

SQUAM LAKES NATURAL SCIENCE CENTER

FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

SQUAM LAKES NATURAL SCIENCE CENTER

FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of the Squam Lakes Natural Science Center (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Squam Lakes Natural Science Center as of December 31, 2024 and 2023, 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 1, 2025

SQUAM LAKES NATURAL SCIENCE CENTER
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31

ASSETS

	<u>2024</u>	<u>2023</u>
CURRENT ASSETS		
Cash	\$ 203,663	\$ 343,949
Cash - with donor restrictions	254,457	57,366
Accounts receivable	-	2,250
Government credit receivable	5,325	96,161
Pledges receivable	-	1,480
Pledges receivable - donor restrictions	122,000	16,100
Inventory	53,500	46,224
Prepaid insurance	22,044	19,580
Prepaid expenses	20,422	63,658
Investments	3,432,498	3,477,566
Investments - donor restrictions	1,089,534	1,009,361
	<u>5,203,443</u>	<u>5,133,695</u>
Total Current Assets		
PROPERTY AND EQUIPMENT		
Land	636,351	636,351
Buildings and improvements	7,583,864	7,156,322
Exhibits	3,000,731	3,013,134
Vehicles	198,885	214,885
Equipment	773,915	756,082
Total Property and Equipment	<u>12,193,746</u>	<u>11,776,774</u>
Less, accumulated depreciation	<u>(7,173,371)</u>	<u>(6,900,652)</u>
Net Property and Equipment	<u>5,020,375</u>	<u>4,876,122</u>
NONCURRENT ASSETS		
Pledges receivable, net - donor restrictions	-	6,380
Other assets	15,040	14,973
Investments - donor restrictions	1,969,978	1,837,614
	<u>1,985,018</u>	<u>1,858,967</u>
Total Noncurrent Assets		
TOTAL ASSETS	<u>\$ 12,208,836</u>	<u>\$ 11,868,784</u>

LIABILITIES AND NET ASSETS

	<u>2024</u>	<u>2023</u>
CURRENT LIABILITIES		
Accounts payable	\$ 50,259	\$ 37,357
Accrued expenses	44,633	47,084
Deferred revenue	<u>76,732</u>	<u>108,285</u>
Total Liabilities	<u>171,624</u>	<u>192,726</u>
NET ASSETS		
Without donor restrictions	8,601,243	8,749,237
With donor restrictions	<u>3,435,969</u>	<u>2,926,821</u>
Total Net Assets	<u>12,037,212</u>	<u>11,676,058</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 12,208,836</u>	<u>\$ 11,868,784</u>

See accompanying notes and independent auditors' report.

SQUAM LAKES NATURAL SCIENCE CENTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

	WITHOUT DONOR RESTRICTIONS			
	OPERATING	BOARD DESIGNATED	WITH DONOR RESTRICTIONS	TOTAL
REVENUE AND SUPPORT				
Program services	\$ 1,638,710	\$ -	\$ -	\$ 1,638,710
Contributions and grants	538,465	30,281	430,603	999,349
Membership income	255,056	-	-	255,056
Special events	271,591	-	-	271,591
Store income, net	159,700	-	-	159,700
Investment income	-	423,732	325,681	749,413
In-kind income	13,294	-	-	13,294
Miscellaneous	14,030	-	-	14,030
Total Revenue and Support	2,890,846	454,013	756,284	4,101,143
Net Assets Released From Restrictions	57,507	-	(57,507)	-
FUNCTIONAL EXPENSES				
Educational services	2,281,815	-	-	2,281,815
Management and general	987,580	-	-	987,580
Fundraising	473,363	-	-	473,363
Total Functional Expenses	3,742,758	-	-	3,742,758
INCREASE (DECREASE) IN NET ASSETS	(794,405)	454,013	698,777	358,385
GAIN ON DISPOSITION OF ASSETS	2,769	-	-	2,769
Total increase (decrease) in net assets before transfers	(791,636)	454,013	698,777	361,154
TRANSFERS OF NET ASSETS				
Transfers - to operating fund	791,636	(791,636)	-	-
Transfers - to board designated fund	-	189,629	(189,629)	-
Total Transfers	791,636	(602,007)	(189,629)	-
CHANGE IN NET ASSETS	-	(147,994)	509,148	361,154
NET ASSETS - BEGINNING	250,000	8,499,237	2,926,821	11,676,058
NET ASSETS - ENDING	\$ 250,000	\$ 8,351,243	\$ 3,435,969	\$ 12,037,212

See accompanying notes and independent auditors' report.

