

Hawk Mountain Sanctuary Association

Financial Statements

March 31, 2021 and 2020

Hawk Mountain Sanctuary Association

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Independent Auditors' Report

To the Board of Directors of
Hawk Mountain Sanctuary Association

We have audited the accompanying financial statements of Hawk Mountain Sanctuary Association, a not-for-profit organization, which comprise the statements of financial position as of March 31, 2021 and 2020, and the related statements of activities, changes in net assets 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 our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hawk Mountain Sanctuary Association as of March 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Baker Tilly US, LLP

Lancaster, Pennsylvania
June 22, 2021

Hawk Mountain Sanctuary Association

Statements of Financial Position

March 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,894,268	\$ 1,029,550
Inventories	86,009	66,170
Other current assets	74,299	5,231
	<u>2,054,576</u>	<u>1,100,951</u>
Noncurrent Assets		
Investments	16,377,822	11,511,516
Land, buildings and equipment, net	6,940,318	6,979,021
Cash restricted and designated for Capital Campaign	116,404	221,278
Cash restricted and designated for land acquisition	377,333	358,805
Contributions receivable for Capital Campaign	-	25,000
	<u>23,811,877</u>	<u>19,095,620</u>
Total current assets	<u>2,054,576</u>	<u>1,100,951</u>
Total noncurrent assets	<u>23,811,877</u>	<u>19,095,620</u>
Total assets	<u>\$ 25,866,453</u>	<u>\$ 20,196,571</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 7,858	\$ 31,596
Deferred revenue, grants	15,200	10,454
Deferred revenue, membership	290,000	260,000
Other current liabilities	52,236	36,031
	<u>365,294</u>	<u>338,081</u>
Total liabilities	<u>365,294</u>	<u>338,081</u>
Net Assets		
Without donor restrictions:		
Operating	7,563,097	6,872,431
Designated by Board of Directors	4,701,014	3,082,695
	<u>12,264,111</u>	<u>9,955,126</u>
Total net assets without donor restrictions	<u>12,264,111</u>	<u>9,955,126</u>
With donor restrictions	<u>13,237,048</u>	<u>9,903,364</u>
Total net assets	<u>25,501,159</u>	<u>19,858,490</u>
Total liabilities and net assets	<u>\$ 25,866,453</u>	<u>\$ 20,196,571</u>

See notes to financial statements

Hawk Mountain Sanctuary Association

Statements of Activities

March 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Gains						
Membership dues	\$ 417,529	\$ -	\$ 417,529	\$ 423,505	\$ -	\$ 423,505
Admission charges	449,130	-	449,130	348,482	-	348,482
Bookstore sales, less cost of sales 2021 \$44,456; 2020 \$93,499	35,580	-	35,580	81,195	-	81,195
Fees and other income	391,298	-	391,298	452,109	-	452,109
Paycheck Protection Program grant	271,280	-	271,280	-	-	-
Other grants	11,202	-	11,202	15,820	-	15,820
Contributions	1,554,853	488,799	2,043,652	1,826,809	2,329,723	4,156,532
Investment return designated for current operations	69,068	395,710	464,778	57,684	382,595	440,279
Investment return, greater than (less than) amounts designated for current operations, less fees of 2021 \$33,077; 2020 \$27,681	913,751	3,149,834	4,063,585	(232,206)	(960,701)	(1,192,907)
Total revenue and gains	4,113,691	4,034,343	8,148,034	2,973,398	1,751,617	4,725,015
Net Assets Released From Restrictions						
Program services	693,342	(693,342)	-	978,397	(978,397)	-
Fundraising expenses	-	-	-	28,815	(28,815)	-
Capital projects	7,317	(7,317)	-	302,343	(302,343)	-
Total net assets released from restrictions	700,659	(700,659)	-	1,309,555	(1,309,555)	-
Total revenue and gains and other support	4,814,350	3,333,684	8,148,034	4,282,953	442,062	4,725,015
Expenses						
Program services:						
Education	390,135	-	390,135	612,378	-	612,378
Conservation science	763,916	-	763,916	909,189	-	909,189
Communications	134,999	-	134,999	170,651	-	170,651
Operations	512,379	-	512,379	747,135	-	747,135
Bookstore	139,767	-	139,767	151,744	-	151,744
Supporting services:						
Administration	224,771	-	224,771	164,493	-	164,493
Fundraising	203,639	-	203,639	248,322	-	248,322
Membership	135,759	-	135,759	165,548	-	165,548
Total expenses	2,505,365	-	2,505,365	3,169,460	-	3,169,460
Increase in net assets	\$ 2,308,985	\$ 3,333,684	\$ 5,642,669	\$ 1,113,493	\$ 442,062	\$ 1,555,555

