

SQUAM LAKES NATURAL SCIENCE CENTER

FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

SQUAM LAKES NATURAL SCIENCE CENTER

FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Statements of Financial Position	2
Statements of Activities	3-4
Statement of Functional Expenses	5-6
Statements of Cash Flows	7
Notes to Financial Statements	8-21

Ronda J. Kilanowski, CPA, CGMA
Penny I. Raby, CPA, CGMA
Tracey L. Livernois, CPA
Deanne Hogan, CPA
Christopher Beal, CPA
Collin M. Galione, MPA, CPA
James Waldron, CPA
Kathleen Knight, CPA
Shirley E. Perry, EA
Stephanie A. Sinclair, EA
Christine A. Jessen, EA

Kenneth R. Malone, CPA, Partner Emeritus
James F. Dirubbo, CPA, Partner Emeritus

501 Union Avenue, Suite 1 603-528-2241
Laconia, NH 03246-2817 Fax 603-528-7624

64 Franklin Street 603-934-2942
Franklin, NH 03235-1610 Fax 603-934-5384

PO Box 537, 195 Main Street 603-745-3121
Lincoln, NH 03251-0537 Fax 603-745-3312

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Squam Lakes Natural Science Center
Holderness, New Hampshire

We have audited the financial statements of the Squam Lakes Natural Science Center (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019 and the related statements of activities 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 the Squam Lakes Natural Science Center as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Squam Lakes Natural Science Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 the Squam Lakes Natural Science Center'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 generally accepted auditing standards 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Squam Lakes Natural Science Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Squam Lakes Natural Science Center'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.

Malone Dirubbo & Company PC
MALONE, DIRUBBO & COMPANY, P.C.
Laconia, New Hampshire
July 12, 2021

SQUAM LAKES NATURAL SCIENCE CENTER
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31

ASSETS

	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash	\$ 272,235	\$ 130,982
Cash - with donor restrictions	173,587	7,506
Accounts receivable	-	4,737
Promises to give	2,000	2,050
Promises to give - with donor restrictions	218,500	145,900
Inventory	25,726	62,503
Prepaid insurance	18,087	16,651
Prepaid expenses	44,016	63,896
Investments	3,223,755	2,601,606
Investments - with donor restrictions	546,138	944,106
	<u>4,524,044</u>	<u>3,979,937</u>
Total Current Assets		
PROPERTY AND EQUIPMENT		
Land	636,351	636,351
Buildings and improvements	7,164,236	7,046,819
Exhibits	2,504,730	2,372,096
Vehicles	226,290	234,266
Equipment	854,784	819,122
Total Property and Equipment	<u>11,386,391</u>	<u>11,108,654</u>
Less, accumulated depreciation	<u>(6,143,779)</u>	<u>(5,745,339)</u>
Net Property and Equipment	<u>5,242,612</u>	<u>5,363,315</u>
NONCURRENT ASSETS		
Promises to give (net) - with donor restrictions	125,182	262,177
Other assets	12,960	12,597
Loan origination fees, net	146	496
Investments - with donor restrictions	<u>1,580,377</u>	<u>1,459,184</u>
Total Noncurrent Assets	<u>1,718,665</u>	<u>1,734,454</u>
TOTAL ASSETS	<u>\$ 11,485,321</u>	<u>\$ 11,077,706</u>

LIABILITIES AND NET ASSETS

	<u>2020</u>	<u>2019</u>
CURRENT LIABILITIES		
Note payable, current portion	\$ -	\$ 10,841
Accounts payable	23,104	36,368
Accrued expenses	20,839	45,360
Deferred revenue	<u>73,572</u>	<u>75,927</u>
Total Current Liabilities	<u>117,515</u>	<u>168,496</u>
LONG TERM LIABILITIES		
Note payable, less current portion	<u>-</u>	<u>5,579</u>
Total Long Term Liabilities	<u>-</u>	<u>5,579</u>
Total Liabilities	<u>117,515</u>	<u>174,075</u>
NET ASSETS		
Without donor restrictions	8,724,022	8,084,758
With donor restrictions	<u>2,643,784</u>	<u>2,818,873</u>
Total Net Assets	<u>11,367,806</u>	<u>10,903,631</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 11,485,321</u>	<u>\$ 11,077,706</u>

See accompanying notes and independent auditors' report.

