

# **Hawk Mountain Sanctuary Association**

Financial Statements

March 31, 2024 and 2023

# Hawk Mountain Sanctuary Association

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## Independent Auditors' Report

To the Board of Directors of  
Hawk Mountain Sanctuary Association

### Opinion

We have audited the financial statements of Hawk Mountain Sanctuary Association, a not-for-profit organization, which comprise the statements of financial position as of March 31, 2024 and 2023, and the related statements of activities, changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Hawk Mountain Sanctuary Association as of March 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hawk Mountain Sanctuary Association 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 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 Hawk Mountain Sanctuary Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' 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 auditors' 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 GAAS 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 GAAS, 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 Hawk Mountain Sanctuary Association'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 Hawk Mountain Sanctuary Association'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.

*Baker Tilly US, LLP*

Allentown, Pennsylvania  
July 3, 2024

# Hawk Mountain Sanctuary Association

## Statements of Financial Position

March 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,222,678	\$ 1,489,273
Inventories	112,991	118,976
Other current assets	97,566	124,264
Total current assets	<u>1,433,235</u>	<u>1,732,513</u>
<b>Noncurrent Assets</b>		
Investments	17,527,021	15,940,232
Land, buildings and equipment, net	6,358,799	6,564,842
Cash restricted and designated for Capital Campaign	2,058,923	76,448
Cash restricted and designated for land acquisition	876,884	267,849
Contributions receivable for Capital Campaign, net	907,593	-
Total noncurrent assets	<u>27,729,220</u>	<u>22,849,371</u>
Total assets	<u>\$ 29,162,455</u>	<u>\$ 24,581,884</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 37,486	\$ 26,854
Deferred revenue, grants	118,150	102,131
Deferred revenue, membership	304,000	272,000
Other current liabilities	22,755	38,184
Total liabilities	<u>482,391</u>	<u>439,169</u>
<b>Net Assets</b>		
Without donor restrictions:		
Operating	6,577,658	6,816,486
Designated by Board of Directors	7,003,709	5,731,814
Total net assets without donor restrictions	<u>13,581,367</u>	<u>12,548,300</u>
With donor restrictions	<u>15,098,697</u>	<u>11,594,415</u>
Total net assets	<u>28,680,064</u>	<u>24,142,715</u>
Total liabilities and net assets	<u>\$ 29,162,455</u>	<u>\$ 24,581,884</u>

See notes to financial statements

## Hawk Mountain Sanctuary Association

### Statements of Activities

Years Ended March 31, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Gains</b>						
Membership dues	\$ 395,585	\$ -	\$ 395,585	\$ 504,112	\$ -	\$ 504,112
Admission charges	301,386	-	301,386	313,389	-	313,389
Bookstore sales, less cost of sales \$118,836 in 2024 and \$132,861 in 2023	107,565	-	107,565	110,959	-	110,959
Fees and other income	503,739	-	503,739	363,348	-	363,348
Other grants	134,324	-	134,324	78,568	-	78,568
Contributions	1,295,697	2,609,484	3,905,181	1,109,171	351,664	1,460,835
Investment return designated for current operations	168,620	504,664	673,284	128,650	481,794	610,444
Investment return, greater than (less than) amounts designated for current operations, less fees of \$40,696 in 2024 and \$36,564 in 2023	635,080	1,197,260	1,832,340	(390,345)	(1,319,564)	(1,709,909)
<b>Total revenue and gains</b>	<b>3,541,996</b>	<b>4,311,408</b>	<b>7,853,404</b>	<b>2,217,852</b>	<b>(486,106)</b>	<b>1,731,746</b>
<b>Net Assets Released From Restrictions</b>						
Program services	791,275	(791,275)	-	993,819	(993,819)	-
Fundraising expenses	3,710	(3,710)	-	12,629	(12,629)	-
Capital projects	12,141	(12,141)	-	8,610	(8,610)	-
<b>Total net assets released from restrictions</b>	<b>807,126</b>	<b>(807,126)</b>	<b>-</b>	<b>1,015,058</b>	<b>(1,015,058)</b>	<b>-</b>
<b>Total revenue and gains, net of net assets released from restrictions</b>	<b>4,349,122</b>	<b>3,504,282</b>	<b>7,853,404</b>	<b>3,232,910</b>	<b>(1,501,164)</b>	<b>1,731,746</b>
<b>Expenses</b>						
Program services:						
Education	555,681	-	555,681	560,123	-	560,123
Conservation science	1,025,079	-	1,025,079	1,157,873	-	1,157,873
Communications	202,203	-	202,203	187,738	-	187,738
Operations	719,218	-	719,218	653,696	-	653,696
Bookstore	215,286	-	215,286	206,044	-	206,044
Supporting services:						
Administration	151,719	-	151,719	180,431	-	180,431
Fundraising	268,121	-	268,121	266,433	-	266,433
Membership	178,748	-	178,748	177,622	-	177,622
<b>Total expenses</b>	<b>3,316,055</b>	<b>-</b>	<b>3,316,055</b>	<b>3,389,960</b>	<b>-</b>	<b>3,389,960</b>
<b>Increase (decrease) in net assets</b>	<b>\$ 1,033,067</b>	<b>\$ 3,504,282</b>	<b>\$ 4,537,349</b>	<b>\$ (157,050)</b>	<b>\$ (1,501,164)</b>	<b>\$ (1,658,214)</b>

