

**FINANCIAL STATEMENTS**



**FOR THE YEARS ENDED  
JUNE 30, 2021 AND 2020**

# NATURESERVE

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**CPAs & ADVISORS**

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
NatureServe  
Arlington, Virginia

We have audited the accompanying financial statements of NatureServe (the Organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses 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.

### **Auditor's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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.

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MEMBER OF CPAMERICA INTERNATIONAL, AN AFFILIATE OF CROWE GLOBAL  
MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2021 and 2020, and the changes in its net assets, functional expenses and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2022, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Friedman".

January 28, 2022

## NATURESERVE

STATEMENTS OF FINANCIAL POSITION  
AS OF JUNE 30, 2021 AND 2020

## ASSETS

	<u>2021</u>	<u>2020</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 154,580	\$ 869,111
Investments	5,186,155	623,083
Receivables, net	2,007,458	2,050,549
Prepaid expenses	<u>121,436</u>	<u>122,039</u>
Total current assets	<u>7,469,629</u>	<u>3,664,782</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>142,461</u>	<u>162,745</u>
<b>NONCURRENT ASSETS</b>		
Investments	1,990,655	5,961,979
Deposits	<u>92,343</u>	<u>89,585</u>
Total noncurrent assets	<u>2,082,998</u>	<u>6,051,564</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 9,695,088</u></b>	<b><u>\$ 9,879,091</u></b>

## LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 453,987	\$ 277,537
Accrued salaries and related benefits	446,882	374,445
Refundable advances and deferred revenue	1,474,710	1,246,393
Deferred rent	150,515	293,516
Line of credit	400,000	150,000
Loan payable	<u>-</u>	<u>954,700</u>
Total current liabilities	<u>2,926,094</u>	<u>3,296,591</u>
<b>NONCURRENT LIABILITIES</b>		
Deposits	24,167	19,167
Deferred rent	<u>356,991</u>	<u>405,899</u>
Total noncurrent liabilities	<u>381,158</u>	<u>425,066</u>
Total liabilities	<u>3,307,252</u>	<u>3,721,657</u>
<b>NET ASSETS</b>		
Without donor restrictions (deficit)	2,547,540	(949,577)
With donor restrictions	<u>3,840,296</u>	<u>7,107,011</u>
Total net assets	<u>6,387,836</u>	<u>6,157,434</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 9,695,088</u></b>	<b><u>\$ 9,879,091</u></b>

## NATURESERVE

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<b>2021</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>REVENUE, GAINS AND OTHER SUPPORT</b>			
Grants and contracts	\$ 2,817,595	\$ -	\$ 2,817,595
Contributions	229,372	373,500	602,872
In-kind contributions	1,097,757	-	1,097,757
Software support and services	1,729,016	-	1,729,016
Rental income	273,484	-	273,484
Data requests, products and services	141,235	-	141,235
Member dues	57,000	-	57,000
Unrealized gain on investments	104,976	484,871	589,847
Realized gain on sales of investments	152,176	702,883	855,059
Other investment income, net	19,286	89,078	108,364
Other revenue	25,319	-	25,319
Net assets released from donor restrictions	<u>4,917,047</u>	<u>(4,917,047)</u>	<u>-</u>
Total revenue, gains and other support	<u>11,564,263</u>	<u>(3,266,715)</u>	<u>8,297,548</u>
<b>EXPENSES</b>			
Program Activities	<u>6,498,915</u>	<u>-</u>	<u>6,498,915</u>
Supporting Services:			
General and Administrative	2,220,572	-	2,220,572
Fundraising	<u>302,359</u>	<u>-</u>	<u>302,359</u>
Total supporting services	<u>2,522,931</u>	<u>-</u>	<u>2,522,931</u>
Total expenses	<u>9,021,846</u>	<u>-</u>	<u>9,021,846</u>
Changes in net assets before other item	2,542,417	(3,266,715)	(724,298)
<b>OTHER ITEM</b>			
Forgiveness of debt	<u>954,700</u>	<u>-</u>	<u>954,700</u>
Changes in net assets	3,497,117	(3,266,715)	230,402
Net assets at beginning of year	<u>(949,577)</u>	<u>7,107,011</u>	<u>6,157,434</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 2,547,540</u></b>	<b><u>\$ 3,840,296</u></b>	<b><u>\$ 6,387,836</u></b>

