

Woodcock Nature Center, Inc.

Financial Statements with Independent Auditor's Report

Years Ended December 31, 2022 and 2021

Woodcock Nature Center, Inc.

Table of Contents

December 31, 2022

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to the Financial Statements	7

Independent Auditor's Report

The Board of Directors
Woodcock Nature Center, Inc.
Wilton, Connecticut

Opinion

We have audited the accompanying financial statements of the Woodcock Nature Center, Inc. (a Connecticut nonprofit corporation), which comprise the statements of financial position as of December 31, 2022 and 2021, 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 Woodcock Nature Center, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in conformity with the accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Woodcock Nature Center, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 these financial statements in accordance with the 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 Woodcock Nature Center, 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 the Woodcock Nature Center, 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 the Woodcock Nature Center, 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.

Nanavaty, Davenport, Studley & White, LLP

June 22, 2023

Woodcock Nature Center, Inc.

Statements of Financial Position

At December 31,

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Assets:		
Cash and cash equivalents	\$ 542,760	\$ 530,670
Gift shop inventory	3,118	400
Prepaid expenses	3,533	-
Buildings and equipment, net	102,551	77,187
Total assets	<u>\$ 651,962</u>	<u>\$ 608,257</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accrued expenses	\$ 214	\$ 5,500
Loan payable	154,383	154,669
Total liabilities	<u>154,597</u>	<u>160,169</u>
Net Assets:		
Without donor restriction	484,000	434,989
With donor restriction	13,365	13,099
Total net assets	<u>497,365</u>	<u>448,088</u>
Total liabilities and net assets	<u>\$ 651,962</u>	<u>\$ 608,257</u>

The accompanying notes are an integral part of these financial statements.

Woodcock Nature Center, Inc.

Statements of Activities

Years Ended December 31,

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Support and Revenues:						
Program revenues	\$ 298,072	\$ -	\$ 298,072	\$ 274,030	\$ -	\$ 274,030
Fundraising revenue	175,028	-	175,028	151,583	-	151,583
Contributions	139,258	2,207	141,465	112,904	1,500	114,404
In-kind donation of professional services	85,783	-	85,783	94,110	-	94,110
Other income	21,520	-	21,520	-	-	-
Paycheck Protection Program grant	-	-	-	94,000	-	94,000
Grant revenues	5,500	28,750	34,250	16,000	19,000	35,000
Investment return, net	1,144	-	1,144	395	-	395
Total operating support and revenues	<u>726,305</u>	<u>30,957</u>	<u>757,262</u>	<u>743,022</u>	<u>20,500</u>	<u>763,522</u>
Net assets released from donor restrictions	<u>30,691</u>	<u>(30,691)</u>	<u>-</u>	<u>23,652</u>	<u>(23,652)</u>	<u>-</u>
Operating Expenses:						
Program services	409,677	-	409,677	325,493	-	325,493
Supporting services:						
Management and general	204,340	-	204,340	192,488	-	192,488
Fundraising	93,968	-	93,968	84,351	-	84,351
Total operating expenses	<u>707,985</u>	<u>-</u>	<u>707,985</u>	<u>602,332</u>	<u>-</u>	<u>602,332</u>
Change in net assets	49,011	266	49,277	164,342	(3,152)	161,190
Net assets at the beginning of the year	434,989	13,099	448,088	270,647	16,251	286,898
Net assets at the end of the year	<u>\$ 484,000</u>	<u>\$ 13,365</u>	<u>\$ 497,365</u>	<u>\$ 434,989</u>	<u>\$ 13,099</u>	<u>\$ 448,088</u>

The accompanying notes are an integral part of these financial statements.

Woodcock Nature Center, Inc.