See notes to financial statements

Hawk Mountain Sanctuary Association

Statements of Changes in Net Assets
Years Ended March 31, 2021 and 2020

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Net Assets, April 1, 2019	\$ 8,841,633	\$ 9,461,302	\$ 18,302,935
Increase in net assets	<u>1,113,493</u>	<u>442,062</u>	<u>1,555,555</u>
Net Assets, March 31, 2020	9,955,126	9,903,364	19,858,490
Increase in net assets	<u>2,308,985</u>	<u>3,333,684</u>	<u>5,642,669</u>
Net Assets, March 31, 2021	<u>\$ 12,264,111</u>	<u>\$ 13,237,048</u>	<u>\$ 25,501,159</u>

See notes to financial statements

Hawk Mountain Sanctuary Association

Statements of Cash Flows

Years Ended March 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Increase in net assets	\$ 5,642,669	\$ 1,555,555
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	263,765	299,683
Net realized gains on investments	(356,880)	(233,256)
Net unrealized (gains) losses on investments	(3,771,652)	1,340,464
Contributions restricted for endowment	(149,359)	(1,545,949)
Contributions restricted for Capital Campaign	-	(4,165)
Contributions restricted for land acquisition	(20,049)	(180,021)
Write-off of construction in progress	-	213,558
(Increase) decrease in operating assets:		
Inventories	(19,839)	(9,979)
Other current assets	(69,068)	28,743
Increase (decrease) in operating liabilities:		
Accounts payable	(23,738)	15,243
Deferred revenue, grants	4,746	(10,865)
Deferred revenue, membership	30,000	-
Other current liabilities	16,205	25,626
Net cash provided by operating activities	<u>1,546,800</u>	<u>1,494,637</u>
Cash Flows From Investing Activities		
Purchase and construction of buildings and equipment	(225,062)	(691,487)
Proceeds from sale of investments	365,324	9,434,027
Purchase of investments	<u>(1,103,098)</u>	<u>(12,050,573)</u>
Net cash used in investing activities	<u>(962,836)</u>	<u>(3,308,033)</u>
Cash Flows From Financing Activities		
Proceeds from contributions restricted for land acquisition	20,049	180,021
Proceeds from contributions restricted for endowment	149,359	1,545,949
Proceeds from Capital Campaign pledges	<u>25,000</u>	<u>25,000</u>
Net cash provided by financing activities	<u>194,408</u>	<u>1,750,970</u>
Net increase (decrease) in cash, cash equivalents and restricted cash and cash equivalents	778,372	(62,426)
Cash, Cash Equivalents, and Restricted Cash and Cash Equivalents, Beginning	<u>1,609,633</u>	<u>1,672,059</u>
Cash, Cash Equivalents, and Restricted Cash and Cash Equivalents, Ending	<u><u>\$ 2,388,005</u></u>	<u><u>\$ 1,609,633</u></u>

See notes to financial statements

Hawk Mountain Sanctuary Association

Notes to Financial Statements

March 31, 2021 and 2020

1. Nature of Activities

Hawk Mountain Sanctuary Association (the Association) was created by Rosalie Edge in 1934 and incorporated in Pennsylvania on May 2, 1938 as a nonprofit. The Association is the world's first sanctuary for birds of prey. Its primary activities are to establish and maintain preserves for the conservation and protection of wildlife, and to provide a means of educating the public in matters concerning wildlife. The Association is a nonprofit entity as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from federal income taxes on related income pursuant to Section 509(a) of the IRC. The Association is supported primarily through membership dues, grants, admission charges and contributions.

2. Significant Accounting Policies

Basis of Presentation

Financial statement presentation follows the requirements of Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*. This accounting standard requires the Association to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions - net assets available for use in general operations and not subject to donor restrictions. All revenue not restricted by donors and donor restricted contributions whose restrictions are met in the same period in which they are received are accounted for in net assets without donor restrictions. The Board may choose to designate certain net assets without donor restrictions.

Net Assets With Donor Restrictions - net assets subject to donor 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 be maintained in perpetuity. All revenues restricted by donors as to either timing or purpose of the related expenditures or required to be maintained in perpetuity as a source of investment income are accounted for in net assets with donor restrictions. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Cash and Cash Equivalents

For the purpose of reporting the statements of cash flows, the Association considers highly liquid money market funds available for operations to be cash equivalents. The Association places its cash in high credit quality institutions. The following table provides a reconciliation of cash, cash equivalents and restricted cash and cash equivalents reported within the statements of financial position that sum to the total of the same such amounts showing in the statements of cash flows.

