

Owl's Hill Nature Sanctuary, Inc.

FINANCIAL STATEMENTS

Years Ended September 30, 2022 and 2021

Owl's Hill Nature Sanctuary, Inc.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Owl's Hill Nature Sanctuary, Inc.

Opinion

We have audited the accompanying financial statements of Owl's Hill Nature Sanctuary, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year 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 Owl's Hill Nature Sanctuary, Inc. as of September 30, 2022, and the changes in its net assets and its cash flows for the year 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 Owl's Hill Nature Sanctuary, Inc. 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.

Prior Period Financial Statements

The financial statements as of September 30, 2021, were audited by Patterson, Hardee & Ballentine, P.C., who merged with UHY, LLP as of December 1, 2022, and whose report dated January 17, 2022, expressed an unmodified opinion on those statements.

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 Owl's Hill Nature Sanctuary, Inc.'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 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 Owl's Hill Nature Sanctuary, Inc.'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 Owl's Hill Nature Sanctuary, Inc.'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.

The image shows a handwritten signature in black ink that reads "UHY LLP". The letters are stylized and cursive.

Nashville, Tennessee
March 6, 2023

OWL'S HILL NATURE SANCTUARY, INC.
STATEMENTS OF FINANCIAL POSITION

	September 30,	
	2022	2021
ASSETS		
Cash and cash equivalents	\$ 433,485	\$ 338,741
Certificates of deposit	45,840	45,840
Accounts receivable	4,770	-
Prepaid expenses	7,971	9,639
Investments	1,114,313	1,417,777
Property and equipment, net of accumulated depreciation	1,876,394	1,893,578
Total assets	<u>3,482,773</u>	<u>3,705,575</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	6,419	4,385
Accrued payroll and related taxes	18,291	19,749
Contract liabilities	4,442	7,570
Deferred revenue	25,000	-
Total liabilities	<u>54,152</u>	<u>31,704</u>
NET ASSETS		
Without donor restrictions	3,428,621	3,659,179
With donor restrictions	-	14,692
Total net assets	<u>3,428,621</u>	<u>3,673,871</u>
Total liabilities and net assets	<u>\$ 3,482,773</u>	<u>\$ 3,705,575</u>

See notes to financial statements.

OWL'S HILL NATURE SANCTUARY, INC.**STATEMENT OF ACTIVITIES****Year Ended September 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUES			
Gross special events revenue	\$ 116,885	\$ -	\$ 116,885
Less direct costs of special events	(34,952)	-	(34,952)
	<u>81,933</u>	<u>-</u>	<u>81,933</u>
Contributions	171,671	-	171,671
Program fees	153,151	-	153,151
Other income	1,249	-	1,249
Contributed nonfinancial assets	16,394	-	16,394
Net investment return	(258,925)	-	(258,925)
Net assets released from restrictions	14,692	(14,692)	-
Total public support and revenues	<u>180,165</u>	<u>(14,692)</u>	<u>165,473</u>
EXPENSES			
Program services	309,599	-	309,599
Management and general	62,341	-	62,341
Fundraising	38,783	-	38,783
	<u>410,723</u>	<u>-</u>	<u>410,723</u>
CHANGES IN NET ASSETS	(230,558)	(14,692)	(245,250)
NET ASSETS - BEGINNING OF YEAR	3,659,179	14,692	3,673,871
NET ASSETS - END OF YEAR	\$ 3,428,621	\$ -	\$ 3,428,621

See notes to financial statements.

OWL'S HILL NATURE SANCTUARY, INC.**STATEMENT OF ACTIVITIES****Year Ended September 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUES			
Gross special events revenue	\$ 107,304	\$ -	\$ 107,304
Less direct costs of special events	(19,207)	-	(19,207)
	<u>88,097</u>	<u>-</u>	<u>88,097</u>
Contributions	105,915	25,900	131,815
Program fees	124,848	-	124,848
Other income	87,399	-	87,399
Contributed nonfinancial assets	5,922	-	5,922
Net investment return	207,446	-	207,446
Net assets released from restrictions	18,900	(18,900)	-
Total public support and revenues	<u>638,527</u>	<u>7,000</u>	<u>645,527</u>
EXPENSES			
Program services	266,484	-	266,484
Management and general	46,585	-	46,585
Fundraising	61,110	-	61,110
	<u>374,179</u>	<u>-</u>	<u>374,179</u>
CHANGES IN NET ASSETS	264,348	7,000	271,348
NET ASSETS - BEGINNING OF YEAR	<u>3,394,831</u>	<u>7,692</u>	<u>3,402,523</u>
NET ASSETS - END OF YEAR	<u>\$ 3,659,179</u>	<u>\$ 14,692</u>	<u>\$ 3,673,871</u>

See notes to financial statements.