Statements of Functional Expenses

Years Ended December 31,

	2022				2021			
	Program Services	Supporting Services		Total	Program Services	Supporting Services		Total
		Management & General	Fundraising			Management & General	Fundraising	
Salary and wages	\$ 244,697	\$ 66,513	\$ 42,912	\$ 354,122	\$ 196,168	\$ 61,958	\$ 39,421	\$ 297,547
In kind legal services	-	85,783	-	85,783	-	94,110	-	94,110
Supplies	17,219	12,840	24,935	54,994	14,756	9,587	20,010	44,353
Payroll taxes	20,839	5,664	3,654	30,157	16,696	5,273	3,355	25,324
Maintenance and repairs	24,848	-	-	24,848	24,392	-	-	24,392
Program materials	20,670	-	-	20,670	7,871	-	-	7,871
Insurance	12,811	3,482	2,247	18,540	8,666	2,737	1,741	13,144
Depreciation	12,721	3,458	2,231	18,410	9,384	2,964	1,886	14,234
Utilities	11,150	3,031	1,955	16,136	8,081	2,552	1,624	12,257
Fundraising expenses	-	-	15,362	15,362	-	-	15,084	15,084
Merchant bank fees	15,257	-	-	15,257	14,194	-	-	14,194
Marketing and promotion	14,731	-	-	14,731	800	-	-	800
Professional fees	-	11,925	-	11,925	-	4,627	-	4,627
Employee benefits	5,041	4,018	629	9,688	8,266	5,552	903	14,721
Dues and subscriptions	9,448	-	-	9,448	8,126	-	-	8,126
Office expense	-	7,559	-	7,559	-	2,614	-	2,614
Interest expense	245	67	43	355	1,626	514	327	2,467
COVID-19 expenses	-	-	-	-	6,467	-	-	6,467
Total expenses	<u>\$ 409,677</u>	<u>\$ 204,340</u>	<u>\$ 93,968</u>	<u>\$ 707,985</u>	<u>\$ 325,493</u>	<u>\$ 192,488</u>	<u>\$ 84,351</u>	<u>\$ 602,332</u>

The accompanying notes are an integral part of these financial statements.

Woodcock Nature Center, Inc.

Statements of Cash Flows

Years Ended December 31,

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ 49,277	\$ 161,190
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	18,410	14,234
Changes in assets and liabilities:		
Increase in gift shop inventory	(2,718)	-
Increase in prepaid expenses	(3,533)	-
(Decrease) increase in accrued expenses	(5,286)	5,500
Net cash provided by operating activities	<u>56,150</u>	<u>180,924</u>
Cash flows from investing activities:		
Cash paid for acquisition of equipment	(43,774)	(28,236)
Net cash used in investing activities	<u>(43,774)</u>	<u>(28,236)</u>
Cash flows from financing activities:		
Principal payments on SBA loan payable	(286)	(865)
Increase in SBA loan payable for accrued interest	-	5,634
Net cash (used in) provided by financing activities	<u>(286)</u>	<u>4,769</u>
Net increase in cash and cash equivalents	12,090	157,457
Cash and cash equivalents at beginning of year	<u>530,670</u>	<u>373,213</u>
Cash and cash equivalents at end of year	<u>\$ 542,760</u>	<u>\$ 530,670</u>

The accompanying notes are an integral part of these financial statements.

Woodcock Nature Center, Inc.

Notes to the Financial Statements

NOTE 1 - Organization

The Woodcock Nature Center, Inc. (the “Nature Center”) was founded as a nonprofit organization incorporated in the State of Connecticut on February 14, 1972. The Nature Center is located in Wilton, Connecticut and is situated on 152.45 acres of state-protected land with three miles of trails traversing a mixture of habitats, including woods with stands of maple, beech, oak and hickory trees, a pond, and wetlands. The Nature Center owns and is responsible for all building structures on the property. The Nature Center houses local and exotic snakes, frogs, and lizards, as well as a few rehabilitated birds of prey that were too injured to be released back into the wild. The Nature Center offers summer camp, after school, and other programs for children and school groups. The major sources of revenue are donations, grants, and fundraising. The major sources of expenses are program expenses, salaries, and fundraising expenses.

NOTE 2 - Summary of Significant Accounting Policies

Basis of Accounting and Presentation - The financial statements of the Nature Center have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The organization is required to report information regarding its financial position according to the classes of net assets: net assets without restrictions and net assets with restrictions.