NATURESERVE

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<b>2020</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>REVENUE, GAINS AND OTHER SUPPORT</b>			
Grants and contracts	\$ 4,148,237	\$ -	\$ 4,148,237
Contributions	389,715	1,062,890	1,452,605
In-kind contributions	1,003,392	-	1,003,392
Software support and services	1,687,838	-	1,687,838
Rental income	251,196	-	251,196
Data requests, products and services	227,758	-	227,758
Member dues	59,350	-	59,350
Unrealized gain (loss) on investments	5,580	(46,106)	(40,526)
Realized gain on sales of investments	829	124,183	125,012
Other investment income, net	16,597	166,984	183,581
Other revenue	14,297	-	14,297
Net assets released from donor restrictions	<u>473,206</u>	<u>(473,206)</u>	<u>-</u>
Total revenue, gains and other support	<u>8,277,995</u>	<u>834,745</u>	<u>9,112,740</u>
<b>EXPENSES</b>			
Program Activities	<u>6,719,498</u>	<u>-</u>	<u>6,719,498</u>
Supporting Services:			
General and Administrative	1,722,122	-	1,722,122
Fundraising	<u>438,259</u>	<u>-</u>	<u>438,259</u>
Total supporting services	<u>2,160,381</u>	<u>-</u>	<u>2,160,381</u>
Total expenses	<u>8,879,879</u>	<u>-</u>	<u>8,879,879</u>
Changes in net assets before other item	(601,884)	834,745	232,861
<b>OTHER ITEM</b>			
Forgiveness of debt	<u>-</u>	<u>-</u>	<u>-</u>
Changes in net assets	(601,884)	834,745	232,861
Net assets at beginning of year	<u>(347,693)</u>	<u>6,272,266</u>	<u>5,924,573</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ (949,577)</u></b>	<b><u>\$ 7,107,011</u></b>	<b><u>\$ 6,157,434</u></b>

## NATURESERVE

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2021

	Supporting Services			Total Supporting Services	Total Expenses
	Program Activities	General and Administrative	Fundraising		
Salaries and benefits	\$ 4,152,695	\$ 1,187,497	\$ 255,268	\$ 1,442,765	\$ 5,595,460
In-kind licensing fees	1,097,757	-	-	-	1,097,757
Professional fees	439,391	249,712	533	250,245	689,636
Subagreements	185,986	-	-	-	185,986
Rent	263,458	349,155	42,153	391,308	654,766
Internet, computer, and data expenses	172,099	198,340	1,515	199,855	371,954
Travel	109,515	1,161	-	1,161	110,676
Depreciation and amortization	11,508	40,932	-	40,932	52,440
Insurance	-	32,438	-	32,438	32,438
Payroll fees	-	79,304	-	79,304	79,304
Telephone	1,137	15,397	-	15,397	16,534
Office expense	8,626	5,895	-	5,895	14,521
Dues and subscriptions	15,318	4,871	2,656	7,527	22,845
Printing	5,264	571	-	571	5,835
Meetings and conferences	27,298	3,651	69	3,720	31,018
Bad debt	-	-	-	-	-
Equipment, rental, repairs, and maintenance	2,171	6,830	-	6,830	9,001
Advertising - recruiting	1,106	136	-	136	1,242
Miscellaneous	2,590	10,812	-	10,812	13,402
Bank fees	-	8,472	-	8,472	8,472
Taxes, licenses and permits	-	14,802	-	14,802	14,802
Interest expense	32	10,526	-	10,526	10,558
Postage and delivery	2,964	70	165	235	3,199
<b>TOTAL</b>	<b>\$ 6,498,915</b>	<b>\$ 2,220,572</b>	<b>\$ 302,359</b>	<b>\$ 2,522,931</b>	<b>\$ 9,021,846</b>

See accompanying notes to financial statements.