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,894,268	\$ 1,029,550
Cash restricted and designated for Capital Campaign	116,404	221,278
Cash restricted and designated for land acquisition	<u>377,333</u>	<u>358,805</u>
Total cash, cash equivalents, and restricted cash and cash equivalents	<u>\$ 2,388,005</u>	<u>\$ 1,609,633</u>

Hawk Mountain Sanctuary Association

Notes to Financial Statements

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Inventories

Inventories of materials held for sale are stated at the lower of cost (first-in, first-out method) or net realizable value.

Investments and Investment Risk

The Association carries investments in marketable equity securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Investment gains and losses are reported in the statements of activities as increases and decreases in net assets without donor restrictions unless restricted in accordance with donor stipulations.

Investments are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment assets reported in the financial statements.

Property and Equipment

It is the Association's policy to capitalize land, buildings and equipment additions costing over \$1,000. Lesser amounts are expensed. Purchased land, buildings and equipment is capitalized at cost. Donations of land, buildings and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire land, buildings and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Association reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Depreciation and amortization is computed by the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	5 - 50
Land improvements	20
Equipment	5 - 10
Vehicles	5
Software	5

Maintenance and repairs of land, buildings and equipment are charged to operations and major improvements are capitalized. Upon retirement, sale or other disposition of land, buildings and equipment, the cost and accumulated depreciation and amortization are eliminated from the accounts and gain or loss is included in income.

Impairment of Long-Lived Assets

Management reviews the carrying value of long-lived assets on an ongoing basis. When factors indicate that a long-lived asset may be impaired, management uses an estimate of the undiscounted future cash flows over the remaining life of the asset in measuring whether the long-lived asset is recoverable. If such an analysis indicates that impairment has in fact occurred, the book value of the long-lived asset is written down to its fair value, which it estimates using discounted cash flows. There was no impairment recorded in 2021 or 2020.

Hawk Mountain Sanctuary Association

Notes to Financial Statements

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Contributed Services

A substantial number of unpaid volunteers have made significant contributions of their time to the Association's programs. In accordance with ASC Topic 958, *Not-for-Profit Entities*, the Association has not recorded the value of the contributed time in the accompanying financial statements.

Contributed Support and Contributions Receivable

Gifts of cash and other assets are presented as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, 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 receivable are recorded at fair value as revenue on the date the promise to give is irrevocable. Depending on the existence and nature of any donor restrictions, donations are reflected as increases in net assets with or without donor restrictions.

The Association estimates the fair value of donations that are expected to be collected after one year using present value techniques and market interest rates in effect on the date of the donation and a related discount is recorded. Discount amortization is included in contribution revenue as the associated pledges reach maturity. Allowances for uncollectible contributions receivable are established based on historical collection rates and specific identification of uncollectible accounts. The fair value of donations that are expected to be collected within one year is estimated at net realizable value.

Revenue Recognition

Membership Dues - The Association recognizes revenue over the membership period. Any portion of the membership fee for future benefits is classified as a contract liability, deferred revenue, membership on the statements of financial position. Prices for membership vary based on the level of membership and the benefits associated with each level. Due to the timeframe of which membership dues are earned, all contract liabilities are earned in the subsequent year.

Admission Charges - The Association recognizes revenue from admissions charges when a customer purchases a trail pass. The price for a trail pass varies based on time of year and age of the customer.

Bookstore Sales - The Association recognizes revenue from bookstore sales at the time of sale. The bookstore includes items for purchase such as clothing, books, toys and snacks. The price varies based on the item purchased.

Fees and Other Income - Fees and other income mainly include revenues from programs hosted by the Association and income from the sale of carbon credits. Programs are held throughout the year and can vary from a wide audience with corporate sponsorships to small training events with minimal charges for participation. Revenue from these programs is recognized at the time of the corresponding program is concluded. Any payments received in advance for future programs are classified as deferred revenue on the statements of financial position. The Association owns 2,400 acres of forest that is under a conservation easement which is sequestering carbon. These carbon credits are sold on a private market in which buyers are mostly corporations seeking to improve their public stature by offsetting their business's production of carbon. Credits are marketed and sold to the highest bidder. Price per credit can vary. Revenue from the sale of carbon credits is recognized when the sale occurs.