As a nonprofit corporation, the organization’s net assets are classified as net assets without donor restrictions and net assets with donor restrictions based upon the existence or absence of donor-imposed restrictions limiting the use of the contributed assets as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions. These resources may be designated at the discretion of the Board of Directors. Beginning in 2023 the Board of Directors has designated all surpluses generated from net assets without donor restrictions for future capital planning and expenditures.

Net Assets With Donor Restrictions - Net assets subject to the following donor-imposed stipulations. Some donor restrictions are temporary in nature and either expire with the passage of time or can be fulfilled by the actions of the Nature Center pursuant to those stipulations. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor restricted net assets are reclassified to net assets without donor restrictions.

Use of Estimates - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Cash Equivalents - Cash equivalents are defined as highly liquid investments with original maturities of 90 days or less.

Revenue Recognition - Contributions are recognized when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest; is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the condition on which they depend has been met. Contributions receivable that are expected to be collected in more than one year are discounted to their present value.

Woodcock Nature Center, Inc.

Notes to the Financial Statements (continued)

NOTE 2 - Summary of Significant Accounting Policies (continued)

The Nature Center reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit their use. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with restrictions are reclassified to net assets released from restrictions.

The organization records special events revenue equal to the fair value of direct benefits to donors and contribution income for the excess received when the event takes place.

Contributed services are recognized in the financial statements if they enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. General volunteer services do not meet these criteria for recognition.

Donated Facilities and Services - The Nature Center's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the organization. If an asset is provided that does not allow the organization to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

Fixed Assets and Depreciation - Additions and betterments with a cost greater than \$1,000 and with a useful life greater than 1 year are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed. Equipment is carried at cost. Donated equipment is capitalized at fair value at the time of receipt. Depreciation is computed on the straight-line method over the estimated useful lives of 5 years or greater. When assets are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income for the period.

Income Taxes - The Nature Center is a nonprofit organization and is exempt from federal and state income taxes as a public charity under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The organization recognizes the benefits of income tax positions only if those positions are more likely than not of being sustained. The Nature Center is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes that it is no longer subject to income tax examinations for years prior to 2019.

Cost Allocation - The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The Nature Center allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Expenses that are common to several functions have been allocated based on management's estimate of the actual activities of the organization.

Subsequent Events - In preparing these financial statements, management has evaluated subsequent events through June 22, 2023, which represents the date the financial statements were available to be issued.

Woodcock Nature Center, Inc.

Notes to the Financial Statements (continued)

NOTE 3 - Liquidity and Availability of Financial Assets

The following reflects the Nature Center's financial assets reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one-year of the balance sheet date.

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 542,760	\$ 530,670
Gift shop inventory	3,118	400
Prepaid expenses	3,533	-
Financial assets at year-end	<u>549,411</u>	<u>531,070</u>
Less amounts unavailable for general expenditures:		
- net assets with donor restrictions	<u>(13,365)</u>	<u>(13,099)</u>
Financial assets available to management for general expenditures within one year	<u><u>\$ 536,046</u></u>	<u><u>\$ 517,971</u></u>

Liquidity Management

The Nature Center maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition to financial assets available to meet general expenditures over the next 12 months, the Nature Center anticipates sufficient revenue to cover general expenditures.

NOTE 4 - Significant Concentrations of Credit Risk

The Nature Center maintains bank accounts at a local financial institution, which is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times, during the year the balance in these accounts may exceed the federally insured limit. The Nature Center has never experienced any losses on such accounts. The organization also uses an account with an online licensed money transmitter, which is not insured by the FDIC.

Credit risk for contribution revenues and accounts receivable is concentrated as well because substantially all the balances are from organizations or individuals located within the same geographic region.

Woodcock Nature Center, Inc.

Notes to the Financial Statements (continued)

NOTE 5 - Buildings and Equipment

Buildings and equipment consist of the following as of December 31:

	2022	2021
Buildings, land improvements and other	\$ 291,194	\$ 254,093
Technology equipment	4,516	3,141
Subtotal	295,710	257,234
Accumulated Depreciation	(193,159)	(180,047)
Buildings and equipment, net	\$ 102,551	\$ 77,187

Depreciation expense amounted to \$18,410 in 2022 and \$14,234 in 2021.