SQUAM LAKES NATURAL SCIENCE CENTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

	WITHOUT DONOR RESTRICTIONS			
	OPERATING	BOARD DESIGNATED	WITH DONOR RESTRICTIONS	TOTAL
REVENUE AND SUPPORT				
Program services	\$ 1,472,802	\$ -	\$ -	\$ 1,472,802
Contributions and grants	505,878	-	279,880	785,758
Membership income	268,822	-	-	268,822
Special events	185,278	-	-	185,278
Store income, net	152,110	-	-	152,110
Investment income	1,806	529,222	347,431	878,459
In-kind income	25,599	-	-	25,599
Miscellaneous	13,932	-	-	13,932
Total Revenue and Support	2,626,227	529,222	627,311	3,782,760
Net Assets Released From Restrictions	70,800	-	(70,800)	-
FUNCTIONAL EXPENSES				
Educational services	2,224,459	-	-	2,224,459
Management and general	952,638	-	-	952,638
Fundraising	375,089	-	-	375,089
Total Functional Expenses	3,552,186	-	-	3,552,186
INCREASE (DECREASE) IN NET ASSETS	(855,159)	529,222	556,511	230,574
LOSS ON DISPOSITION OF ASSETS	(36,427)	-	-	(36,427)
Total increase (decrease) in net assets before transfers	(891,586)	529,222	556,511	194,147
TRANSFERS OF NET ASSETS				
Transfers - to operating fund	891,586	(891,586)	-	-
Transfers - to board designated fund	-	229,953	(229,953)	-
Total Transfers	891,586	(661,633)	(229,953)	-
CHANGE IN NET ASSETS	-	(132,411)	326,558	194,147
NET ASSETS - BEGINNING	250,000	8,631,648	2,600,263	11,481,911
NET ASSETS - ENDING	\$ 250,000	\$ 8,499,237	\$ 2,926,821	\$ 11,676,058

See accompanying notes and independent auditors' report.

SQUAM LAKES NATURAL SCIENCE CENTER
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

	Educational Services	Management & Administrative	Fundraising	Total
Personnel expenses	\$ 1,485,017	\$ 524,613	\$ 330,309	\$ 2,339,939
Depreciation and amortization	377,839	350	-	378,189
Maintenance and utilities	810	206,804	-	207,614
Other expenses	31,445	99,971	14,183	145,599
Special events	-	-	105,427	105,427
Animal care	145,752	4,215	-	149,967
Professional fees	-	47,554	-	47,554
Traveling programs	50,000	-	-	50,000
Boat expense	55,577	-	-	55,577
Insurance	14,634	46,448	2,546	63,628
Advertising	72,831	-	-	72,831
Supplies and equipment	1,905	56,571	-	58,476
Printing & reproduction	7,774	-	18,067	25,841
Postage	-	1,054	2,831	3,885
Scholarships	11,360	-	-	11,360
Programs	26,871	-	-	26,871
	<hr/>	<hr/>	<hr/>	<hr/>
Total Functional Expenses	\$ <u>2,281,815</u>	\$ <u>987,580</u>	\$ <u>473,363</u>	\$ <u>3,742,758</u>

See accompanying notes and independent auditors' report.

SQUAM LAKES NATURAL SCIENCE CENTER
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Educational Services</u>	<u>Management & Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Personnel expenses	\$ 1,422,159	\$ 492,273	\$ 234,571	\$ 2,149,003
Depreciation and amortization	394,124	350	-	394,474
Maintenance and utilities	-	247,334	-	247,334
Other expenses	68,647	87,631	16,845	173,123
Special events	-	-	102,706	102,706
Animal care	150,177	-	-	150,177
Professional fees	1,663	58,843	-	60,506
Boat expense	51,569	-	-	51,569
Insurance	13,397	42,520	2,329	58,246
Advertising	68,943	-	-	68,943
Supplies and equipment	8,170	17,051	-	25,221
Printing & reproduction	6,847	3,641	13,381	23,869
Postage	-	2,995	5,257	8,252
Scholarships	7,726	-	-	7,726
Programs	31,037	-	-	31,037
	<hr/>	<hr/>	<hr/>	<hr/>
Total Functional Expenses	\$ <u>2,224,459</u>	\$ <u>952,638</u>	\$ <u>375,089</u>	\$ <u>3,552,186</u>

See accompanying notes and independent auditors' report.