## NATURESERVE

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2020

	Supporting Services			Total Supporting Services	Total Expenses
	Program Activities	General and Administrative	Fundraising		
Salaries and benefits	\$ 3,910,106	\$ 818,524	\$ 372,035	\$ 1,190,559	\$ 5,100,665
In-kind licensing fees	1,003,392	-	-	-	1,003,392
Professional fees	264,908	455,977	-	455,977	720,885
Subagreements	653,257	-	-	-	653,257
Rent	502,388	106,052	37,834	143,886	646,274
Internet, computer, and data expenses	189,941	142,109	-	142,109	332,050
Travel	90,194	19,350	5,969	25,319	115,513
Depreciation and amortization	25,353	52,282	-	52,282	77,635
Insurance	-	33,634	-	33,634	33,634
Payroll fees	-	33,540	-	33,540	33,540
Telephone	23,180	3,724	1,396	5,120	28,300
Office expense	12,540	6,625	249	6,874	19,414
Dues and subscriptions	8,060	5,008	4,550	9,558	17,618
Printing	15,102	1,060	215	1,275	16,377
Meetings and conferences	7,221	602	6,195	6,797	14,018
Bad debt	-	13,936	-	13,936	13,936
Equipment, rental, repairs, and maintenance	-	13,514	-	13,514	13,514
Advertising - recruiting	8,132	-	5	5	8,137
Miscellaneous	-	105	7,980	8,085	8,085
Bank fees	2,559	4,030	1,205	5,235	7,794
Taxes, licenses and permits	40	5,776	-	5,776	5,816
Interest expense	22	5,612	-	5,612	5,634
Postage and delivery	3,103	662	626	1,288	4,391
<b>TOTAL</b>	<b>\$ 6,719,498</b>	<b>\$ 1,722,122</b>	<b>\$ 438,259</b>	<b>\$ 2,160,381</b>	<b>\$ 8,879,879</b>

See accompanying notes to financial statements.

## NATURESERVE

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 230,402	\$ 232,861
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Depreciation and amortization	52,440	77,635
Unrealized (gain) loss on investments	(589,847)	40,526
Realized gain on sales of investments	(855,059)	(125,012)
Forgiveness of debt	(954,700)	-
Decrease (increase) in assets:		
Receivables, net	43,091	(787,280)
Prepaid expenses	603	(4,320)
Deposits	(2,758)	-
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	176,450	(241,600)
Accrued salaries and related benefits	72,437	51,138
Refundable advances and deferred revenue	228,317	(454,793)
Deposits	5,000	-
Deferred rent abatement	<u>(191,909)</u>	<u>(83,800)</u>
Net cash used by operating activities	<u>(1,785,533)</u>	<u>(1,294,645)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments, including reinvestment of dividends	(236,891)	(182,731)
Proceeds from sale of investments	1,090,049	473,055
Purchase of property and equipment	<u>(32,156)</u>	<u>(99,916)</u>
Net cash provided by investing activities	<u>821,002</u>	<u>190,408</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from line of credit	407,300	360,000
Principal payments on line of credit	(157,300)	(210,000)
Proceeds from loan payable	<u>-</u>	<u>954,700</u>
Net cash provided by financing activities	<u>250,000</u>	<u>1,104,700</u>
Net (decrease) increase in cash and cash equivalents	(714,531)	463
Cash and cash equivalents at beginning of year	<u>869,111</u>	<u>868,648</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 154,580</u></b>	<b><u>\$ 869,111</u></b>
<b>SCHEDULE OF NONCASH INVESTING AND FINANCING TRANSACTIONS</b>		
Forgiveness of Debt	<b><u>\$ 954,700</u></b>	<b><u>\$ -</u></b>

## NATURESERVE

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

##### Organization -

NatureServe (the Organization), a nonprofit organization incorporated in Virginia, leverages the power of science, data, and technology to guide biodiversity conservation and stewardship. In partnership with the Network of Natural Heritage Programs and Conservation Data Centers, the Organization works to manage and distribute authoritative information critical to the conservation of the world's biological diversity. The Organization provides the scientific knowledge that supports informed decisions. Together with the Organization's network of over 60 programs, the Organization collects decision-quality data about imperiled species and entire ecosystems, transforms that data into knowledge products and visualizations, and provides meaning through expert analyses and support to guide decision-making, implement action, and enhance conservation outcomes.

##### Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are more restrictive than the Organization mission and purpose. 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. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

##### New accounting pronouncement adopted -

During fiscal year 2021, the Organization adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. The ASU provides a framework for recognizing revenue and is intended to improve comparability of revenue recognition practices across for-profit and non-profit entities. Analysis of the various provisions of this standard resulted in no significant changes in the way the Organization recognized revenue; however, the presentation and disclosures of revenue have been enhanced. The Organization has elected to opt out of all (or certain) disclosures not required for nonpublic entities and also elected a modified retrospective approach for implementation.