NOTE 6 - SBA Loan

The Nature Center was approved for a loan from the Small Business Association (“SBA”) in the amount of \$150,000 on June 11, 2020. All of the proceeds are required to be used solely as working capital to alleviate economic injury occurring in the month of January 31, 2020 and continuing thereafter caused by COVID-19. The loan is to be repaid in 360 monthly installments of \$641 beginning twelve months from the date of the promissory note of June 11, 2020. Interest will accrue at the rate of 2.75% per annum and will accrue on funds advanced. The SBA has extended the repayment period to begin on December 11, 2022. The current balance including accrued interest at December 31, 2022 is \$154,383.

Maturities of long-term debt in each of the next five years and thereafter, as of December 31, 2022 are as follows:

2023	\$ 3,490
2024	\$ 3,587
2025	\$ 3,687
2026	\$ 3,790
2027	\$ 3,896
Thereafter	\$ 135,933

Woodcock Nature Center, Inc.

Notes to the Financial Statements (continued)

NOTE 7 - Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes:

	<u>2022</u>	<u>2021</u>
Purpose restricted:		
Projects	\$ 1,197	\$ 3,500
Computer equipment	588	-
Programs	2,562	7,083
Scholarships	5,513	1,033
Playground use	3,505	1,483
	<u>\$ 13,365</u>	<u>\$ 13,099</u>

During the years ended December 31, 2022 and 2021, \$30,691 and \$23,652 respectively, were released from net assets with donor restrictions and used for various programs and capital projects at the Nature Center.

NOTE 8 - In-Kind Contributions

The Nature Center has received donated professional services for legal services relating to corporate governance, data retention policy, trademarks and property matters valued at \$85,783 and \$94,110 in 2022 and 2021, respectively. These amounts have been recognized in the statement of activities as in-kind contributions of services and in the statement of functional expenses as legal services.

NOTE 9 - Lease Activity

Effective January 1, 2022, the Nature Center adopted FASB ASU 2016-02 *Leases (Topic 842)*. The Nature Center determines if an arrangement contains a lease at inception based on whether they have the right to control the asset during the contract period and other facts and circumstances. The Nature Center has leases for land that were in effect prior to January 1, 2022 as follows:

The Nature Center has entered into an agreement with the State of Connecticut to use approximately 152.45 acres of land in Wilton and Ridgefield for the Nature Center's operations. The agreement was made on February 13, 1992 for \$1 and contains certain provisions and covenants for both parties to continue the use of the property. The Nature Center owns and is responsible for all building structures on the property. The lease has ended, and the Nature Center is currently negotiating an extension of the terms. See NOTE 11 regarding the status of the extension.

The Nature Center has concluded that the impact of adopting ASU 2016-02 *Leases (Topic 842)* for these leases is not material to its financial position, operations, and cash flows. Therefore, the adoption of ASU 2016-02 *Leases (Topic 842)* resulted in no change to its financial statements as of January 1, 2022.

Woodcock Nature Center, Inc.

Notes to the Financial Statements (continued)

NOTE 10 - Paycheck Protection Program Grant

In March 2020, the federal government passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act which provided loan funds to small businesses to maintain payroll, health benefits and certain other overhead expenses. In February 2021, the Nature Center received \$94,000 of Payroll Protection Program funds under the CARES Act. Forgiveness of this loan was received on November 2, 2021. The organization has recorded the funds received in the statement of activities as it has complied with the required use of the funds and believes that no right of repayment exists.

NOTE 11 - Subsequent Event

In May 2023, the Nature Center negotiated a lease agreement with the State of Connecticut for the 152.45 acres of land that is currently occupied for its operations. The term of the lease is for 30 years commencing on the date that the agreement is approved and signed by the State of Connecticut Attorney General. At this time the Nature Center will make a one-time payment of \$1,000 to the State of Connecticut as consideration for the use of the land. The Nature Center must use the land as outlined in the lease agreement. Violation of the provisions of the lease agreement is cause for termination.