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

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 361,154	\$ 194,147
Adjustments to reconcile net assets to net cash provided by (used in) operations:		
Depreciation and amortization	378,189	394,474
Gain (loss) from disposition of assets	2,769	(36,427)
Net unrealized gains on investments	(479,795)	(698,031)
Net realized gains on investments	(106,864)	-
(Increase) decrease in:		
Accounts receivable	2,250	3,775
Other receivable	90,836	510,590
Inventory	(7,276)	(25,649)
Prepaid expenses	40,772	(11,017)
Pledges receivable	(98,040)	64,939
Other assets	(67)	793
Increase (decrease) in:		
Accounts payable	12,902	(11,035)
Accrued expenses	(2,451)	15,809
Deferred revenue	(31,553)	12,786
Net Cash Provided by Operations	<u>162,826</u>	<u>415,154</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale of investments	419,190	-
Purchase of investments	-	(485,450)
Purchases of property and equipment	(525,211)	(146,773)
Net Cash Used in Investing Activities	<u>(106,021)</u>	<u>(632,223)</u>
Net increase (decrease) in cash and cash equivalents	56,805	(217,069)
Cash and Cash Equivalents, Beginning of Year	<u>401,315</u>	<u>618,384</u>
Cash and Cash Equivalents, End of Year	<u>\$ 458,120</u>	<u>\$ 401,315</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for:		
Interest	\$ -	\$ 28

See accompanying notes and independent auditors' report.

SQUAM LAKES NATURAL SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1: Summary of Significant Accounting Policies

a. Organization

The Squam Lakes Natural Science Center was established in 1966 and 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, educational instruction by naturalists, and educational lake cruises.

The Organization established the Blue Heron School in 2011, which is a nature-based Montessori early learning center with a child-focused approach and daily outdoor experiences.

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.

SQUAM LAKES NATURAL SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1: Summary of Significant Accounting Policies (Continued)

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 5).

e. Cash with Donor Restrictions

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. The Organization considers accounts receivable to be fully collectible; accordingly, no allowance for credit losses is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

g. Pledges Receivable

Unconditional pledges are recognized as revenues in the period received. Conditional pledges are recognized as revenue when the condition has been met. These amounts are recorded at their fair value. The Organization considers pledges to be fully collectible; accordingly, no allowance for credit losses is required.

h. 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.

i. Investments

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

SQUAM LAKES NATURAL SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1: Summary of Significant Accounting Policies (continued)

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 pledges are recorded when the written pledge is received. Unconditional pledges due in the next year are reflected as current pledges and are recorded at their net realizable value. Unconditional pledges due in subsequent years are reflected as long-term pledges and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the pledges 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.

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. See Note 8 for additional disclosures.

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.

SQUAM LAKES NATURAL SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1: Summary of Significant Accounting Policies (Continued)

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, 2024, the Organization has approximately \$149,500 in uninsured funds.

o. Advertising Costs

The Organization expenses advertising costs as they are incurred.

p. Income Tax Positions

The Organization adopted the recognition requirements for uncertain tax positions as required by accounting principles generally accepted in the United State of America, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Organization's financial condition, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2024 and 2023.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

The Organization's policy is to classify income tax related interest and penalties in interest expense and other expenses, respectively.

SQUAM LAKES NATURAL SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 2: Availability and Liquidity

The following represents the Organization's financial assets at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 458,120	\$ 401,315
Pledges receivable	122,000	23,960
Accounts receivable	-	2,250
Government credit receivable	5,325	96,161
Investments	<u>6,492,010</u>	<u>6,324,541</u>
Total financial assets	7,077,455	6,848,227
Donor-imposed restrictions:		
Funds subject to time and purpose restrictions	<u>(3,435,969)</u>	<u>(2,926,821)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 3,641,486</u>	<u>\$ 3,921,406</u>

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.