See notes to financial statements

## Hawk Mountain Sanctuary Association

Statements of Changes in Net Assets  
Years Ended March 31, 2024 and 2023

	<b>Net Assets Without Donor Restrictions</b>	<b>Net Assets With Donor Restrictions</b>	<b>Total</b>
<b>Net Assets, April 1, 2022</b>	\$ 12,705,350	\$ 13,095,579	\$ 25,800,929
Decrease in net assets	<u>(157,050)</u>	<u>(1,501,164)</u>	<u>(1,658,214)</u>
<b>Net Assets, March 31, 2023</b>	12,548,300	11,594,415	24,142,715
Increase in net assets	<u>1,033,067</u>	<u>3,504,282</u>	<u>4,537,349</u>
<b>Net Assets, March 31, 2024</b>	<u>\$ 13,581,367</u>	<u>\$ 15,098,697</u>	<u>\$ 28,680,064</u>

See notes to financial statements

# Hawk Mountain Sanctuary Association

## Statements of Cash Flows

Years Ended March 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>Cash Flows From Operating Activities</b>		
Increase (decrease) in net assets	\$ 4,537,349	\$ (1,658,214)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	263,581	268,299
Net realized gains on investments	(944,841)	(124,107)
Net unrealized (gains) losses on investments	(1,067,439)	1,628,568
Contributions restricted for endowment	(159,870)	(9,500)
Contributions restricted for Capital Campaign	(1,722,271)	(38,122)
Contributions restricted for land acquisition	(437,623)	-
(Increase) decrease in operating assets:		
Inventories	5,985	(27,287)
Other current assets	26,698	(53,453)
Increase (decrease) in operating liabilities:		
Accounts payable	10,632	23,607
Deferred revenue, grants	16,019	69,924
Deferred revenue, membership	32,000	(67,000)
Other current liabilities	(15,429)	(36,577)
Net cash provided by (used in) operating activities	<u>544,791</u>	<u>(23,862)</u>
<b>Cash Flows From Investing Activities</b>		
Purchase and construction of buildings and equipment	(57,538)	(10,517)
Proceeds from sale of investments	2,287,583	931,430
Purchase of investments	(1,862,092)	(1,559,139)
Net cash provided by (used in) investing activities	<u>367,953</u>	<u>(638,226)</u>
<b>Cash Flows From Financing Activities</b>		
Proceeds from contributions restricted for land acquisition	437,623	-
Proceeds from contributions restricted for endowment	159,870	9,500
Proceeds from Capital Campaign pledges	814,678	38,122
Net cash provided by financing activities	<u>1,412,171</u>	<u>47,622</u>
Net increase (decrease) in cash, cash equivalents and restricted cash and cash equivalents	2,324,915	(614,466)
<b>Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning</b>	<u>1,833,570</u>	<u>2,448,036</u>
<b>Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Ending</b>	<u>\$ 4,158,485</u>	<u>\$ 1,833,570</u>

See notes to financial statements



# Hawk Mountain Sanctuary Association

Notes to Financial Statements

March 31, 2024 and 2023

## 1. Nature of Activities

Hawk Mountain Sanctuary Association (the Association) was created by Rosalie Edge in 1934 and incorporated in Pennsylvania on May 2, 1938 as a nonprofit. The Association is the world's first sanctuary for birds of prey. Its primary activities are to establish and maintain preserves for the conservation and protection of wildlife, and to provide a means of educating the public in matters concerning wildlife. The Association is a nonprofit entity as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from federal income taxes on related income pursuant to Section 509(a) of the IRC. The Association is supported primarily through membership dues, grants, admission charges and contributions.