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The Association applies the practical expedient as allowed for within the accounting standards and, therefore, does not disclose information about remaining performance obligation that have original expected durations of one year or less. All remaining performance obligations will be satisfied in connection with completion of the year ending March 31, 2022.

The Association has disaggregated its various revenue streams on the statements of activities.

Income Taxes

The Association is exempt from taxes on income pursuant to Section 501(c)(3) of IRC. Consequently, the statements of the Association do not reflect any provision for taxes on income.

The Association accounts for uncertainty in income taxes using a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold is met. Management has determined that there were no tax uncertainties that met the recognition threshold as of March 31, 2021 and 2020.

Advertising and Promotion

The Association expenses advertising and promotion cost as incurred. Total advertising and promotion cost for the years ended March 31, 2021 and 2020 was \$8,319 and \$71,942, respectively.

Grants

Grants are recognized in the period received and are reported as increases in the appropriate category of net assets. Conditional or contingent grants are not recorded as revenue until the conditions on which they depend have been substantially met. Unexpended amounts received but not yet earned are reported as deferred revenue, grants.

Concentrations of Credit and Other Risks

Financial instruments which potentially expose the Association to concentrations of credit risk consist primarily of cash and investments. The investments are not insured. Also, at various times during the years, the Association had cash balances in a deposit account with financial institutions in excess of the federally-insured limit. The Association had \$1,246,128 and \$976,169 of deposits in excess of federally insured limits as of March 31, 2021 and 2020, respectively.

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 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. The most significant estimates affecting the financial statements are the allowance for uncollectible pledges, fair value of investments and the useful lives of building and equipment. Actual results could differ from those estimates.

Subsequent Events

The Association has evaluated events and transactions occurring subsequent to the statements of financial position date of March 31, 2021 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through June 22, 2021, the date these financial statements were available to be issued. All necessary matters identified through this evaluation are properly reflected in these financial statements.

Hawk Mountain Sanctuary Association

Notes to Financial Statements

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Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842) (as amended). ASU No. 2016-02 was issued to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Under the provisions of ASU No. 2016-02, a lessee is required to recognize a right-to-use asset and lease liability, initially measured at the present value of the lease payments, in the balance sheet. In addition, lessees are required to provide qualitative and quantitative disclosure that enable users to understand more about the nature of the Association's leasing activities. The Association will be required to adopt the guidance in ASU No. 2016-02 for its year ending March 31, 2023. The Association has not yet determined the impact adoption of ASU No. 2016-02 will have on its financial statements.

During September 2020, the FASB issued ASU No. 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. ASU No. 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The standard will be required to be applied retrospectively for annual periods beginning after June 15, 2021. The Association has not yet determined the impact adoption of ASU No. 2020-07 will have on its financial statements.

3. Investments

Long-term investments consist of the following at March 31:

	2021		
	Cost	Fair Value	Net Unrealized Appreciation
Mutual funds:			
Equity funds	\$ 6,342,199	\$ 11,063,287	\$ 4,721,088
Bond funds	5,138,078	5,198,036	59,958
Money market	116,499	116,499	-
	<u>\$ 11,596,776</u>	<u>\$ 16,377,822</u>	<u>\$ 4,781,046</u>
	2020		
	Cost	Fair Value	Net Unrealized Appreciation
Mutual funds:			
Equity funds	\$ 5,856,974	\$ 6,742,443	\$ 885,469
Bond funds	4,242,693	4,366,618	123,925
Money market	402,455	402,455	-
	<u>\$ 10,502,122</u>	<u>\$ 11,511,516</u>	<u>\$ 1,009,394</u>

Hawk Mountain Sanctuary Association

Notes to Financial Statements

March 31, 2021 and 2020

The following schedule summarizes the investment return and its classifications in the statements of activities for the years ended March 31:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Investment income, less fees	\$ 95,367	\$ 304,464	\$ 399,831
Net realized gains	39,019	317,861	356,880
Net unrealized gains	848,433	2,923,219	3,771,652
Total investment income	\$ 982,819	\$ 3,545,544	\$ 4,528,363

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Investment income, less fees	\$ 74,892	\$ 279,688	\$ 354,580
Net realized gains	53,335	179,921	233,256
Net unrealized losses	(302,749)	(1,037,715)	(1,340,464)
Total investment income	\$ (174,522)	\$ (578,106)	\$ (752,628)