OWL'S HILL NATURE SANCTUARY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended September 30, 2022

		Supporting Services			
	Program Services	Management and General	Fundraising	Total Supporting Services	Total
Banking & professional fees	\$ 9,659	\$ 4,334	\$ 400	\$ 4,734	\$ 14,393
Depreciation	31,777	1,672	-	1,672	33,449
Development & donor recognition	-	-	3,915	3,915	3,915
Educational programming	26,783	2,937	2,078	5,015	31,798
Gift shop inventory COGS	1,704	-	-	-	1,704
Insurance & licenses	8,885	3,883	929	4,812	13,697
Marketing & advertising	5,190	233	330	563	5,753
Office supplies	10,550	1,714	1,141	2,855	13,405
Occupancy	5,295	452	510	962	6,257
Personnel	189,371	47,116	29,480	76,596	265,967
Small equipment & maintenance	20,385	-	-	-	20,385
Special events	-	-	34,952	34,952	34,952
	<u>309,599</u>	<u>62,341</u>	<u>73,735</u>	<u>136,076</u>	<u>445,675</u>
Less expenses included with revenues on the statement of activities:					
Direct costs of special events	-	-	(34,952)	(34,952)	(34,952)
TOTAL EXPENSES	<u>\$ 309,599</u>	<u>\$ 62,341</u>	<u>\$ 38,783</u>	<u>\$ 101,124</u>	<u>\$ 410,723</u>

OWL'S HILL NATURE SANCTUARY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended September 30, 2021

	Program Services	Supporting Services			Total
		Management and General	Fundraising	Total Supporting Services	
Banking & professional fees	\$ 10,786	\$ 7,455	\$ 464	\$ 7,919	\$ 18,705
Depreciation	34,075	1,793	-	1,793	35,868
Development & donor recognition	-	-	3,405	3,405	3,405
Educational programming	19,200	-	-	-	19,200
Gift shop inventory COGS	817	-	-	-	817
Insurance & licenses	4,634	1,107	578	1,685	6,319
Marketing & advertising	5,766	88	469	557	6,323
Office supplies	10,738	1,102	1,406	2,508	13,246
Occupancy	5,282	281	620	901	6,183
Personnel	154,088	34,759	54,168	88,927	243,015
Small equipment & maintenance	21,098	-	-	-	21,098
Special events	-	-	19,207	19,207	19,207
	<u>266,484</u>	<u>46,585</u>	<u>80,317</u>	<u>126,902</u>	<u>393,386</u>
Less expenses included with revenues on the statement of activities:					
Direct costs of special events	-	-	(19,207)	(19,207)	(19,207)
TOTAL EXPENSES	<u><u>\$ 266,484</u></u>	<u><u>\$ 46,585</u></u>	<u><u>\$ 61,110</u></u>	<u><u>\$ 107,695</u></u>	<u><u>\$ 374,179</u></u>

OWL'S HILL NATURE SANCTUARY, INC.
STATEMENTS OF CASH FLOWS

	Years Ended September,	
	2022	2021
CASH FLOWS FROM OPERATIONS		
Changes in net assets	\$ (245,250)	\$ 271,348
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	33,449	35,868
Noncash investment donations	(16,077)	(4,442)
Net realized and unrealized loss (gain) on investments	276,182	(191,183)
Changes in:		
Accounts receivable	(4,770)	500
Prepaid expenses	1,668	(8,691)
Accounts payable	2,034	7,090
Accrued payroll and related taxes	(1,458)	342
Contract liabilities	(3,128)	-
Deferred revenue	25,000	(43,438)
Net cash provided by operating activities	<u>67,650</u>	<u>67,394</u>
INVESTING ACTIVITIES		
Purchases of investments	(60,600)	(102,232)
Proceeds from sales of investments	-	144,381
Purchases of property and equipment	(4,265)	(5,680)
Proceeds from sale of property and equipment	91,959	-
Net cash provided by investing activities	<u>27,094</u>	<u>36,469</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	94,744	103,863
CASH AND CASH EQUIVALENTS, Beginning	338,741	234,878
CASH AND CASH EQUIVALENTS, Ending	\$ 433,485	\$ 338,741

See notes to financial statements.