SQUAM LAKES NATURAL SCIENCE CENTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

WITHOUT DONOR RESTRICTIONS

	OPERATING	BOARD DESIGNATED	WITH DONOR RESTRICTIONS	TOTAL
REVENUE AND SUPPORT				
Contributions and grants	\$ 855,702	\$ -	\$ 688,677	\$ 1,544,379
Special events	44,492	-	-	44,492
In-kind income	11,532	-	2,682	14,214
Program service fees and memberships	763,866	-	-	763,866
Investment income (loss)	94	364,368	240,365	604,827
Store and café gross income	94,923	-	-	94,923
Store and café cost of sales	(58,462)	-	-	(58,462)
Miscellaneous	14,111	-	-	14,111
Total Revenue and Support	1,726,258	364,368	931,724	3,022,350
Net Assets Released From Restrictions	357,680	-	(357,680)	-
FUNCTIONAL EXPENSES				
Educational services	1,237,215	375,110	-	1,612,325
Management and general	739,667	-	-	739,667
Fundraising	206,588	-	-	206,588
Total Functional Expenses	2,183,470	375,110	-	2,558,580
INCREASE (DECREASE) IN NET ASSETS	(99,532)	(10,742)	574,044	463,770
GAIN ON DISPOSITION OF ASSETS	405	-	-	405
Total increase (decrease) in net assets before transfers	(99,127)	(10,742)	574,044	464,175
TRANSFERS OF NET ASSETS				
Transfers - to operating fund	99,127	(99,127)	-	-
Transfers - to board designated fund	-	749,133	(749,133)	-
Total Transfers	99,127	650,006	(749,133)	-
CHANGE IN NET ASSETS	-	639,264	(175,089)	464,175
NET ASSETS - BEGINNING	250,000	7,834,758	2,818,873	10,903,631
NET ASSETS - ENDING	\$ 250,000	\$ 8,474,022	\$ 2,643,784	\$ 11,367,806

See accompanying notes and independent auditors' report.

SQUAM LAKES NATURAL SCIENCE CENTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

WITHOUT DONOR RESTRICTIONS

	OPERATING	BOARD DESIGNATED	WITH DONOR RESTRICTIONS	TOTAL
REVENUE AND SUPPORT				
Contributions and grants	\$ 355,885	\$ -	\$ 763,822	\$ 1,119,707
Special events	127,282	-	-	127,282
In-kind income	9,886	-	180,252	190,138
Program service fees and memberships	1,554,384	-	-	1,554,384
Investment income (loss)	(278)	550,837	364,172	914,731
Store and café gross income	238,294	-	-	238,294
Store and café cost of sales	(111,902)	-	-	(111,902)
Miscellaneous	17,684	-	-	17,684
Total Revenue and Support	2,191,235	550,837	1,308,246	4,050,318
Net Assets Released From Restrictions	90,909	-	(90,909)	-
FUNCTIONAL EXPENSES				
Educational services	1,410,316	400,230	-	1,810,546
Management and general	701,531	-	-	701,531
Fundraising	288,151	-	-	288,151
Total Functional Expenses	2,399,998	400,230	-	2,800,228
INCREASE (DECREASE) IN NET ASSETS	(117,854)	150,607	1,217,337	1,250,090
TRANSFERS OF NET ASSETS				
Transfers - to operating fund	117,854	(117,854)	-	-
Transfers - to board designated fund	-	1,316,448	(1,316,448)	-
Total Transfers	117,854	1,198,594	(1,316,448)	-
CHANGE IN NET ASSETS	-	1,349,201	(99,111)	1,250,090
NET ASSETS - BEGINNING	250,000	6,485,557	2,917,984	9,653,541
NET ASSETS - ENDING	\$ 250,000	\$ 7,834,758	\$ 2,818,873	\$ 10,903,631

See accompanying notes and independent auditors' report.

SQUAM LAKES NATURAL SCIENCE CENTER
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Educational Services	Management & Administrative	Fundraising	Total
Personnel expenses	\$ 1,038,564	\$ 456,465	\$ 182,272	\$ 1,677,301
Depreciation and amortization	406,970	350	-	407,320
Maintenance and utilities	1,112	118,992	-	120,104
Other expenses	14,233	39,819	4,254	58,306
Special events	-	-	6,274	6,274
Animal care	65,998	-	-	65,998
Professional fees	-	61,499	2,350	63,849
Boat expense	26,584	-	-	26,584
Insurance	13,855	38,743	2,336	54,934
Advertising	23,091	-	-	23,091
Supplies	1,371	19,643	-	21,014
Printing & reproduction	3,953	1,937	6,164	12,054
Postage	-	1,766	2,938	4,704
Interest	-	453	-	453
Programs	16,594	-	-	16,594
Total Functional Expenses	\$ 1,612,325	\$ 739,667	\$ 206,588	\$ 2,558,580

See accompanying notes and independent auditors' report.