The Board of Directors designates only a portion of the Association's cumulative investment return of the funds Designated for Endowment and Endowment Funds for support of current operations. Under the Association's spending policy, 5 percent of its five-year moving average value of investments with certain exceptions is available to support current operations. The calculation of investment return less than amounts designated for current operations is as follows:

	2021	2020
Investment income (loss)	\$ 4,528,363	\$ (752,628)
Amounts designated for current operations	(464,778)	(440,279)
Investment return, greater than (less than) amounts designated for current operations	\$ 4,063,585	\$ (1,192,907)

4. Liquidity and Availability

The following table reflects the Association's financial assets available for general expenditure within one year at March 31, 2021 and 2020. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 1,894,268	\$ 1,029,550
Donor restricted amounts designated for current operations	464,778	440,279
Total financial assets	\$ 2,359,046	\$ 1,469,829

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The Association has certain donor restricted assets limited to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the qualitative information above. The Association has other assets limited to use by donor restriction of board designation for certain endowments. The board designated assets limited to use, which are more fully described in Note 8 are not available for general expenditure within the next year without prior board approval and are not reflected in the amounts above. However, the board designated amounts could be made available, if necessary. Any of the donor restricted endowments are not available for current operations and are not included in the table above.

As part of the Association's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Association invests cash in excess of daily requirements in short-term investments. To assist management satisfy any unanticipated liquidity needs, the Association has a \$100,000 line of credit with a bank that can be drawn upon (Note 6). The amount remaining which is available for the Association to draw upon was \$100,000 at March 31, 2021 and 2020.

5. Property and Equipment

A summary of property and equipment at March 31 is as follows:

	<u>2021</u>	<u>2020</u>
Land	\$ 2,491,070	\$ 2,491,070
Buildings and improvements	7,032,148	6,647,980
Equipment	1,312,837	1,291,862
Vehicles	288,652	219,169
Software	176,679	176,679
Land improvements	999,781	719,617
Construction in progress	-	529,728
	<u>12,301,167</u>	<u>12,076,105</u>
Accumulated depreciation and amortization	<u>(5,360,849)</u>	<u>(5,097,084)</u>
	<u>\$ 6,940,318</u>	<u>\$ 6,979,021</u>

Depreciation and amortization expense amounted to \$263,765 and \$299,683 during the years ended March 31, 2021 and 2020, respectively.

6. Line of Credit

The Association has a \$100,000 line of credit available with M&T Bank (Bank). This line of credit is unsecured and incurs interest at the Bank's prime rate plus 1.0 percent (4.25 percent at March 31, 2021). There were no borrowings on this line of credit at March 31, 2021 and 2020. This line of credit is renewable annually by the Bank upon receipt of the Association's financial statements. Management expects this line of credit to remain in effect without any interruption to the Association's operations.

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7. Paycheck Protection Program Grant

On April 21, 2020, the Association received loan proceeds in the amount of \$271,280 under the Paycheck Protection Program (PPP) which was established as part of the CARES Act and is administered through the Small Business Administration (SBA). The PPP provides loans to qualifying businesses in amounts up to 2.5 times their average monthly payroll expenses and was designed to provide a direct financial incentive for qualifying businesses to keep their workforce employed during the Coronavirus crisis. PPP loans are uncollateralized and guaranteed by the SBA and are forgivable after a "covered period" (eight or twenty-four weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible expenses, including payroll, benefits, mortgage interest, rent and utilities.

Among other factors, loan eligibility is contingent upon economic uncertainty and necessity. The determination of necessity includes access to liquidity available to support the ongoing operations of the Association. The Association made a good-faith certification at the time of application regarding these elements and believes these certifications are still appropriate.

The Association met the PPP's loan forgiveness requirements and legal release was received during December of 2020; therefore, the Association recorded income of \$271,280 of grant income within its statement of activities for the year ended March 31, 2021.

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request.

8. Employee Benefits

Retirement Plans

The Association has a defined contribution retirement plan and a tax deferred annuity plan covering employees who have completed one year of service. Contributions to these plans totaled \$16,675 and \$17,131 for the years ended March 31, 2021 and 2020, respectively.