##### Cash and cash equivalents -

The Organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, the Organization maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

## NATURESERVE

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

##### Investments -

Investments are recorded at their readily determinable fair value. Interest and dividends are included in other investment income, which is presented net of investment expenses paid to external investment advisors in the accompanying Statements of Activities and Changes in Net Assets. Realized gains and losses on sales of investments, as well as unrealized gains and losses on fair value fluctuations, are presented separately in the accompanying Statements of Activities and Changes in Net Assets. Investments acquired by gift are recorded at their fair value at the date of the gift. The Organization's policy is to liquidate all gifts of investments as soon as possible after the gift.

##### Receivables, net -

Receivables are recorded at their net realizable value, which approximates fair value. Receivables consists of amounts due from Federal, state and local government and other agencies, as well as fees charged for data conservation services provided to the Organization's network of natural heritage agencies. Receivables also consist of contributions due from private individuals, foundations and other entities.

Receivables are stated at the estimated net present value, net of an allowance for uncollectable amounts. The allowance for doubtful accounts is determined based upon a periodic review of individual account balances, including the age of the balance and the historical experience with the donor or customer. As of June 30, 2020, the balance in the allowance for doubtful accounts aggregated \$12,156 (there was no allowance recorded as of June 30, 2021). As of June 30, 2021 and 2020, receivables consisted of the following:

	<u>2021</u>	<u>2020</u>
Grants and contracts - billed	\$ 610,369	\$ 595,787
Grants and contracts - unbilled	1,396,094	1,464,877
Contributions receivable	995	2,041
Less: Allowance for doubtful accounts	<u>-</u>	<u>(12,156)</u>
<b>RECEIVABLES, NET</b>	<b><u>\$ 2,007,458</u></b>	<b><u>\$ 2,050,549</u></b>

##### Property and equipment -

Property and equipment acquisitions are recorded at cost. Assets purchased under Federal awards with an acquisition value of \$5,000 or more (with a useful life of more than one year) are capitalized in the accompanying Statements of Financial Position. Assets purchased in the course of operations with an acquisition value of \$2,000 or more (with a useful life of more than one year) are capitalized in the accompanying Statements of Financial Position. Donations of property and equipment are recorded as support at their estimated fair values. Costs incurred in connection with developing or obtaining internal-use software are capitalized in accordance with FASB Accounting Standards Codification (ASC) 350-40: *Internal-Use Software*. Depreciation is provided over the estimated useful lives of the assets using the straight-line method, generally three to seven years. Leasehold improvements are amortized over the term of the lease. Depreciation and amortization expense for the year ended June 30, 2021 and 2020 totaled \$52,440 and \$77,635, respectively.

##### Income taxes -

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is only subject to tax on unrelated business income. The Organization is not a private foundation.

## NATURESERVE

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

##### Uncertain tax positions -

For the years ended June 30, 2021 and 2020, the Organization has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

##### Revenue recognition -

##### Grants and contributions -

Grants and contributions are recognized in the appropriate category of net assets in the period received. Contributions of assets other than cash are recorded at their estimated fair value at the date of gift. Awards qualifying as contributions are recorded by the Organization upon notification of the award and satisfaction of all conditions, if applicable.

Conditional awards are not recognized until the condition on which they depend are substantially met. Typically, conditional awards contain a measurable barrier, as well as a right of return or right of release from obligation provision, and the Organization has limited discretion over how funds transferred should be spent. As such, the Organization recognizes revenue for these conditional contributions when the related barrier has been overcome. Awards from Federal, state and local governments are deemed to be conditional, and accordingly are recognized as revenue at such time when the conditions have been met. As of June 30, 2021, a total of \$3,189,154 of conditional awards have not been recorded in the accompanying financial statements (those awards will be recorded as revenue in future years).

Unconditional contributions and grants are classified as net assets with donor restrictions when use of the contribution or grant funds is limited to specific programmatic areas or is designated for use in future periods. Contributions and grants with donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements. Contributions and grants received in advance of incurring the related expenses are recorded as "net assets with donor restrictions".

##### Contracts -

The Organization also receives revenue under contractual agreements for program related activities. These agreements are treated as exchange transactions, as such agreements are based on a set transaction price (set by the contracting entity) and not a function of direct and indirect costs incurred by the Organization.

##### Software support and services -

Revenue from cloud-based service arrangements that allow for the use of a hosted software product or service over a contractually determined period of time without taking possession of software are accounted for as subscriptions with billings recorded as unearned revenue and recognized as revenue ratably over the coverage period beginning on the date the service is made available to customers. Revenue from service arrangements that are provided on a consumption basis is recognized commensurate with the customer utilization of such resources.