NOTE 3: Revenue Recognition

REVENUE RECOGNITION POLICY

The Organization's revenue from contracts with customers consists of admissions revenue, membership revenue, retail revenue, and education, trips and special events revenue. Admissions and membership revenue is recognized when earned. Retail revenue is recognized at the time of purchase. Education, trips and special events revenue is recognized when the related events occur. Funds received in advance of being earned are recorded as deferred revenue which represents a contract liability.

SQUAM LAKES NATURAL SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 3: Revenue Recognition (continued)

DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

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

	<u>2024</u>	<u>2023</u>
Performance obligations satisfied at point in time	\$ 2,339,087	\$ 2,092,944
Performance obligations satisfied over time	<u>-</u>	<u>-</u>
Total Net Sales	\$ <u>2,339,087</u>	\$ <u>2,092,944</u>

PERFORMANCE OBLIGATIONS

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

DEFERRED REVENUE

Deferred revenue is based on fees collected for services that have not yet been performed. Deferred revenue for the years ended December 31, 2024 and 2023 were \$76,732 and \$108,285, 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.

Property and equipment are carried on the books at cost and are depreciated using the straight-line method over the estimated useful lives of individual assets ranging from 5 to 40 years. Buildings are assigned an estimated useful life of 40 years.

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 \$5,000 or more are capitalized. Depreciation expense for the years ended December 31, 2024 and 2023 was \$377,839 and \$394,124, respectively.

Construction in progress, included in fixed assets, as of December 31, 2024 and 2023 was \$505,650 and \$168,406, respectively.

SQUAM LAKES NATURAL SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 5: 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.

The composition of investments is as follows:

	<u>December 31, 2024</u>		<u>December 31, 2023</u>	
	Cost	Fair Value	Cost	Fair Value
Cash	\$ 255,142	\$ 255,142	\$ 556,783	\$ 556,783
Mutual funds and ETFs	<u>4,563,349</u>	<u>6,236,868</u>	<u>4,564,033</u>	<u>5,757,758</u>
Total	<u>\$4,818,491</u>	<u>\$6,492,010</u>	<u>\$5,130,816</u>	<u>\$6,324,541</u>

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

	<u>2024</u>	<u>2023</u>
Interest and dividends	\$ 163,099	\$ 180,641
Net realized gains	106,864	-
Net unrealized gains	479,796	698,031
Investment fees	<u>(346)</u>	<u>(213)</u>
Total	<u>\$ 749,413</u>	<u>\$ 878,459</u>

NOTE 6: Pledges Receivable

Pledges receivable as of December 31, are as follows:

	<u>2024</u>	<u>2023</u>
Pledges receivable in less than one year	\$ 122,000	\$ 17,580
Pledges receivable in one to five years	-	7,000
Less discount to net present value	<u>-</u>	<u>(620)</u>
Net pledges receivable at December 31,	<u>\$ 122,000</u>	<u>\$ 23,960</u>

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NOTE 6: Pledges Receivable (continued)

Pledges receivable 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 2023 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.

NOTE 7: Endowment

The State Prudent Management of Institutional Funds Act (SPMIFA) requires the preservation of the fair value of the original gift as of the date of the gift absent explicit donor stipulations to the contrary. 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

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.

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NOTE 7: Endowment (continued)

During the years ended December 31, 2024 and 2023 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 with a spending rate of approximately 4%.

The distribution is calculated 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:

	<u>2024</u>	<u>2023</u>
Endowment net assets, beginning of year	\$ 1,837,614	\$ 1,451,507
Investment income	46,329	52,694
Net appreciation (depreciation)	<u>163,889</u>	<u>194,448</u>
Total investment return (loss)	210,218	247,142
Contributions to endowment	-	200,000
Amounts appropriated for expenditure	<u>(77,854)</u>	<u>(61,035)</u>
Endowment net assets, end of year	<u>\$ 1,969,978</u>	<u>\$ 1,837,614</u>

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;

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NOTE 8: Fair Value (continued)

- 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, 2024 and 2023.