SQUAM LAKES NATURAL SCIENCE CENTER
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Educational Services</u>	<u>Management & Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Personnel expenses	\$ 1,069,620	\$ 390,921	\$ 171,519	\$ 1,632,060
Depreciation and amortization	389,802	350	-	390,152
Maintenance and utilities	150	150,893	-	151,043
Other expenses	53,863	64,327	9,927	128,117
Special events	-	-	64,126	64,126
Animal care	51,685	-	-	51,685
Professional fees	83,155	18,832	18,450	120,437
Boat expense	37,533	-	-	37,533
Insurance	16,512	35,690	2,908	55,110
Advertising	76,279	125	-	76,404
Supplies	3,393	28,621	65	32,079
Printing & reproduction	6,586	4,172	16,649	27,407
Postage	-	2,274	4,507	6,781
Interest	-	5,326	-	5,326
Programs	21,968	-	-	21,968
 Total Functional Expenses	 \$ 1,810,546	 \$ 701,531	 \$ 288,151	 \$ 2,800,228

See accompanying notes and independent auditors' report.

SQUAM LAKES NATURAL SCIENCE CENTER
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 464,175	\$ 1,250,090
Adjustments to reconcile net assets to net cash provided by (used in) operations:		
Depreciation and amortization	407,320	390,152
Gain from disposition of assets	405	-
Inkind donated assets	(2,682)	(180,252)
Net unrealized (gains) losses on investments	(475,975)	(647,991)
Net realized (gains) losses on investments	(40,094)	(147,999)
(Increase) decrease in:		
Accounts receivable	4,737	4,640
Inventory	36,777	(6,293)
Prepaid expenses	18,444	(8,950)
Promises to give	64,445	58,751
Other assets	(363)	-
Increase (decrease) in:		
Accounts payable	(13,264)	(48,612)
Accrued expenses	(24,521)	(7,425)
Deferred revenue	(2,355)	14,989
Net Cash Provided by Operations	<u>437,050</u>	<u>671,100</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale of investments	363,817	499,858
Purchase of investments	(193,123)	(492,265)
Purchases of property and equipment	(283,990)	(1,172,835)
Net Cash Used in Investing Activities	<u>(113,296)</u>	<u>(1,165,242)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of note payable	<u>(16,420)</u>	<u>(10,418)</u>
Net Cash Provided by (Used in) Financing Activities	<u>(16,420)</u>	<u>(10,418)</u>
Net increase (decrease) in cash and cash equivalents	307,334	(504,560)
Cash and Cash Equivalents, Beginning of Year	<u>138,488</u>	<u>643,048</u>
Cash and Cash Equivalents, End of Year	<u>\$ 445,822</u>	<u>\$ 138,488</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for:		
Interest	\$ 453	\$ 5,326

See accompanying notes and independent auditors' report.

SQUAM LAKES NATURAL SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1: Summary of Significant Accounting Policies

a. Organization

The Squam Lakes Natural Science Center was organized in New Hampshire as a non-profit corporation for the purpose of educating the public about wildlife and earth science. Services provided include educational exhibits, live animal exhibits, museums and educational instruction by naturalists and educational lake cruises.

b. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

c. Net Assets

In accordance with accounting principles generally accepted in the United States of America, the Organization is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the organization's management and board of directors. The Organization's net assets without donor restrictions include board designated, real estate and equipment and facilities maintenance reserves.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. The Organization has elected to have all donor contributions with restrictions expiring in the same reporting period recorded as donor contributions without restrictions.

d. Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude cash and cash equivalents which are included in investments (See Note 6).