## NATURESERVE

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Revenue recognition (continued) -

Data requests, products and services -

Data requests, products and services include data and map products maintained by the NatureServe Network, as well as services available to clients to assist them in obtaining and interpreting the biological and ecological data needed to meet regulatory, planning or natural resource management objectives. Revenue is recognized at the time services are rendered. Cash received in advance is recorded as deferred revenue.

Rental income -

Rental income is recognized on a straight-line basis over the term of the lease. See also Note 9.

In-kind contributions -

In-kind contributions include the fair value of an enterprise license agreement received by the Organization. In-kind contributions are recorded at their fair value as of the date of the gift.

Foreign currency translation -

The U.S. Dollar is the functional currency for the Organization's worldwide operations. Transactions in currencies other than U.S. Dollars are translated into dollars at the rate of exchange in effect during the month of the transaction.

Use of estimates -

The preparation of the 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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

Accounting principles generally accepted in the United States of America require all nonprofit organizations to present their expenses on a functional basis, separating program activities from general and administrative and fundraising expenses. Functional expenses are either charged directly to program activities as incurred or allocated based on usage for items such as occupancy, depreciation, and administrative salaries. The expenses that have been allocated include salaries and related expenses, depreciation and amortization, occupancy, maintenance, and office expenses, which are allocated based on estimates of time and effort.

Investment risks and uncertainties -

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Fair value measurement -

The Organization adopted the provisions of FASB ASC 820, *Fair Value Measurement*.

## NATURESERVE

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

##### Fair value measurement (continued) -

FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. The Organization accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

##### Economic uncertainties -

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact the Organization's operations. The overall potential impact is unknown at this time.

##### New accounting pronouncement not yet adopted -

ASU 2019-01, *Leases* (Topic 842), which changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statements of Financial Position and disclosing key information about leasing arrangements. The ASU is effective for nonpublic entities beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, improves generally accepted accounting principles (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this ASU address certain stakeholders' concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in a NFP's programs and other activities. The ASU should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The amendment will not change the recognition and measurement requirements for those contributed nonfinancial assets.

The Organization plans to adopt the new ASUs at the required implementation dates and management is currently in the process of evaluating the adoption methods and the impact of the new standards on its accompanying financial statements.

#### 2. INVESTMENTS

In accordance with FASB ASC 820, *Fair Value Measurement*, the Organization has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

## NATURESERVE

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

#### 2. INVESTMENTS (Continued)

Investments recorded in the Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

**Level 1.** These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Organization has the ability to access.

**Level 2.** These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

**Level 3.** These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There were no transfers between levels in the fair value hierarchy during the years ended June 30, 2021 and 2020.

- *Money market funds* - The money market fund is an open-end funds that are registered with the Securities and Exchange Commission (SEC) and is deemed to be actively traded.
- *Public equity funds and fixed income funds* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Mixed allocation mutual funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily value and to transact at that price. Mutual funds held by the Organization are deemed to be actively traded.

The table below summarizes, the investments measured at fair value on a recurring basis, by level within the fair value hierarchy as of June 30, 2021:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Investments:</b>				
Public equity funds	\$ 4,293,837	\$ -	\$ -	\$ 4,293,837
Fixed income funds	2,218,635	-	-	2,218,635
Mixed allocation mutual funds	269,566	-	-	269,566
Money market funds	396,772	-	-	396,772
<b>TOTAL</b>	<b>\$ 7,178,810</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,178,810</b>

Based on the nature of the investment and related liquidity, the Organization classified \$5,186,155 as current and \$1,990,655 as noncurrent in the accompanying Statements of Financial Position.

The table below summarizes, the investments measured at fair value on a recurring basis, by level within the fair value hierarchy as of June 30, 2020:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Investments:</b>				
Public equity funds	\$ 3,984,711	\$ -	\$ -	\$ 3,984,711
Fixed income funds	2,268,434	-	-	2,268,434
Mixed allocation mutual funds	237,964	-	-	237,964
Money market funds	93,953	-	-	93,953
<b>TOTAL</b>	<b>\$ 6,585,062</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,585,062</b>

Based on the nature of the investment and related liquidity, the Organization classified \$623,083 as current and \$5,961,979 as noncurrent in the accompanying Statements of Financial Position.