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.

The following table sets forth by level, within the hierarchy, the Organization's assets at fair value as of December 31, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash	\$ 255,142	\$ -	\$ -	\$ 255,142
Mutual funds and ETFs	6,236,868	-	-	6,236,868
Pledges receivable	<u>-</u>	<u>-</u>	<u>122,000</u>	<u>122,000</u>
 Total	 <u>\$6,492,010</u>	 <u>\$ -</u>	 <u>\$ 122,000</u>	 <u>\$ 6,614,010</u>

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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, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash	\$ 566,783	\$ -	\$ -	\$ 566,783
Mutual funds and ETFs	5,757,758	-	-	5,757,758
Pledges receivable	-	-	23,960	23,960
 Total	<u>\$6,324,541</u>	<u>\$ -</u>	<u>\$ 23,960</u>	<u>\$ 6,348,501</u>

NOTE 9: 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 (7.5% at December 31, 2024). The line of credit matures on June 28, 2026. The line is secured by marketable securities with a value of \$1,222,989 and \$988,327 at December 31, 2024 and 2023, respectively. The principal balance of the line of credit at December 31, 2024 and 2023 was \$0.

Total amortization expenses for loan closing costs for the years ended December 31, 2024 and 2023 was \$350.

NOTE 10: Net Assets Without Donor Restrictions

The Board of Trustees has placed 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>2024</u>	<u>2023</u>
Board Designated Reserve	\$ 367,469	\$ 831,630
Facilities Maintenance Reserve	1,553,927	1,445,564
Staff Compensation Reserve	1,408,975	1,345,075
Real Estate & Equipment	<u>5,020,872</u>	<u>4,876,968</u>
 Total Board Designated Funds	8,351,243	8,499,237
 Operating Fund	<u>250,000</u>	<u>250,000</u>
 Total	<u>\$8,601,243</u>	<u>\$8,749,237</u>

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NOTE 11: Net Assets With Donor Restrictions

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

	<u>2024</u>	<u>2023</u>
With Donor Restrictions:		
Child Care Achieving Stabilization Program	\$ 23,047	\$ 4,245
Animal Habitats	250,000	-
Bird Exhibits	149,460	139,706
Kirkwood Gardens	118,997	111,959
Orton Bear Fund	99,521	95,783
Gordon's Children Center	70,735	62,133
Coyote Exhibit	36,012	33,663
Innovative Project Fund	81,288	73,272
Scholarship Fund	365,614	338,098
Raptor Exhibit	22,000	23,100
Trail Camera Project	7,562	7,562
Other Grants	81,412	44,942
Volunteer Software	7,780	7,391
Bobcat Fund	77,351	67,291
Library Fund	7,849	7,044
Otter Improvements	67,363	73,019
Otter Endowments	124,136	115,794
Gordon's Children Center Endowment	167,869	156,589
Naturalist Salaries Endowment	122,873	114,617
Barry Endowment	73,163	68,248
General Endowment	<u>1,481,937</u>	<u>1,382,365</u>
 Total	 <u>\$3,435,969</u>	 <u>\$2,926,821</u>

NOTE 12: Program Revenue

The Organization's sources of program revenue are as follows:

	<u>2024</u>	<u>2023</u>
Trail Admissions	\$ 818,354	\$ 712,449
Blue Heron School Tuition	299,923	292,125
Lake Cruises	230,104	208,486
Education	236,387	236,928
Sponsorships	<u>53,942</u>	<u>22,814</u>
 Total	 <u>\$1,638,710</u>	 <u>\$1,472,802</u>

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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 \$13,294 and \$25,599 during 2024 and 2023, 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.

NOTE 14: 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 \$50,205 in 2024 and \$46,027 in 2023.

NOTE 15: Government Funding

During the years ended December 31, 2024 and 2023 the Organization was eligible for an energy credit and solar rebate credit in the amount of \$5,325 and \$96,161, respectively. These credits have offset the carrying value of the assigned fixed asset.

NOTE 16: Subsequent Events

Management has evaluated subsequent events through July 1, 2025 the date the financial statements were available to be issued and no subsequent events require disclosure.