years ended December 31, 2019 and 2018 were \$43,357 and \$41,951, respectively.

Collections

The Organization does not capitalize its collections. The collections consist of antique tools which are held for educational, research and custodial purposes. The Organization protects, cares for, preserves and keeps its collections unencumbered, subject to a policy that requires proceeds from their sales to be used to acquire other items for collections.

NOTE B - INVESTMENTS:

Investments are presented at fair market value and consist of the following for the years ended December 31, 2019 and 2018:

| | Market Value | |
|--------------------------------|---------------------|---------------------|
| | 2019 | 2018 |
| Money market - Temp restricted | \$ 50,183 | \$ 103,248 |
| Money Market Instruments | 74,709 | - |
| Equities | 953,522 | 966,508 |
| Fixed Income | 459,481 | 217,519 |
| Total investments | <u>\$ 1,537,895</u> | <u>\$ 1,287,275</u> |

SALT POND AREAS BIRD SANCTUARIES, INC.

Notes to Financial Statements

For the Years Ended December 31, 2019 and 2018

NOTE B - INVESTMENTS (continued):

Investment income for the year ended December 31, 2019:

| | Without Donor Restriction | With Donor Restriction | Total |
|--------------------------------|------------------------------|---------------------------|-------------------|
| Interest and dividends | \$ 27,052 | \$ 6,786 | \$ 33,838 |
| Realized gains (losses) | 46,916 | 2,289 | 49,205 |
| Unrealized gains (losses) | 169,841 | 46,142 | 215,983 |
| Investment fee | (350) | - | (350) |
| Total investment income/(loss) | <u>\$ 243,459</u> | <u>\$ 55,217</u> | <u>\$ 298,676</u> |

Investment income for the year ended December 31, 2018:

| | Without Donor Restriction | With Donor Restriction | Total |
|--------------------------------|------------------------------|---------------------------|--------------------|
| Interest and dividends | \$ 25,525 | \$ 6,533 | \$ 32,058 |
| Realized gains (losses) | 32,118 | 12,243 | 44,361 |
| Unrealized gains (losses) | (127,476) | (22,520) | (149,996) |
| Investment fee | (350) | - | (350) |
| Total investment income/(loss) | <u>\$ (70,183)</u> | <u>\$ (3,744)</u> | <u>\$ (73,927)</u> |

NOTE C - DONATED SERVICES:

The organization receives a significant amount of donated services from unpaid volunteers who assist in fund-raising and special projects. No amounts have been recognized in the statements of activities, because the criteria for recognition under SFAS No. 116 have not been satisfied.

NOTE D - FAIR VALUE MEASUREMENTS:

The fair values of the Organization financial instruments have been determined at a specific point in time based on relevant market information and information about the financial instruments. Estimates of fair value are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities are reflected in the financial statements at their estimated fair values due to the short-term nature of these instruments.

Fair Value Measurements establishes a framework for measuring fair value. The 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).

SALT POND AREAS BIRD SANCTUARIES, INC.

Notes to Financial Statements

For the Years Ended December 31, 2019 and 2018

NOTE D - FAIR VALUE MEASUREMENTS (continued):

Level 1 Inputs - Quoted prices for identical assets or liabilities in active markets;

Level 2 Inputs - Quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets in inactive markets; or inputs other than quoted prices that are observable, such as models or other valuation methodologies;

Level 3 Inputs - Unobservable inputs for where there is little, if any, market activity

Fair values of noncurrent assets and liabilities at December 31, 2019 are as follows:

| | Carrying Value on Statement of Financial Position | FAS 107 Estimated Fair Value | Quoted Mkt Assets and Liabilities Measured at Fair Value | Significant Identical Assets Level 1 Inputs | Other Significant Observable Level 2 Inputs | Significant Unobservable Level 3 Inputs |
|--------------------|---|------------------------------------|---|--|---|--|
| Investments | | | | | | |
| Cash equivalents | \$ 124,892 | \$ 124,892 | \$ 124,892 | \$ 124,892 | \$ - | \$ - |
| Equities | 953,522 | 953,522 | 953,522 | 953,522 | - | - |
| Fixed Income | 459,481 | 459,481 | 459,481 | 459,481 | | |
| Total | \$ 1,537,895 | \$ 1,537,895 | \$ 1,537,895 | \$ 1,537,895 | \$ - | \$ - |

Fair values of noncurrent assets and liabilities at December 31, 2018 are as follows:

| | Carrying Value on Statement of Financial Position | FAS 107 Estimated Fair Value | Quoted Mkt Assets and Liabilities Measured at Fair Value | Significant Identical Assets Level 1 Inputs | Other Significant Observable Level 2 Inputs | Significant Unobservable Level 3 Inputs |
|--------------------|---|------------------------------------|---|--|---|--|
| Investments | | | | | | |
| Cash equivalents | \$ 103,248 | \$ 103,248 | \$ 103,248 | \$ 103,248 | \$ - | \$ - |
| Equities | 821,567 | 821,567 | 821,567 | 821,567 | - | - |
| Fixed Income | 362,459 | 362,459 | 362,459 | 362,459 | | |
| Total | \$ 1,287,274 | \$ 1,287,274 | \$ 1,287,274 | \$ 1,287,274 | \$ - | \$ - |

NOTE E - 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. Amounts not available include Board designated amounts set aside for capital improvements and acquisitions that could be drawn upon if the governing Board approves that action. However, amounts already appropriated from either donor-restricted funds or Board designated funds for general expenditure within one year of the balance sheet date have not been subtracted as unavailable.