**NATURESERVE**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**2. INVESTMENTS (Continued)**

Included in investment income, net are the following:

	<b>2021</b>	<b>2020</b>
Interest and dividends	\$ 144,560	\$ 209,180
Investment expenses provided to external investment advisors	(36,196)	(25,599)
<b>TOTAL INVESTMENT INCOME, NET OF INVESTMENT EXPENSES</b>	<b>\$ 108,364</b>	<b>\$ 183,581</b>

Additionally, the Organization recognized \$589,847 and \$(40,526) of unrealized gains (losses) and \$855,059 and \$125,012 of realized gains on sales of investments during the years ended June 30, 2021 and 2020, respectively.

**3. PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at June 30, 2021 and 2020:

	<b>2021</b>	<b>2020</b>
Software	\$ 724,164	\$ 969,702
Equipment	446,428	595,289
Furniture	116,998	121,860
Leasehold improvements	57,227	57,227
Total property and equipment	1,344,817	1,744,078
Less: Accumulated depreciation and amortization	(1,202,356)	(1,581,333)
<b>NET PROPERTY AND EQUIPMENT</b>	<b>\$ 142,461</b>	<b>\$ 162,745</b>

**4. LINE OF CREDIT**

The Organization maintains a line of credit with a local financial institution which is secured by all of the Organization's assets (cash, receivables and equipment), and has a maximum borrowing potential of \$1,500,000. The line bears interest at the bank's prime lending rate (4.25% as of June 30, 2021 and June 30, 2020) and expires on March 31, 2022. As of June 30, 2021 and 2020, the outstanding balance was \$400,000 and \$150,000, respectively.

The Organization must maintain a minimum "tangible net worth" (total net assets) of not less than \$5,000,000, which is evaluated at the end of each fiscal year.

**5. PAYCHECK PROTECTION PROGRAM (PPP) LOAN**

On April 23, 2020, the Organization received loan proceeds in the amount of \$954,700 under the Paycheck Protection Program (PPP). The promissory note required monthly principal and interest payments (1%) amortized over the term of the promissory note with a deferral of payments for the first six months. Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the promissory note will be forgiven by the Small Business Administration in whole or in part. The Organization used the proceeds for purposes consistent with the PPP and received notification of forgiveness on March 25, 2021. Accordingly, the full value of the forgiven loan has been presented as "Forgiveness of Debt" during the year ended June 30, 2021.

**NATURESERVE**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**6. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following at June 30, 2021 and 2020:

	<b>2021</b>	<b>2020</b>
Subject to expenditure for specified purpose	\$ 468,132	\$ 537,140
Subject to passage of time	175,000	350,000
Endowment to be invested in perpetuity	1,990,655	5,962,729
Endowment earnings subject to appropriation	1,206,509	257,142
<b>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</b>	<b>\$ 3,840,296</b>	<b>\$ 7,107,011</b>

The following net assets with donor restrictions were released from donor restrictions during the fiscal year through the incurrence of costs, through the passage of time, or through the removal of permanent restrictions originally imposed by donors:

	<b>2021</b>	<b>2020</b>
Purpose restrictions accomplished	\$ 769,973	\$ 298,206
Passage of time	175,000	175,000
Endowments released from perpetual restriction	3,972,074	-
<b>TOTAL NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b>\$ 4,917,047</b>	<b>\$ 473,206</b>

**7. LIQUIDITY AND AVAILABILITY**

Financial assets available for use for general expenditures within one year of the Statements of Financial Position date comprise the following:

	<b>2021</b>	<b>2020</b>
Cash and cash equivalents	\$ 154,580	\$ 869,111
Investments	7,176,810	6,585,062
Receivables, net	2,007,458	2,050,549
	9,338,848	9,504,722
Less: Donor restricted funds	(3,665,296)	(6,757,011)
<b>FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR</b>	<b>\$ 5,673,552</b>	<b>\$ 2,747,711</b>

As part of the Organization's liquidity management it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Noncurrent investments include endowment funds consisting of donor-restricted endowments. Income from donor-restricted endowments is restricted until appropriated in accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, therefore, is not available for general expenditure until appropriated. As described in Note 12, the endowment has a spending rate that is equal to 5% of the average balances of the trailing 12 quarters. Those funds will be made available for spending in the next 12 months.