Owl's Hill Nature Sanctuary, Inc.
NOTES TO FINANCIAL STATEMENTS
September 30, 2022 and 2021

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Owl's Hill Nature Sanctuary, Inc., a nonprofit organization, (the "Sanctuary") is dedicated to a mission of environmental education and inspires exploration of the natural world, protection of the Sanctuary's native flora and fauna and their fragile habitats, and spreading an appreciation and enjoyment of nature, where a world that values and protects nature is envisioned.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

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 Sanctuary. These net assets may be used at the discretion of the Sanctuary's management and the Board of Directors (Board). Restrictions fulfilled in the same accounting period in which received are reported in the Statement of Activities as without donor restrictions.

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 Sanctuary or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents

All unrestricted cash and investment instruments purchased with a maturity of three months or less are considered cash and cash equivalents.

The Sanctuary maintains cash and cash equivalents at financial institutions with strong credit ratings insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At September 30, 2022, and September 30, 2021, the Sanctuary's balance was \$172,046 and \$73,859, respectively, in excess of FDIC coverage. Management has not experienced any losses in these accounts and does not believe there is a significant credit risk.

Investments

Investments in debt and equity securities with readily determinable market values are recorded at fair value. Unrealized and realized gains and losses on investments are reported in the statement of activities. Securities are generally held in custodial investment accounts administered by a financial institution (NOTE 4).

Owl's Hill Nature Sanctuary, Inc.
NOTES TO FINANCIAL STATEMENTS
September 30, 2022 and 2021

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on the fair value of the investment as of the trade date and are recorded in the statement of activities in the period for which the securities are sold. Interest and dividends are recorded when earned.

Investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with various types of investments, it is at least reasonably possible that change in the value of investments will occur in the near term and that such changes could materially affect amounts reported in the statement of financial position.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at the estimated fair market value as of the date of donation. Purchases or donations of equipment over \$1,000 are capitalized. Expenditures for repairs and maintenance are charged to expense as incurred. Donated assets with donor stipulations as to specific purpose are reported as restricted contributions until they are placed in the service for which they are restricted. Depreciation of property and equipment is provided on the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings	5 - 20
Equipment	3 - 10
Furniture	5
Land Improvements	10 - 15

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate the related carrying amount may not be recoverable.

Revenue

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Owl's Hill Nature Sanctuary, Inc.
NOTES TO FINANCIAL STATEMENTS
September 30, 2022 and 2021

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue (Continued)

Contributions are recognized when cash or an unconditional promise to give is received. A contribution is conditional if an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets exists. The presence of both a barrier and a right of return or right of release indicates that a recipient is not entitled to the contribution until it has overcome the barrier(s) in the agreement. Conditional promises to give are not recognized until the barrier(s) in the agreement are overcome.

Revenue Recognition For Contracts With Customers

Revenue recognition is subject to the completion of performance obligations. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. The contract transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The Sanctuary's contracts typically have one performance obligation, which is providing nature programs to customers. For these contracts, transaction prices are allocated to the performance obligation based on the estimated standalone selling price of each distinct good or service in the contract.

The primary method used to estimate standalone selling price is the expected cost plus a margin approach, which forecasts the expected costs of satisfying a performance obligation and then add an appropriate margin for that distinct service.

The Sanctuary's performance obligations are satisfied at a point in time, and it is then that revenue is recognized. Upon fulfillment of the performance obligation, the customer is provided an invoice.

Advertising

Advertising is expensed as incurred and is shown on the statement on functional expense.

Contributed Services

Contributions of donated services are recognized if they create or enhance non-financial assets, or the donated service requires specialized skills, was performed by a donor who possesses such skills, and would have been purchased by us if not donated. Such services are recognized at fair value as support and expense in the period the services are performed.

Members of the Board provide substantial assistance to the Sanctuary by donation of time and services. The value of this contribution is not reflected in the financial statements since it is not susceptible to objective measurement or valuation.

Owl's Hill Nature Sanctuary, Inc.
NOTES TO FINANCIAL STATEMENTS
September 30, 2022 and 2021

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Status

The Sanctuary is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC), and is classified as an organization that is not a private foundation as defined in Section 509(a) of the IRC. Therefore, no provision for federal income taxes is included in the accompanying financial statements. Management believes there are no uncertain tax positions for the years ended September 30, 2022 and 2021. The Sanctuary files income tax returns in the U.S. federal jurisdiction. Returns prior to 2019 are closed.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Fair Value of Financial Instruments

The carrying values of current assets and current liabilities approximate fair values due to the short maturities of these instruments.

Concentrations of Credit Risk

At September 30, 2022 and 2021, six vendors made up 100% of accounts payable and two vendors made up 94% of accounts payable, respectively.