SQUAM LAKES NATURAL SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1: Summary of Significant Accounting Policies (Continued)

e. Restricted Cash

The Organization considers all highly liquid investments with a maturity of three months or less when purchased and restricted for a particular purpose to be restricted cash.

f. Accounts Receivable

Accounts receivable are presented at face value, net of the allowance for doubtful accounts. The Organization considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

g. Inventories

Gift shop inventories are stated at the lower of cost or market, determined by a physical count using the first-in, first-out method.

h. Investments

In accordance with generally accepted accounting principles, all investments are reported at their fair value.

i. Promises to Give

Unconditional and conditional promises to give are recognized as revenues in the period received. These amounts are recorded at their fair value. The Organization considers promises to give to be fully collectible; accordingly, no allowance for doubtful accounts is required.

j. Public Revenue and Support

Annual campaign contributions are generally available for unrestricted use in the related campaign year unless specifically restricted by the donor. Unconditional promises to give are recorded when the promise is received. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received.

Grants and contributions of cash or other assets are reported as with or without donor 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 purpose restriction is accomplished, net assets with donor restriction are reclassified as net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

SQUAM LAKES NATURAL SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1: Summary of Significant Accounting Policies (Continued)

j. Public Revenue and Support (continued)

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

k. Functional Expenses

The Organization's expenditures can be classified into three functional areas: education, management, and fundraising. The Organization has allocated functional expenses based on an analysis of personnel time and space utilized for these areas.

l. Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

m. Tax Status

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

n. Federally Insured Limits

The Organization maintains its cash at several financial institutions. Accounts at each institution are secured by the Federal Deposit Insurance Corporation (FDIC) or the Securities Protection Investment Corporation up to \$250,000. As of December 31, 2020, the Organization has approximately \$191,000 in uninsured funds.

o. Advertising Costs

The Organization expenses advertising costs as they are incurred.

q. New Accounting Standard

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers (Topic 606)". The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization adopted the new standard effective January 1, 2020, the first day of the Organization's calendar year using the modified retrospective approach. As part of the adoption of the ASU, the Organization elected the following transition practical expedients: (i) to reflect the aggregate of all contract modifications that occurred prior to the date of initial application when identifying satisfied

SQUAM LAKES NATURAL SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

q. New Accounting Standard (continued)

and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price; and (ii) to apply the standard only to contracts that are not completed at the initial date of application. Because contract modifications are minimal, there is not a significant impact as a result of electing these practical expedients. The adoption resulted in no increase to beginning retained earnings as of January 1, 2020. The impact of applying this ASU for the year ended December 31, 2020 resulted in no material change. See Note 3 for additional disclosures.

NOTE 2: Availability and Liquidity

The following represents the Organization's financial assets at December 31, 2020 and 2019:

	2020	2019
Financial assets at year-end:		
Cash and cash equivalents	\$ 445,822	\$ 138,488
Promises to give	345,682	410,127
Accounts receivable	-	4,737
Investments	5,350,270	5,004,896
Total financial assets	6,141,774	5,558,248
Donor-imposed restrictions:		
Funds subject to time and purpose restrictions	(2,643,784)	(2,818,873)
Net financial assets after donor-imposed restrictions	3,497,990	2,739,375
Less board designated funds:		
Facilities maintenance reserve	(1,405,370)	(1,296,393)
Staff compensation reserve	(1,337,434)	(1,213,341)
Financial assets available to meet general expenditures over the next twelve months	\$ 755,186	\$ 229,641

The Organization regularly monitors resources required to meet its operating needs. For purposes of analyzing resources available to meet general expenditures over a twelve month period, the Organization considers all expenditures related to its ongoing activities of educating the public about wildlife and earth science. In addition, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor restricted funds. Refer to the statement of cash flow which identifies the sources and uses of the Organization's cash and shows positive cash generated by operations.

SQUAM LAKES NATURAL SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 3: Revenue Recognition

REVENUE RECOGNITION POLICY

The Organization derives its revenues from fees collected for programs provided and annual memberships. The Organization recognizes fee income and the related costs at the time the service is received by customers, which has been determined to be the time when persuasive evidence of an arrangement exists, delivery of the service has been made, and a fixed fee and collectability have been determined.

In addition, the Organization derives revenue from the sale of goods sold at the store. Control of merchandise transfers to the customer at the time of purchase.

DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table disaggregates the Company's revenue based on the timing of satisfaction of performance obligations for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Performance obligations satisfied at point in time	\$ 858,789	\$ 1,792,678
Performance obligations satisfied over time	<u>-</u>	<u>-</u>
Total Net Sales	\$ <u>858,789</u>	\$ <u>1,792,678</u>

PERFORMANCE OBLIGATIONS

Performance obligations are met when the services are received by the customer or when the goods are transferred to the customer.