The Organization expects that accounts receivable will be collected and available within the current period. In addition, as discussed in Note 4, the Organization has a line of credit with a maximum borrowing potential of \$1,500,000 to use at its discretion. As of June 30, 2021, \$1,100,000 was available to be drawn upon.

**NATURESERVE**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**7. LIQUIDITY AND AVAILABILITY (Continued)**

Additionally, the Organization's Board of Directors has designated \$3,994,200 of its net assets in Quasi-Endowment Fund which is invested in the same manner as the Permanent Endowment Fund, provided that with board approval funds can be transferred to a "Project Investment Fund," which will be used to fund new projects that management has recommended to the Board of Directors, which are made available for general operations through Board resolution. Funds from the Quasi-Endowment Fund can also be transferred to meet financial needs of the Organization upon board approval. See Note 12 for details with respect to the Organization's Board Designated Net Assets.

**8. IN-KIND CONTRIBUTIONS**

During the years ended June 30, 2021 and 2020, the Organization was the beneficiary of in-kind contributions which allowed the Organization to provide greater resources toward various its programs. The following donations have been included in revenue and expense for the years ended June 30, 2021 and 2020.

	<b>2021</b>	<b>2020</b>
<b>Donated Short-Term Enterprise Licensing Agreement</b>	<b>\$ <u>1,097,757</u></b>	<b>\$ <u>1,003,392</u></b>

**9. LEASE COMMITMENTS**

The Organization leased office space in Arlington, Virginia under a ten-year agreement that expired on December 31, 2021. The Organization also leases a second office in Crystal City, Virginia. The lease term is 135 months, and is set to terminate during July 2030. The Arlington office space was subleased to an unrelated organization during November 2018 through the lease expiration date.

The Organization also maintains two leases for office space in Boulder, Colorado which are set to expire in September 2022 and December 2023, respectively. One of the office spaces is subleased to an unrelated organization.

Accounting principles generally accepted in the United States of America require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is recorded as a deferred rent liability on the Statements of Financial Position.

The following is a schedule of the future minimum lease payments:

<u>Year Ending June 30,</u>	
2022	\$ 642,961
2023	367,624
2024	346,470
2025	336,791
2026	345,211
Thereafter	1,501,743
	<b>\$ 3,540,800</b>

Rent expense for the years ended June 30, 2021 and 2020 totaled \$654,766 and \$646,274, respectively. As of June 30, 2021 and 2020, the deferred rent liability aggregated \$507,506 and \$699,415, respectively.

## NATURESERVE

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

#### 9. LEASE COMMITMENTS (Continued)

As noted above, the Organization entered into a sublease agreement for its Arlington office space (which expired on December 31, 2021). As a result of the subleasing transaction, a financial statement loss of \$643,841 (and an increase to the deferred rent liability) was realized during the year ended June 30, 2019, and the loss is being amortized over the remaining life of the sublease (as a reduction of the deferred rent liability). Future minimum rental income expected to be received under this sublease (through December 31, 2021) totals \$124,384.

Rental income (under both subleases) for the years ended June 30, 2021 and 2020 totaled \$273,484 and \$251,196, respectively.

#### 10. RETIREMENT PLAN

The Organization maintains a safe harbor 401(k) retirement plan, in which all full-time employees with at least three months of service are eligible to participate in the Plan (as of October 2021, all full-time employees are immediately eligible to participate in the Plan). The Organization matches up to six percent of the participant's eligible compensation. During the years ended June 30, 2021 and 2020, the Organization contributed \$206,538 and \$199,313, respectively, to the Plan.

#### 11. CONTINGENCY

The Organization receives awards from various agencies of the United States Government. Such awards are subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200* Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The ultimate determination of amounts received under United States Government awards is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2021. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

#### 12. ENDOWMENT

The Organization's endowment consists of donor-restricted endowment funds and funds designated by the governing Board to function as endowments. As required by 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. The fund established by the Board of Directors is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those assets are time restricted until the governing Board appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The governing Board has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

**NATURESERVE**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**12. ENDOWMENT (Continued)**

The Organization has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of the organization and the donor-restricted endowment fund;
- General economic conditions and the possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments; and
- Investment policies of the organization.