## 2. Significant Accounting Policies

### Basis of Presentation

Financial statement presentation follows the requirements of Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*. This accounting standard requires the Association to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

**Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions. All revenue not restricted by donors and donor restricted contributions whose restrictions are met in the same period in which they are received are accounted for in net assets without donor restrictions. The Board of Directors (the Board) may choose to designate certain net assets without donor restrictions.

**Net Assets With Donor Restrictions** - Net assets subject to donor-imposed restrictions. 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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. All revenues restricted by donors as to either timing or purpose of the related expenditures or required to be maintained in perpetuity as a source of investment income are accounted for in net assets with donor restrictions. When a donor 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.

### Cash and Cash Equivalents

For the purpose of reporting the statements of cash flows, the Association considers highly liquid money market funds available for operations to be cash equivalents. The Association places its cash in high credit quality institutions. The following table provides a reconciliation of cash, cash equivalents and restricted cash and cash equivalents reported within the statements of financial position that sum to the total of the same such amounts showing in the statements of cash flows.

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 1,222,678	\$ 1,489,273
Cash restricted and designated for Capital Campaign	2,058,923	76,448
Cash restricted and designated for land acquisition	876,884	267,849
	<u>4,158,485</u>	<u>1,833,570</u>
Total cash, cash equivalents, and restricted cash and cash equivalents	<u>\$ 4,158,485</u>	<u>\$ 1,833,570</u>

# Hawk Mountain Sanctuary Association

Notes to Financial Statements

March 31, 2024 and 2023

## Inventories

Inventories of materials held for sale are stated at the lower of cost (first-in, first-out method) or net realizable value.

## Investments and Investment Risk

The Association carries investments in marketable equity securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Investment gains and losses are reported in the statements of activities as increases and decreases in net assets without donor restrictions unless restricted in accordance with donor stipulations.

Investments are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment assets reported in the financial statements.

## Property and Equipment

It is the Association's policy to capitalize land, buildings and equipment additions costing over \$1,000. Lesser amounts are expensed. Purchased land, buildings and equipment is capitalized at cost. Donations of land, buildings and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire land, buildings and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Association reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Depreciation and amortization is computed by the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	5-50
Land improvements	20
Equipment	5-10
Vehicles	5
Software	5

Maintenance and repairs of land, buildings and equipment are charged to operations and major improvements are capitalized. Upon retirement, sale or other disposition of land, buildings and equipment, the cost and accumulated depreciation and amortization are eliminated from the accounts and gain or loss is included in income.

## Impairment of Long-Lived Assets

Management reviews the carrying value of long-lived assets on an ongoing basis. When factors indicate that a long-lived asset may be impaired, management uses an estimate of the undiscounted future cash flows over the remaining life of the asset in measuring whether the long-lived asset is recoverable. If such an analysis indicates that impairment has in fact occurred, the book value of the long-lived asset is written down to its fair value, which it estimates using discounted cash flows. There was no impairment recorded in 2024 or 2023.

# Hawk Mountain Sanctuary Association

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Notes to Financial Statements  
March 31, 2024 and 2023

## Contributed Services

A substantial number of unpaid volunteers have made significant contributions of their time to the Association's programs. In accordance with ASC Topic 958-605-50-1B, *Not-for-Profit Entities*, the Association has not recorded the value of the contributed time in the accompanying financial statements.

## Contributed Support and Contributions Receivable

Gifts of cash and other assets are presented as restricted support if they are received with donor stipulations that limit the use of the donated assets.

Contributions receivable are recorded at fair value as revenue on the date the promise to give is irrevocable. Depending on the existence and nature of any donor restrictions, donations are reflected as increases in net assets with or without donor restrictions. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at their net present value of estimated future cash flows. The discount is computed using an interest rate commensurate with the individual donor's ability to satisfy the obligations and current market rates.