At September 30, 2022, one customer made up 100% of accounts receivable \$4,770, and there were no accounts receivable for the year ended September 30, 2021.

Functional Allocation of Expenses

The costs of providing program services and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses and support services that can be identified with a program are allocated directly to their natural expenditure classification. Payroll expenses and training are allocated based on time and effort.

New Accounting Pronouncement

In fiscal year 2022, the Sanctuary adopted Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosure by Not-for Profit Entities for Contributed Nonfinancial Assets*. The guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. Adoption of this standard did not have a significant impact on the financial statements, with the exception of increased disclosure.

Owl's Hill Nature Sanctuary, Inc.
NOTES TO FINANCIAL STATEMENTS
September 30, 2022 and 2021

NOTE 2 — LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure within one year of the statement of financial position, consisted of the following at September 30:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 433,485	\$ 338,741
Certificate of deposit	45,840	45,840
Accounts receivable	<u>4,770</u>	<u>-</u>
	<u>\$ 484,095</u>	<u>\$ 384,581</u>

In the next fiscal year, management plans to receive a similar level of contributions, and considers contributions for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Sanctuary has minimal amounts of liabilities in order to maintain most of its financial assets to be readily available. Liquidity and reserves are managed following three guiding principles: Operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. If analysis of liquid assets reveals inadequate funds for near-term operating needs, there would be an immediate reduction in spending of program and management and general expenditures.

NOTE 3 — PROPERTY AND EQUIPMENT

A summary of property and equipment for years ended September 30, is as follows:

	<u>2022</u>	<u>2021</u>
Land	\$ 1,607,480	\$ 1,607,480
Land improvements	85,511	85,511
Buildings	485,903	485,903
Furniture, fixtures and equipment	<u>119,275</u>	<u>103,010</u>
	2,298,169	2,281,904
Less: accumulated depreciation	<u>(421,775)</u>	<u>(388,326)</u>
	<u>\$ 1,876,394</u>	<u>\$ 1,893,578</u>

Owl's Hill Nature Sanctuary, Inc.
NOTES TO FINANCIAL STATEMENTS
September 30, 2022 and 2021

NOTE 4 — FAIR VALUE MEASUREMENTS

U.S. GAAP provides a framework for measuring fair value. To increase consistency and comparability in fair value measurements, the framework requires fair value to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the primary or most advantageous market for the asset or liability in an orderly transaction between market participants.

The framework uses a three-level valuation hierarchy based on observable and non-observable inputs. Observable inputs consist of data obtained from independent sources. Non-observable inputs reflect industry assumptions. These two types of inputs are used to create the fair value hierarchy, giving preference to observable inputs.

Assets classified as Level 1 have fair values based on unadjusted quoted market prices for identical instruments in active markets. Assets and liabilities classified as Level 2 have fair values based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in inactive markets, and model derived valuations whose inputs are observable. Assets and liabilities classified as Level 3 have fair values based on value drivers that are unobservable.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2022.

Exchange-Traded Funds (ETFs) - Valued at quoted market prices in active markets.

Bonds – The bond is valued based on the current value the bond could be redeemed for based on the Treasury website.

All investments are valued using Level 1 inputs as of September 30, 2022 and 2021. The valuation methodologies used may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes the 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 net investment return for the years ended September 30, includes the following:

	2022	2021
Interest and dividends	\$ 27,527	\$ 26,610
Investment management fees	(10,270)	(10,347)
Realized and unrealized gains and (losses)	(276,182)	191,183
	<u>\$ (258,925)</u>	<u>\$ 207,446</u>

Owl's Hill Nature Sanctuary, Inc.
NOTES TO FINANCIAL STATEMENTS
September 30, 2022 and 2021

NOTE 4 — FAIR VALUE MEASUREMENTS (Continued)

Investments consisted of the following at September 30:

	<u>2022</u>	<u>2021</u>
ETFs	\$ 1,104,313	\$ 1,417,777
Bonds	<u>10,000</u>	<u>-</u>
	<u>\$ 1,114,313</u>	<u>\$ 1,417,777</u>

NOTE 5 — PAYCHECK PROTECTION PROGRAM LOAN

During 2021, the Sanctuary received a loan of \$84,785 under the Paycheck Protection Program ("PPP"). The loan is administered by the Small Business Administration and is fully forgivable if certain conditions are met. On August 26, 2021, the loan was forgiven and the PPP loan forgiveness was recorded as other income on the statement of activities.