CONTRACT LIABILITIES

Contract liabilities is based on fees collected for services that have not yet been performed. Contract liabilities for the years ended December 31, 2020 and 2019 were \$57,072 and \$75,927, respectively.

NOTE 4: Property and Equipment

Donations of property and equipment are recorded at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long such assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

SQUAM LAKES NATURAL SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 4: Property and Equipment (continued)

Property and equipment are carried on the books at cost and are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings	30
Renovations and improvements	5-30
Exhibits	5-20
Vehicles	5-7
Equipment	3-20

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. Equipment purchases of \$2,500 or more are capitalized. Depreciation expense for the years ended December 31, 2020 and 2019 was \$369,490 and \$389,802, respectively.

Construction in progress, included in fixed assets, as of December 31, 2020 and 2019 was \$258,683 and \$22,319, respectively.

NOTE 5: Concentrations

The Organization's sources of revenue and support are as follows:

	<u>2020</u>	<u>2019</u>
Public Support	\$1,544,379	\$1,119,707
Program Service Fees and Memberships	763,866	1,554,384
Investment Income (loss)	604,827	914,731
In-Kind	14,214	190,138
Special Events	44,492	127,282
Other	50,572	144,076
Total	<u>\$3,022,350</u>	<u>\$4,050,318</u>

The services provided by the Organization are funded primarily by public support, program service fees and memberships.

NOTE 6: Investments and Investment Income

Investments are reported in these financial statements at fair market value, with related appreciation or depreciation in value included in the Organization's statement of activities.

The fair value of securities is determined as the quoted market price per unit if available, otherwise, it is estimated at the amount at which the asset could be bought or sold between willing parties other than in a forced liquidation sale.

Donated investments are reported at fair market value as of the date of receipt. The Organization uses a pooled investment approach utilizing investment accounts for unrestricted and restricted net assets. Investment income, gains, losses and management fees of each investment account are allocated to net assets based on proportionate share in the account.

SQUAM LAKES NATURAL SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 6: Investments and Investment Income (continued)

The composition of investments is as follows:

	December 31, 2020		December 31, 2019	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash	\$ 350,729	\$ 350,729	\$ 305,556	\$ 305,556
Mutual funds and ETFs	<u>3,625,496</u>	<u>4,999,541</u>	<u>3,804,540</u>	<u>4,699,340</u>
Total	<u>\$3,976,225</u>	<u>\$5,350,270</u>	<u>\$4,110,096</u>	<u>\$5,004,896</u>

Investment income (loss) from these investments for the years ended December 31, is summarized as follows:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 86,538	\$ 117,182
Capital gain distributions	4,687	3,842
Net realized gains	40,094	147,999
Net unrealized gains (losses)	475,975	647,991
Investment fees	<u>(2,467)</u>	<u>(2,283)</u>
Total	<u>\$ 604,827</u>	<u>\$ 914,731</u>

NOTE 7: Endowment

The Board of Trustees of the Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the gift absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of the 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 permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the statement of prudence prescribed by SPMIFA.

In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization 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 the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

SQUAM LAKES NATURAL SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 7: Endowment (continued)

The Organization's investment objective is to preserve the capital of the endowment fund, to earn a competitive return from income and capital gains, and to do so without exposing the fund to undue or imprudent risk. To achieve these goals the Board reviews, oversees and, directly, or through an investment advisor approved by the Board, manages the assets of the endowment fund.

During the years ended December 31, 2020 and 2019 the Organization's endowment fund assets were balanced at approximately 75% equity securities and 25% fixed income securities. The Organization utilizes a spending policy for distribution each year to be no greater than the sum of:

- a) 70% of the investment assets spending in the immediately prior year plus
- b) 30% of the long term spending rate of 4% times the four-quarter market average of the long term investment assets for the period ending September 30

The Organization had the following endowment related activities for the year ended December 31, 2020:

Endowment net assets, beginning of year	<u>\$ 1,459,184</u>
Investment income	68,714
Net appreciation	<u>107,975</u>
Total investment return	176,689
Contributions to endowment	-
Amounts appropriated for expenditure	<u>(55,497)</u>
Endowment net assets, end of year	<u>\$ 1,580,376</u>

The Organization had the following endowment related activities for the year ended December 31, 2019:

Endowment net assets, beginning of year	<u>\$ 1,254,498</u>
Investment income	34,781
Net appreciation	<u>227,459</u>
Total investment return (decline)	262,240
Contributions to endowment	-
Amounts appropriated for expenditure	<u>(57,554)</u>
Endowment net assets, end of year	<u>\$ 1,459,184</u>

SQUAM LAKES NATURAL SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 8: Fair Value

Generally accepted accounting principles establish a 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 lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurements.