The Association estimates the fair value of donations that are expected to be collected after one year using present value techniques and market interest rates in effect on the date of the donation and a related discount is recorded. Discount amortization is included in contribution revenue as the associated pledges reach maturity. Allowances for uncollectible contributions receivable are established based on historical collection rates and specific identification of uncollectible accounts. The fair value of donations that are expected to be collected within one year is estimated at net realizable value.

## Revenue Recognition

### Membership Dues

The Association recognizes revenue ratably over the membership period. Any portion of the membership fee for future benefits is classified as a contract liability, deferred revenue, membership on the statements of financial position. Prices for membership vary based on the level of membership and the benefits associated with each level. Due to the timeframe of which membership dues are earned, all contract liabilities are earned in the subsequent year.

### Admission Charges

The Association recognizes revenue from admissions charges when a customer purchases a trail pass. The price for a trail pass varies based on time of year and age of the customer.

### Bookstore Sales

The Association recognizes revenue from bookstore sales at the time of sale. The bookstore includes items for purchase such as clothing, books, toys and snacks. The price varies based on the item purchased.

# Hawk Mountain Sanctuary Association

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Notes to Financial Statements  
March 31, 2024 and 2023

## Fees and Other Income

Fees and other income mainly include revenues from programs hosted by the Association and income from the sale of carbon credits. Programs are held throughout the year and can vary from a wide audience with corporate sponsorships to small training events with minimal charges for participation. Revenue from these programs is recognized at the time of the corresponding program is concluded. Any payments received in advance for future programs are classified as deferred revenue on the statements of financial position. There was no deferred fees or other income as of March 31, 2024 and 2023.

The Association owns 2,400 acres of forest that is under a conservation easement which is sequestering carbon. These carbon credits are sold on a private market in which buyers are mostly corporations seeking to improve their public stature by offsetting their business's production of carbon. Credits are marketed and sold to the highest bidder. Price per credit can vary. Revenue from the sale of carbon credits is recognized when the sale occurs.

## Grants

Grants are deemed to be nonexchange (nonreciprocal) transactions and fall under the contribution accounting guidance. Under this guidance, revenue related to conditional grants and contracts is recorded when the conditions are met. Most grants are on a cost reimbursement basis and require the Association to incur eligible expenses prior to the release of funds. The Association reports these grants as changes in net assets without donor restrictions when restrictions are met in the same period. Unexpended amounts received but not yet earned are reported as deferred revenue, grants.

The Association applies the practical expedient as allowed for within the accounting standards and, therefore, does not disclose information about remaining performance obligation that have original expected durations of one year or less. All remaining performance obligations will be satisfied in connection with completion of the year ending March 31, 2024.

The Association has disaggregated its various revenue streams on the statements of activities.

## Income Taxes

The Association is exempt from taxes on income pursuant to Section 501(c)(3) of IRC. Consequently, the statements of the Association do not reflect any provision for taxes on income.

The Association accounts for uncertainty in income taxes using a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold is met. Management has determined that there were no tax uncertainties that met the recognition threshold as of March 31, 2024 and 2023.

## Advertising and Promotion

The Association expenses advertising and promotion cost as incurred. Total advertising and promotion cost for the years ended March 31, 2024 and 2023 was \$15,846 and \$37,284, respectively.

## Concentrations of Credit and Other Risks

Financial instruments which potentially expose the Association to concentrations of credit risk consist primarily of cash and investments. The investments are not insured. Also, at various times during the years, the Association had cash balances in a deposit account with financial institutions in excess of the federally-insured limit. The Association had \$4,088,538 and \$1,608,815 of deposits in excess of federally insured limits as of March 31, 2024 and 2023, respectively.

# Hawk Mountain Sanctuary Association

Notes to Financial Statements

March 31, 2024 and 2023

## Use of Estimates

The preparation of 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant estimates affecting the financial statements are the fair value of investments and the useful lives of building and equipment. Actual results could differ from those estimates.

## Subsequent Events

The Association has evaluated events and transactions occurring subsequent to the statement of financial position date of July 3, 2024 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through July 3, 2024, the date these financial statements were available to be issued. All necessary matters identified through this evaluation are properly reflected in these financial statements.