9. Net Assets

The Board of Directors has designated net assets without donor restrictions at March 31 as follows:

	<u>2021</u>	<u>2020</u>
Designated for endowment:		
General	\$ 4,324,573	\$ 2,749,037
Graduate Assistant Program	176,441	133,658
Trainee Program	<u>200,000</u>	<u>200,000</u>
Net assets without donor restrictions	<u>\$ 4,701,014</u>	<u>\$ 3,082,695</u>

Hawk Mountain Sanctuary Association

Notes to Financial Statements

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Net assets with donor restrictions consist of the following at March 31:

	<u>2021</u>	<u>2020</u>
Available for current operations:		
Kestrel Nestbox Program	\$ 4,738	\$ 17,521
Trainee Programs	29,931	29,081
Habitat Garden	4,312	4,227
Education	6,922	13,410
Raptorcare	17,411	18,439
Sowers Photo Ecology	13,121	13,592
Adams Trust Research Grant	6,735	2,964
Farmland Raptors	4,780	917
Artic Research	3,497	-
Northern Goshawk	-	494
Broadwing Hawk Project	57,871	36,429
Hill Library	8,858	6,252
Turkey Vulture Research	12,934	3,135
School in the Clouds	199,888	250,928
Wallace Turkey Vulture	14,201	34,727
Marshall Reynolds	-	23,265
Project Columbia	8,764	2,600
Black Vulture Research	28,430	30,075
Kestrel Research	169,670	61,000
Conservation Science Research	43,715	60,800
Dupont	-	35,038
Development Computers	-	3,500
Operations	-	15,000
Trail Work	-	18,217
Conservation Trainee Program	10,742	-
Project Soar	3,497	-
South American Flight Guide	3,660	-
Raptor Population Index	18,131	-
Rattle Snake Study	8,100	-
Sarkis Acopian Director of Conservation Science Trust	27,457	-
Other	19,163	28,008
Available for property and equipment:		
Capital Campaign	32,788	35,374
Land Acquisition	377,333	358,805
Endowment:		
Frank M. Masters Conservation Trainee Program	1,698,818	1,234,694
Conservation Trainee Program	1,576,761	1,127,464
Grimm Family	36,864	26,793
Sowers Photo Ecology	86,346	65,450
Julian W. Hill Library and Archives	515,040	381,338
Acopian Center Maintenance	1,714,800	1,269,721
Sarkis Acopian Director of Conservation Science Trust	3,042,068	2,252,875
Hand Education	119,369	93,675
Ferdinand Thun Fund HMS Maintenance Endowment	279,760	209,837
General	2,373,821	1,641,653
Education Director	134,720	96,066
Frank M. Masters Conservation Science Endowment	522,032	400,000
	<u>\$ 13,237,048</u>	<u>\$ 9,903,364</u>

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Net assets during the years ended March 31, 2021 and 2020 were released from donor restrictions by satisfying the restricted purpose specified by the donors for the following programs:

	<u>2021</u>	<u>2020</u>
Education	\$ 271,330	\$ 263,669
Operations	84,417	32,400
Research	337,595	682,328
Fundraising	-	28,815
Capital projects	7,317	302,343
	<u>\$ 700,659</u>	<u>\$ 1,309,555</u>

10. Endowment

The Association's endowments consist of several funds established for a variety of purposes. Its endowments include both a donor-restricted endowment funds and funds designated by the Board of Directors to function as an endowment. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Association 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 funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association 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 with or without restrictions, depending upon the donor designation or until those amounts are appropriated for expenditure by the Association in a manner consistent with the standard of prudence prescribed by the relevant state law. Unless specifically defined by a donor-restricted endowment fund required by donor stipulation, the Association considers the following factors in making a determination to accumulate or appropriate endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Association and 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 Association
7. The investment policies of the Association

Hawk Mountain Sanctuary Association

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The following schedule represents the endowment net asset composition by type of endowment fund as of March 31:

	2021		
	Without Donor Restrictions Designated for Endowment	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 12,100,399	\$ 12,100,399
Board-designated endowment funds	4,701,014	-	4,701,014
	<u>\$ 4,701,014</u>	<u>\$ 12,100,399</u>	<u>\$ 16,801,413</u>
	2020		
	Without Donor Restrictions Designated for Endowment	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 8,799,566	\$ 8,799,566
Board-designated endowment funds	3,082,695	-	3,082,695
	<u>\$ 3,082,695</u>	<u>\$ 8,799,566</u>	<u>\$ 11,882,261</u>

The following schedule represents the changes in endowment net assets for the years ended March 31:

	2021		
	Without Donor Restrictions Designated for Endowment	With Donor Restrictions	Total
Endowment net asset, beginning of the year	\$ 3,082,695	\$ 8,799,566	\$ 11,882,261
Contributions	350,637	149,359	499,996
Other income	355,571	-	355,571
Investment income, net of fees	95,367	304,464	399,831
Net appreciation (realized and unrealized)	887,452	3,241,080	4,128,532
Allowable spending	(69,068)	(395,710)	(464,778)
	<u>\$ 4,702,654</u>	<u>\$ 12,098,759</u>	<u>\$ 16,801,413</u>
	2020		
	Without Donor Restrictions Designated for Endowment	With Donor Restrictions	Total
Endowment net asset, beginning of the year	\$ 2,044,102	\$ 8,218,483	\$ 10,262,585
Contributions	1,048,815	1,541,784	2,590,599
Other income	221,984	-	221,984
Investment income, net of fees	74,892	279,688	354,580
Net depreciation (realized and unrealized)	(249,414)	(857,794)	(1,107,208)
Allowable spending	(57,684)	(382,595)	(440,279)
	<u>\$ 3,082,695</u>	<u>\$ 8,799,566</u>	<u>\$ 11,882,261</u>

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Funds With Deficiencies

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 Association to retain as a fund of perpetual duration. In accordance with GAAP, these deficiencies are reported as a reduction to net assets with donor restrictions. There were no material deficiencies at March 31, 2021 and 2020.

Return Objectives and Risk Parameters

The Association 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 Association must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that allow the Association to fund the appropriate programs while assuming a moderate level of investment risk.

Strategies Employed for Achieving Objectives

The Association relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Association targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

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

The Association has a total return policy of appropriating for distribution each year a percent of its endowment fund's prior year balance. The Board of Directors approves annual disbursements from the funds. Generally this is done under the Association's spending policy which is 5 percent of its five-year moving average value of investments with certain exceptions. This is consistent with the Association's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

11. Related Parties

During the years ended March 31, 2021 and 2020, the Association received gifts from various members of its Board of Directors, before discounts, of \$94,363 and \$210,550, respectively.

12. Fair Value Measurements

Management uses its best judgment in estimating the fair value of the Association's financial instruments; however, there are inherent weaknesses in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates herein are not necessarily indicative of the amounts the Association could have realized in a sales transaction on the dates indicated. The estimated fair value amounts have been measured as of their respective year-ends and have not been re-evaluated or updated for purposes of these financial statements subsequent to those respective dates. As such, the estimated fair values of these financial instruments subsequent to the respective reporting dates may be different than the amounts reported at each year end.

Determination of Fair Value

The Association uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. In accordance with the *Fair Value Measurements and Disclosures* topic of the FASB ASC, the fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices.

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The recent fair value guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions.

Fair Value Hierarchy

In accordance with this guidance, the Association groups its financial assets and financial liabilities generally measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

Level 1 - Valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 - Valuation is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities; quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.

Level 3 - Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The asset 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 maximize the use of relevant observables and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at March 31, 2021 and 2020.

Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held are deemed to be actively traded.

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For financial assets measured at fair value on a recurring basis, the fair value measurements by level within the fair value hierarchy used at March 31 are as follows:

Assets at Fair Value as of March 31, 2021				
	Level 1	Level 2	Level 3	Total
Long-term investments:				
Equity mutual funds:				
Small growth	\$ 449,897	\$ -	\$ -	\$ 449,897
Mid-cap blend	468,734	-	-	468,734
Foreign large blend	3,110,406	-	-	3,110,406
Large blend	4,865,536	-	-	4,865,536
Large growth	1,029,760	-	-	1,029,760
Large value	1,138,954	-	-	1,138,954
	<u>11,063,287</u>	<u>-</u>	<u>-</u>	<u>11,063,287</u>
Bond mutual funds:				
Corporate bond	750,719	-	-	750,719
Short-term bond	1,101,027	-	-	1,101,027
Intermediate-term bond	2,765,340	-	-	2,765,340
Long-term bond	580,950	-	-	580,950
	<u>5,198,036</u>	<u>-</u>	<u>-</u>	<u>5,198,036</u>
	<u>\$ 16,261,323</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,261,323</u>
Assets at Fair Value as of March 31, 2020				
	Level 1	Level 2	Level 3	Total
Long-term investments:				
Equity mutual funds:				
Small growth	\$ 270,890	\$ -	\$ -	\$ 270,890
Mid-cap blend	254,282	-	-	254,282
Foreign large blend	1,934,381	-	-	1,934,381
Large blend	2,894,327	-	-	2,894,327
Large growth	717,212	-	-	717,212
Large value	671,351	-	-	671,351
	<u>6,742,443</u>	<u>-</u>	<u>-</u>	<u>6,742,443</u>
Bond mutual funds:				
Corporate bond	632,024	-	-	632,024
Short-term bond	934,969	-	-	934,969
Intermediate-term bond	2,285,469	-	-	2,285,469
Long-term bond	514,156	-	-	514,156
	<u>4,366,618</u>	<u>-</u>	<u>-</u>	<u>4,366,618</u>
	<u>\$ 11,109,061</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,109,061</u>