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

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

Cash, Mutual funds, ETFs and fixed income: Fair value is based upon quoted prices in active markets for identical assets and are reflected as Level 1.

The methods described above may provide a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

SQUAM LAKES NATURAL SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 8: Fair Value (continued)

The following table sets forth by level, within the hierarchy, the Organization's assets at fair value as of December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash	\$ 350,729	\$ -	\$ -	\$ 350,729
Mutual funds and ETFs	4,999,541	-	-	4,999,541
Promises to give	-	-	345,682	345,682
Total	<u>\$ 5,350,270</u>	<u>\$ -</u>	<u>\$ 345,682</u>	<u>\$ 5,695,952</u>

The following table sets forth by level, within the hierarchy, the Organization's assets at fair value as of December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash	\$ 305,556	\$ -	\$ -	\$ 305,556
Mutual funds and ETFs	4,699,340	-	-	4,699,340
Promises to give	-	-	410,127	410,127
Total	<u>\$ 5,004,896</u>	<u>\$ -</u>	<u>\$ 410,127</u>	<u>\$ 5,415,023</u>

NOTE 9: Promises to Give

Promises to give as of December 31, are as follows:

	<u>2020</u>	<u>2019</u>
Promises to give in less than one year	\$ 220,500	\$ 147,950
Promises to give in one to five years	140,500	298,300
Less discount to net present value	<u>(15,318)</u>	<u>(36,123)</u>
Net promises to give at December 31,	<u>\$ 345,682</u>	<u>\$ 410,127</u>

Promises to give are reported at fair value, which is estimated as the net present value of expected future cash inflows, on a non-recurring basis. A discount rate of 4.75% in 2020 and 2019 was applied to determine net present value. As discussed in Note 8, the valuation technique used by the Organization is a Level 3 measure because there are no observable market transactions.

In 2018 the Organization launched a capital campaign, known as Education Matters. The purpose of the campaign is to reinforce the impact of the Organization's mission while building long term sustainability. This campaign supports the addition of a new education building, the lake cruise headquarters, a new exhibit, and strengthens the Organization's financial foundation. As of December 31, 2020 and 2019 the total pledged or contributed to the capital campaign was \$2,664,235 and \$2,239,248, respectively. Promises to give related to the capital campaign was \$343,682 and \$408,077 at December 31, 2020 and 2019, respectively.

SQUAM LAKES NATURAL SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 10: Note Payable

Note payable consisted of the following at December 31:

	<u>2020</u>	<u>2019</u>
Note payable, Meredith Village Savings Bank, due in monthly principal and interest payments of \$942, with interest at 3.99%, secured by vehicles	<u>-</u>	<u>16,420</u>
	-	16,420
Less current portion	<u>-</u>	<u>10,841</u>
Total	<u>\$ -</u>	<u>\$ 5,579</u>

NOTE 11: Line of Credit

The Organization has a revolving line of credit agreement with Meredith Village Savings Bank in the amount of \$500,000. Interest is due monthly at a variable rate of the Wall Street Journal Prime Rate (3.25% at December 31, 2020). The line of credit matures on June 28, 2026. The line is secured by marketable securities with a value of \$1,518,908 and \$1,255,421 at December 31, 2020 and 2019, respectively. The principal balance of the line of credit at December 31, 2020 and 2019 was \$0.