## 3. Contributions Receivable

Pledges with donor restrictions are primarily restricted by donors for property and equipment purposes related to a capital campaign and are generally due within the next five years. Pledges are discounted to their estimated fair value at a rate of 5.06%.

Future expected payments of contributions receivable at March 31, 2024 are as follows:

	<u>2024</u>
Less than one year	\$ 247,500
One to five years	<u>727,500</u>
Total due	975,000
Less discount on pledges	<u>(67,407)</u>
Contributions receivable, net	<u>\$ 907,593</u>

There were no contributions receivable outstanding at March 31, 2023.

## 4. Investments

Long-term investments consist of the following at March 31:

	<u>2024</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Net Unrealized Appreciation (Depreciation)</u>
Mutual funds:			
Equity funds	\$ 7,762,171	\$ 11,817,349	\$ 4,055,178
Bond funds	6,385,278	<u>5,709,672</u>	<u>(675,606)</u>
	<u>\$ 14,147,449</u>	<u>\$ 17,527,021</u>	<u>\$ 3,379,572</u>

## Hawk Mountain Sanctuary Association

Notes to Financial Statements

March 31, 2024 and 2023

	<b>2023</b>		
	<b>Cost</b>	<b>Fair Value</b>	<b>Net Unrealized Appreciation (Depreciation)</b>
Mutual funds:			
Equity funds	\$ 7,451,794	\$ 10,464,924	\$ 3,013,130
Bond funds	6,176,305	5,475,308	(700,997)
	<u>\$ 13,628,099</u>	<u>\$ 15,940,232</u>	<u>\$ 2,312,133</u>

The following schedule summarizes the investment return, net and its classifications in the statements of activities for the years ended March 31:

	<b>2024</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Investment income, less fees	\$ 181,759	\$ 311,585	\$ 493,344
Net realized gains	155,482	789,359	944,841
Net unrealized gains	466,459	600,980	1,067,439
Total investment return, net	<u>\$ 803,700</u>	<u>\$ 1,701,924</u>	<u>\$ 2,505,624</u>

	<b>2023</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Investment income, less fees	\$ 122,008	\$ 282,988	\$ 404,996
Net realized gains	7,360	116,747	124,107
Net unrealized losses	(391,063)	(1,237,505)	(1,628,568)
Total investment return, net	<u>\$ (261,695)</u>	<u>\$ (837,770)</u>	<u>\$ (1,099,465)</u>

The Board designates only a portion of the Association's cumulative investment return of the funds Designated for Endowment and Endowment Funds for support of current operations. Under the Association's spending policy, 5% of its five-year moving average value of investments with certain exceptions is available to support current operations. The calculation of investment return less than amounts designated for current operations is as follows:

	<b>2024</b>	<b>2023</b>
Investment return, net	\$ 2,505,624	\$ (1,099,465)
Amounts designated for current operations	<u>(673,284)</u>	<u>(610,444)</u>
Investment return, greater than (less than) amounts designated for current operations	<u>\$ 1,832,340</u>	<u>\$ (1,709,909)</u>

## Hawk Mountain Sanctuary Association

Notes to Financial Statements  
March 31, 2024 and 2023

### 5. Liquidity and Availability

The following table reflects the Association's financial assets available for general expenditure within one year at March 31, 2024 and 2023. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

	<u>2024</u>	<u>2023</u>
Financial assets:		
Cash and cash equivalents	\$ 1,222,678	\$ 1,489,273
Donor restricted amounts designated for current operations	734,500	667,886
	<u>\$ 1,957,178</u>	<u>\$ 2,157,159</u>

The Association has certain donor restricted assets limited to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the quantitative information above. The Association has other assets limited to use by donor restriction of board designation for certain endowments. The board designated assets limited to use, which are more fully described in Note 10 are not available for general expenditure within the next year without prior board approval and are not reflected in the amounts above. However, the board designated amounts could be made available, if necessary. Any of the donor restricted endowments are not available for current operations and are not included in the table above.

As part of the Association'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. The Association invests cash in excess of daily requirements in short-term investments. To assist management satisfy any unanticipated liquidity needs, the Association has a \$100,000 line of credit with a bank that can be drawn upon (Note 7). The amount remaining which is available for the Association to draw upon was \$100,000 at March 31, 2024.