Endowment net asset composition by type of fund as of June 30, 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board Designated Endowment Funds	\$ 3,994,200	\$ -	\$ 3,994,200
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	1,990,655	1,990,655
Accumulated investment earnings	<u>-</u>	<u>1,206,509</u>	<u>1,206,509</u>
<b>TOTAL ENDOWMENT FUNDS</b>	<b><u>\$ 3,994,200</u></b>	<b><u>\$ 3,197,164</u></b>	<b><u>\$ 7,191,364</u></b>

Changes in endowment net assets for the year ended June 30, 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 129,910	\$ 6,219,871	\$ 6,349,781
Endowment assets released from perpetual restriction	3,972,074	(3,972,074)	-
Investment income, net	19,286	89,078	108,364
Contributions from undesignated net assets	378,362	-	378,362
Unrealized gain on investments	104,976	484,871	589,847
Realized gain on sales of investments	152,176	702,883	855,059
Amounts appropriated for expenditure	<u>(762,584)</u>	<u>(327,465)</u>	<u>(1,090,049)</u>
<b>ENDOWMENT NET ASSETS, END OF YEAR</b>	<b><u>\$ 3,994,200</u></b>	<b><u>\$ 3,197,164</u></b>	<b><u>\$ 7,191,364</u></b>

Endowment net asset composition by type of fund as of June 30, 2020:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board Designated Endowment Funds	\$ 129,910	\$ -	\$ 129,910
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	5,962,729	5,962,729
Accumulated investment earnings	<u>-</u>	<u>257,142</u>	<u>257,142</u>
<b>TOTAL ENDOWMENT FUNDS</b>	<b><u>\$ 129,910</u></b>	<b><u>\$ 6,219,871</u></b>	<b><u>\$ 6,349,781</u></b>

**NATURESERVE**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**12. ENDOWMENT (Continued)**

Changes in endowment net assets for the year ended of June 30, 2020:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 129,910	\$ 6,272,266	\$ 6,402,176
Contributions	-	750	750
Investment income, net	-	166,984	166,984
Unrealized loss on investments	-	(46,106)	(46,106)
Realized gain on sales of investments	-	124,183	124,183
Amounts appropriated for expenditure	-	(298,206)	(298,206)
<b>ENDOWMENT NET ASSETS, END OF YEAR</b>	<b><u>\$ 129,910</u></b>	<b><u>\$ 6,219,871</u></b>	<b><u>\$ 6,349,781</u></b>

Endowment Assets Released from Perpetual Restrictions -

During the year ended June 30, 2021, the Organization received notification (from three donors) that certain contributions (originally required to be invested in perpetuity) were approved to be released from all restrictions. Accordingly, \$3,972,074 of net assets with donor restrictions were released and placed in a Board controlled Quasi-Endowment available for Board-approved expenditures. The Board also created a 'Project Investment Fund'. The purpose of the Project Investment Fund is to fund new projects that management has recommended to the Board of Directors, which are made available for general operations through Board resolution. As of June 30, 2021, the Quasi-Endowment Fund maintained \$3,915,933 of net assets, the Project Investment Fund maintained \$64,463 of net assets and the Operating Cash Fund maintained \$13,804 of net assets.

Funds with Deficiencies -

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. The Organization had no funds with deficiencies as of June 30, 2021 and 2020.

Return Objectives and Risk Parameters -

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) as well as Board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested with a long-term investment horizon with an emphasis on growth and with a higher tolerance for limited liquidity. The objectives of the fund are to maximize the returns without exposure to undue risk.

Strategies Employed for Achieving Objectives -

To satisfy its long-term rate-of-return objectives, the Organization 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 Organization 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.

**NATURESERVE**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**12. ENDOWMENT (Continued)**

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

The payout rate from the Organization's endowment should provide a stable, predictable level of spending for the endowed purposes, and should achieve a proper balance between present and future needs. The amount available for payout each fiscal year will be up to a maximum of 5% of the average of the market value of the endowment on December 31st of the current fiscal year, and the end of each quarter of the three years immediately preceding that date. The amount available for payout each fiscal year shall not exceed the actual value of any income, dividend, interest and capital appreciation, both realized and unrealized, in excess of the administrative fee. In the event that the endowment sustains unrealized losses resulting from a drop in market value, the Organization may continue to pay out income from dividends, interest and realized gains earned each quarter. A decision to pay out additional funds beyond dividends and interest up to 5% in periods of market decline may be made by the Board of Directors, as long as they feel it is prudent, in the long-term interest of the Organization, and the rationale for the Board of Director's decision is properly documented.

**13. SUBSEQUENT EVENTS**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 28, 2022, the date the financial statements were issued.