SQUAM LAKES NATURAL SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 12: Net Assets with Donor Restrictions

Net assets with donor restrictions include the following at December 31:

With Donor Restrictions:	<u>2020</u>	<u>2019</u>
Main Scholarship Fund	\$ -	\$ 15,695
Bird Museum	123,384	110,058
Kirkwood Gardens	85,997	81,071
Orton Bear	106,156	94,690
Gordon's Children Center	41,605	32,228
Coyote Exhibit	30,144	36,182
Innovative Project Fund	87,306	87,734
Education Matters	215,055	309,400
Scholarship Fund	43,016	1,800
Raptor Exhibit	212,011	412,542
Lake Cruise Headquarters	-	55,000
Trail Camera Project	16,911	16,911
Temporary Grants	18,258	31,131
Volunteer Software	7,370	7,016
BHS Scholarship	-	1,319
Bob Cat	54,491	46,955
Library Fund	6,219	5,547
Squam Bird Book	4,650	4,650
Otter Improvements	10,835	9,760
General Endowment	1,173,220	1,083,250
Gordon's Children Center Endowment	155,873	143,920
Otter Endowment	69,636	64,296
Naturalist Salaries Endowment	113,856	105,125
Barry Endowment	67,791	62,593
 Total	 <u>\$2,643,784</u>	 <u>\$2,818,873</u>

NOTE 13: Donations In-Kind

The Organization records various types of in-kind support including contributed facilities, professional services, advertising and materials. Recognition of contributed facilities is described in Note 2. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in-kind support is offset by like amounts included in expenses. Contributions of donated services totaled \$14,214 and \$190,138 during 2020 and 2019, respectively. Additionally, the Organization receives a significant amount of contributed time which does not meet the two recognition criteria described above. For example, volunteer services supporting operational assistance, including docents, administrative support and trail maintenance. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying financial statements.

SQUAM LAKES NATURAL SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 14: Net assets without Donor Restrictions

The Board of Trustees has placed self-imposed limits on the use of net assets by designating the assets for the purpose listed below. The Board of Trustees may change such designations at their discretion.

	<u>2020</u>	<u>2019</u>
Board Designated Reserve	\$ 488,460	\$ 496,251
Facilities Maintenance Reserve	1,405,370	1,296,393
Staff Compensation Reserve	1,337,434	1,213,341
Real Estate & Equipment	<u>5,242,758</u>	<u>4,828,773</u>
 Total Board Designated Funds	 7,474,022	 7,834,758
 Operating Fund	 <u>250,000</u>	 <u>250,000</u>
 Total	 <u>\$8,724,022</u>	 <u>\$8,084,758</u>

NOTE 15: Defined Contribution Plan

The Organization sponsors a defined contribution pension plan covering employees who work at least 1,000 hours over two consecutive years. Employees may make elective deferrals to the plan. The Organization matches 100% of the first 5% of such deferrals. Plan costs totaled \$52,474 in 2020 and \$50,972 in 2019.

NOTE 16: Government Grant Funding

During the year ended December 31, 2020, local U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating the temporary shut-down of business in many sectors and imposing limitations on travel and the size and duration of group meetings. Most sectors are experiencing disruption to business operations and may feel further impacts. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Management has recognized financial and other impacts to the Organization as of July 12, 2021. While management believes that a material impact on the Organization's financial position and results of future operations could be possible, the Organization has taken steps to mitigate this impact. The Organization has significant financial assets available to navigate these uncertainties.

SQUAM LAKES NATURAL SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 16: Government Grant Funding (continued)

The U.S. government has responded with three phases of relief legislation, as a response to the COVID-19 outbreak. Legislation was enacted into law on March 27, 2020, called the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), a statute to address the economic impact of the COVID-19 outbreak. The CARES Act, among other things, 1) authorized emergency loans to distressed businesses by establishing, and providing funding for forgivable bridge loans; 2) provided additional funding for grants and technical assistance; 3) delayed due dates for employer payroll taxes and estimated tax payments; and 4) revised provisions of the Code, including those related to losses, charitable deductions, and business interest. The Organization received funding of \$323,000 on April 16, 2020 under the Paycheck Protection Program, which was forgiven and reported as revenue and included in contributions and grants in the statement of activities. In addition during the year ended December 31, 2020 the Organization received a grant from the Non-Profit Relief Fund Beneficiary Award in the amount of \$369,591 and a grant from the New Hampshire Department of Health and Human Services for COVID-19 Child Care Assistance Supplement in the amount of \$23,800, which were also included in contributions and grants in the statement of activities.

NOTE 17: Subsequent Events

In the year 2021 the Organization received \$322,328 under the second round of the Paycheck Protection Program, which was forgiven on July 8, 2021. Minimal operational constraints are in place due to the ongoing COVID-19 concerns.

Management has evaluated subsequent events through July 12, 2021 the date the financial statements were available to be issued.