### 6. Property and Equipment

A summary of property and equipment at March 31 is as follows:

	<u>2024</u>	<u>2023</u>
Land	\$ 2,622,399	\$ 2,622,399
Buildings and improvements	7,041,613	7,032,148
Equipment	1,327,477	1,317,317
Vehicles	301,727	301,727
Software	196,754	176,679
Land improvements	1,005,483	999,781
Construction in progress	39,709	27,573
	12,535,162	12,477,624
Accumulated depreciation and amortization	<u>(6,176,363)</u>	<u>(5,912,782)</u>
	<u>\$ 6,358,799</u>	<u>\$ 6,564,842</u>

Depreciation and amortization expense amounted to \$263,581 and \$268,299 during the years ended March 31, 2024 and 2023, respectively.

# Hawk Mountain Sanctuary Association

Notes to Financial Statements

March 31, 2024 and 2023

## 7. Line of Credit

The Association has a \$100,000 line of credit available with M&T Bank (Bank). This line of credit is unsecured and incurs interest at the Bank's prime rate plus 1.0% (9.50% at March 31, 2024). There were no borrowings on this line of credit at March 31, 2024 and 2023. This line of credit is renewable annually by the Bank upon receipt of the Association's financial statements. Management expects this line of credit to remain in effect without any interruption to the Association's operations.

## 8. Employee Benefits

### Retirement Plans

The Association has a defined contribution retirement plan and a tax deferred annuity plan covering employees who have completed one year of service. Contributions to these plans totaled \$22,360 and \$22,252 for the years ended March 31, 2024 and 2023, respectively.

## 9. Net Assets

The Board has designated net assets without donor restrictions at March 31 as follows:

	<u>2024</u>	<u>2023</u>
Designated for endowment:		
General	\$ 4,971,391	\$ 4,936,665
Graduate Assistant Program	172,225	155,897
Trainee Program	200,000	200,000
Education Endowment	<u>503,262</u>	<u>439,252</u>
Total net assets designated for endowment	5,846,878	5,731,814
Designated for capital campaign	<u>1,156,831</u>	<u>-</u>
Total net assets without donor restrictions, designated by the Board	<u>\$ 7,003,709</u>	<u>\$ 5,731,814</u>

Net assets with donor restrictions consist of the following at March 31:

	<u>2024</u>	<u>2023</u>
Restricted for current operations	\$ 558,178	\$ 581,112
Restricted for property and equipment	2,513,803	343,717
Endowment	<u>12,026,716</u>	<u>10,669,586</u>
Net assets with donor restrictions	<u>\$ 15,098,697</u>	<u>\$ 11,594,415</u>



# Hawk Mountain Sanctuary Association

Notes to Financial Statements

March 31, 2024 and 2023

Net assets during the years ended March 31, 2024 and 2023 were released from donor restrictions by satisfying the restricted purpose specified by the donors for the following programs:

	<u>2024</u>	<u>2023</u>
Education	\$ 247,958	\$ 404,082
Operations	112,449	94,102
Research	430,868	495,635
Fundraising	3,710	12,629
Capital projects	12,141	8,610
	<u>\$ 807,126</u>	<u>\$ 1,015,058</u>

## 10. Endowment

The Association's endowments consist of several funds established for a variety of purposes. Its endowments include both a donor-restricted endowment funds and funds designated by the Board to function as an endowment. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

### Interpretation of Relevant Law

The Board of the Association has interpreted the relevant state law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions is classified with or without restrictions, depending upon the donor designation or until those amounts are appropriated for expenditure by the Association in a manner consistent with the standard of prudence prescribed by the relevant state law. Unless specifically defined by a donor-restricted endowment fund required by donor stipulation, the Association considers the following factors in making a determination to accumulate or appropriate endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Association and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and appreciation of investments
6. Other resources of the Association
7. The investment policies of the Association

## Hawk Mountain Sanctuary Association

Notes to Financial Statements

March 31, 2024 and 2023

The following schedule represents the endowment net asset composition by type of endowment fund as of March 31:

	<b>2024</b>		
	<b>Without Donor Restrictions Designated for Endowment</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor-restricted endowment funds	\$ -	\$ 12,026,716	\$ 12,026,716
Board-designated endowment funds	5,846,878	-	5,846,878
	<u>\$ 5,846,878</u>	<u>\$ 12,026,716</u>	<u>\$ 17,873,594</u>