According to the rules of the SBA, the Sanctuary is required to retain PPP loan documentation for six years after the date the loan is forgiven or repaid in full. Should the SBA conduct such a review and reject all or some of the Sanctuary's judgements pertaining to satisfying PPP loan eligibility or forgiveness conditions, the Sanctuary may be required to adjust previously reported amounts and disclosures in the financial statements.

NOTE 6 — NET ASSETS

Net assets with donor restrictions were as follows for the years ended September 30:

	<u>2022</u>	<u>2021</u>
Specific Purpose:		
Explore/protect/connect grant	\$ -	\$ 12,586
Vet Tech wages	-	552
Spring floods cleanup	-	830
Explorer packs	<u>-</u>	<u>724</u>
	<u>\$ -</u>	<u>\$ 14,692</u>

The Sanctuary releases net assets with donor restrictions as they incur expenses satisfying restrictions imposed or by occurrence of other events specific by donors or time. All 2021 restricted assets were released during 2022 for the purpose restricted.

Owl's Hill Nature Sanctuary, Inc.
NOTES TO FINANCIAL STATEMENTS
September 30, 2022 and 2021

NOTE 7 — RETIREMENT BENEFITS

The Sanctuary has a SIMPLE IRA plan for eligible employees. Eligible employees can elect to contribute a portion of their compensation, in the form of a salary reduction contribution. Employer matching contributions for each eligible employee who has completed at least one year of service are made in an amount equal to 3% of the employee's eligible compensation. Matching expense for the years ended September 30, 2022 and 2021, was \$4,147 and \$4,420, respectively.

NOTE 8 — CONTRIBUTED NONFINANCIAL ASSETS

The Sanctuary receives contributions of items and services to help carry out the mission. These contributions are recorded as in-kind revenue and expenses in accordance U.S. GAAP in the period received. The following donations are reflected as contribution of nonfinancial assets with no associated donor restriction in the accompanying statement of activities:

		Years ended September 30	
Variable Techniques and Inputs		2022	2021
Banking & professional fees	Contributed banking & professional fees consisted of donated bookkeeping and are valued based on market rates	\$ -	\$ 1,260
Educational programming	Educational programming contributions were valued based on market rates	603	650
Marketing & advertising	Contributed advertising is valued at estimated fair value based on current rates for advertising in similar publishing avenues	-	1,875
Small equipment & maintenance	Small equipment & maintenance were valued at the price of the of the equipment or rates of the maintenance service	2,197	1,837
Fixed asset	Asset was valued at the estimated fair value based on current rates	12,000	-
Special events	Contributed special events revenue is valued at estimated fair value based on current rates for catering services by similar caterers	1,594	300
		<u>\$ 16,394</u>	<u>\$ 5,922</u>

Owl's Hill Nature Sanctuary, Inc.
NOTES TO FINANCIAL STATEMENTS
September 30, 2022 and 2021

NOTE 8 — CONTRIBUTED NONFINANCIAL ASSETS (Continued)

Donated services and materials for the year ended September 30, 2022, consisted of the following:

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Educational programming	\$ 129	\$ 462	\$ 12	\$ 603
Small equipment & maintenance	2,197	-	-	2,197
Special events	-	-	1,594	1,594
	<u>\$ 2,326</u>	<u>\$ 462</u>	<u>\$ 1,606</u>	<u>\$ 4,394</u>

Donated services and materials for the year ended September 30, 2021, consisted of the following:

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Banking & professional fees	\$ 756	\$ 504	\$ -	\$ 1,260
Educational programming	-	650	-	650
Marketing & advertising	1,687	-	188	1,875
Small equipment & maintenance	1,837	-	-	1,837
Special events	-	-	300	300
	<u>\$ 4,280</u>	<u>\$ 1,154</u>	<u>\$ 488</u>	<u>\$ 5,922</u>

During the 2022 fiscal year, the donation of a fixed asset, valued at \$12,000 was capitalized.

Owl's Hill Nature Sanctuary, Inc.
NOTES TO FINANCIAL STATEMENTS
September 30, 2022 and 2021

NOTE 9 — LEASES

The Sanctuary has a lease agreement for office equipment. Rent expense for the years ended September 30, 2022 and 2021, was \$1,318 and \$1,152, respectively.

The following is a schedule of future minimum lease payments:

For the year ending
September 30,

2023	\$	1,087
2024		1,087
2025		<u>815</u>
	\$	<u>2,989</u>

NOTE 10 — SUBSEQUENT EVENTS

The Sanctuary has performed a review of events subsequent to the statement of financial position date through March 6, 2023, the date the financial statements were available to be issued.