SALT POND AREAS BIRD SANCTUARIES, INC.

Notes to Financial Statements

For the Years Ended December 31, 2019 and 2018

NOTE E - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (continued):

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

| | |
|--|--------------------|
| Cash and cash equivalents | \$ 71,900 |
| Investments | <u>1,537,896</u> |
| Total financial assets, at year end | <u>1,609,796</u> |
| Restricted funds by donor with time or purpose restriction | <u>(1,537,896)</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 71,900</u> |

The Organization is supported by both restricted and unrestricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come

NOTE F - DONOR-RESTRICTED ENDOWMENTS:

The Organization has adopted the provisions of generally accepted accounting principles regarding net assets classification of funds subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act. These provisions provide guidance on the net assets classification of donor-restricted endowment funds for not-for profit organizations that are subject to enacted versions of the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA") and also requires disclosures about an organization's donor-restricted and board-designated endowment funds.

The general investment objectives are to preserve the long term value of the funds and provide a reasonable return to support operations. While only some of the total endowment is restricted in the sense that the principal (or corpus) may not be used except as an endowment, all of the return (or income) from the entire pool is unrestricted or available for use in operations, some of which is directed to specific operational aspects or expenditures. Approximately \$50,000 will be held in cash to support ongoing cash requirements. The fixed income portion is "laddered" in high quality U.S. government backed bonds and investment grade corporate bonds to provide a hedge against interest rate changes. The equity portion is diversified across U.S. stocks and international markets. These investments have been chosen to minimize fees. All interest and dividends received are "swept" into money market account.

Donated securities will be transferred to the investment advisor and sold as soon as possible. Proceeds will be invested under the general guidelines established above.

Monthly reporting to the Executive Committee and/or Board will include the year-to-date performance of the assets versus several other indices. These include Dow Jones, S&P 500, NASDAQ, Russell 3000 and Barclays's bond index and MSCI EAFE index.

SALT POND AREAS BIRD SANCTUARIES, INC.

Notes to Financial Statements

For the Years Ended December 31, 2019 and 2018

NOTE F - DONOR-RESTRICTED ENDOWMENTS (continued):

Expenditures from the Organization's investment and endowment funds will be made in accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA) signed into Massachusetts law in 2009. UPMIFA requires that "general standards of prudence and good faith apply to any decision to spend endowment funds", Endowment funds are defined as " an institutional fund, or any part thereof, not wholly expendable by the institution on a current basis under the term of the applicable instrument". The following factors are intended to guide investment decisions:

- Duration and preservation of the endowment fund
- The purpose of the institution and the endowment fund
- General economic conditions
- The possible effect of inflation or deflation
- The expected total return from income and appreciation of investments
- Other resources of the institution
- The investment policy of the institution

Net assets with donor restrictions are available for the following purposes at December 31, 2019 and 2018:

| | 2019 | 2018 |
|---|--------------|--------------|
| Building Fund | \$ 167,520 | \$ 167,520 |
| Capital Improvement Fund - BF, PTC & GF | 52,298 | 68,987 |
| Donald Zinn Scholarship Fund | 5,581 | 4,477 |
| Knob Fund | 61,162 | 32,696 |
| Land Fund | 3,175,738 | 3,175,688 |
| Lovell Future Fund | 248,225 | 212,748 |
| Hutchcroft Fund | 304,000 | 304,000 |
| Total | \$ 4,014,524 | \$ 3,966,116 |

NOTE G - NET ASSETS WITH DONOR RESTRICTIONS (continued):

Net assets released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors at December 31, 2019 and 2018 are as follows:

| | 2019 | 2018 |
|-------------------------------------|------------|------------|
| Donald Zinn Scholarship | \$ 2,451 | \$ 2,527 |
| Ermine Lovell Charitable Foundation | 101,609 | 127,815 |
| Knob Fund | - | 20,208 |
| General Fund | 65,664 | 32,099 |
| Lovell Future Fund | 8,183 | 8,175 |
| | \$ 177,907 | \$ 190,824 |

NOTE H - EVALUATION OF SUBSEQUENT EVENTS:

The Organization has evaluated subsequent events through May 1, 2020, the date which the financial statements were available to be issued. As of May 1, 2020 there were no subsequent events to report.