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13. Expenses by Nature and Function

The Association's expenses for program services, general and administrative, and membership and fundraising are as follows for the years ending March 31, 2021 and 2020:

	2021			Total
	Program Services	General and Administrative	Membership and Fundraising	
Advertising and promotion	\$ 7,912	\$ 174	\$ 233	\$ 8,319
Awards and donations	22,870	-	-	22,870
Computer	53,827	15,735	28,198	97,760
Dues and subscriptions	2,620	516	5,026	8,162
Equipment and resources	25,602	4,088	52	29,742
Gasoline	5,368	-	-	5,368
Hospitality	5,066	794	2,628	8,488
Insurance	85,188	-	-	85,188
Library	4,076	-	-	4,076
Office supplies	5,541	3,042	556	9,139
Operating supplies	63,381	2,815	6,246	72,442
Outside services	144,355	20,752	8,043	173,150
Permits and licenses	175	40	-	215
Postage	14,234	575	25,894	40,703
Printing	25,885	-	21,844	47,729
Professional fees	-	57,487	-	57,487
Repairs and maintenance	48,055	-	-	48,055
Salaries and benefits	1,025,945	80,876	208,297	1,315,118
Signage and exhibits	702	-	-	702
Taxes:				
Payment in lieu of amusement tax	22,457	-	-	22,457
Payment in lieu of real estate tax	7,303	-	-	7,303
Payroll	64,373	15,511	12,669	92,553
Telephone	15,811	2,043	2,044	19,898
Training	2,072	-	-	2,072
Travel	10,303	262	329	10,894
Utilities	43,679	3,763	4,268	51,710
	1,706,800	208,473	326,327	2,241,600
Depreciation and amortization	234,396	16,298	13,071	263,765
Total	<u>\$ 1,941,196</u>	<u>\$ 224,771</u>	<u>\$ 339,398</u>	<u>\$ 2,505,365</u>
Percentage of expenses	<u>77%</u>	<u>9%</u>	<u>14%</u>	<u>100%</u>

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	2020			
	Program Services	General and Administrative	Membership and Fundraising	Total
Advertising and promotion	\$ 62,638	\$ 5,048	\$ 4,256	\$ 71,942
Awards and donations	63,961	-	-	63,961
Computer	54,418	10,056	26,702	91,176
Dues and subscriptions	2,942	163	3,129	6,234
Equipment and resources	32,200	-	19	32,219
Gasoline	4,716	-	-	4,716
Hospitality	10,834	3,199	16,598	30,631
Insurance	83,860	-	-	83,860
Library	2,929	-	-	2,929
Office supplies	3,704	4,227	1,765	9,696
Operating supplies	75,303	3,055	7,416	85,774
Outside services	469,706	5,366	61,459	536,531
Permits and licenses	97	-	-	97
Postage	22,914	546	20,232	43,692
Printing	30,315	672	35,079	66,066
Professional fees	-	35,425	-	35,425
Repairs and maintenance	70,636	-	-	70,636
Salaries and benefits	1,065,713	54,747	202,832	1,323,292
Signage and exhibits	1,237	-	-	1,237
Taxes:				
Payment in lieu of amusement tax	16,635	-	-	16,635
Payment in lieu of real estate tax	7,412	-	-	7,412
Payroll	64,638	14,896	12,513	92,047
Telephone	18,924	2,661	2,662	24,247
Training	986	-	87	1,073
Travel	90,872	1,989	2,031	94,892
Utilities	65,890	4,596	2,871	73,357
	2,323,480	146,646	399,651	2,869,777
Depreciation and amortization	267,617	17,847	14,219	299,683
Total	<u>\$ 2,591,097</u>	<u>\$ 164,493</u>	<u>\$ 413,870</u>	<u>\$ 3,169,460</u>
Percentage of expenses	<u>82%</u>	<u>5%</u>	<u>13%</u>	<u>100%</u>

The financial statements report certain expense categories that are attributable to more than one program service or support function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function, including depreciation and amortization, are allocated to a function based on a square footage basis. Development expenses have been allocated to fund-raising and membership support based on an estimate of time devoted to each activity.