  

	<b>2023</b>		
	<b>Without Donor Restrictions Designated for Endowment</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor-restricted endowment funds	\$ -	\$ 10,669,586	\$ 10,669,586
Board-designated endowment funds	5,731,814	-	5,731,814
	<u>\$ 5,731,814</u>	<u>\$ 10,669,586</u>	<u>\$ 16,401,400</u>

The following schedule represents the changes in endowment net assets for the years ended March 31:

	<b>2024</b>		
	<b>Without Donor Restrictions Designated for Endowment</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net asset, beginning of the year	\$ 5,731,814	\$ 10,669,586	\$ 16,401,400
Contributions	537,449	159,870	697,319
Board approved transfers	(112,037)	-	(112,037)
Designated for capital campaign	(1,156,831)	-	(1,156,831)
Other income	251,521	-	251,521
Investment income, net of fees	141,681	311,545	453,226
Net appreciation (realized and unrealized)	621,901	1,390,379	2,012,280
Allowable spending	(168,620)	(504,664)	(673,284)
	<u>\$ 5,846,878</u>	<u>\$ 12,026,716</u>	<u>\$ 17,873,594</u>

# Hawk Mountain Sanctuary Association

Notes to Financial Statements

March 31, 2024 and 2023

	2023		
	Without Donor Restrictions Designated for Endowment	With Donor Restrictions	Total
Endowment net asset, beginning of the year	\$ 5,340,446	\$ 11,979,648	\$ 17,320,094
Contributions	434,251	9,500	443,751
Board approved transfers	217,935	-	217,935
Other income	129,527	2	129,529
Investment income, net of fees	122,008	282,988	404,996
Net depreciation (realized and unrealized)	(383,703)	(1,120,758)	(1,504,461)
Allowable spending	(128,650)	(481,794)	(610,444)
	<u>\$ 5,731,814</u>	<u>\$ 10,669,586</u>	<u>\$ 16,401,400</u>

## Funds With Deficiencies

The fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the relevant state law requires the Association to retain as a fund of perpetual duration. In accordance with GAAP, these deficiencies are reported as a reduction to net assets with donor restrictions. There were no deficiencies at March 31, 2024 and 2023.

## Return Objectives and Risk Parameters

The Association has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Association 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, the endowment assets are invested in a manner that is intended to produce results that allow the Association to fund the appropriate programs while assuming a moderate level of investment risk.

## Strategies Employed for Achieving Objectives

The Association 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 Association 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.

## Endowment Spending Policy and How the Investment Objectives Relate to the Spending Policy

The Association has a total return policy of appropriating for distribution each year a percent of its endowment fund's prior year balance. The Board approves annual disbursements from the funds. Generally this is done under the Association's spending policy which is 5% of its five-year moving average value of investments with certain exceptions. This is consistent with the Association's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

# Hawk Mountain Sanctuary Association

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Notes to Financial Statements  
March 31, 2024 and 2023

## 11. Related-Party Transactions

During the years ended March 31, 2024 and 2023, the Association received gifts and membership dues from various members of its Board, before discounts, of \$258,527 and \$113,716, respectively.

## 12. Fair Value Measurements

Management uses its best judgment in estimating the fair value of the Association's financial instruments; however, there are inherent weaknesses in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates herein are not necessarily indicative of the amounts the Association could have realized in a sales transaction on the dates indicated. The estimated fair value amounts have been measured as of their respective year-ends and have not been re-evaluated or updated for purposes of these financial statements subsequent to those respective dates. As such, the estimated fair values of these financial instruments subsequent to the respective reporting dates may be different than the amounts reported at each year-end.

### Determination of Fair Value

The Association uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. In accordance with the *Fair Value Measurements and Disclosures* topic of the FASB ASC, the fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices.

The recent fair value guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions.

### Fair Value Hierarchy

In accordance with this guidance, the Association groups its financial assets and financial liabilities generally measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

Level 1 - Valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 - Valuation is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities; quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.

Level 3 - Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

## Hawk Mountain Sanctuary Association

Notes to Financial Statements

March 31, 2024 and 2023

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

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

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 March 31, 2024 and 2023.

Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held are deemed to be actively traded.

For financial assets measured at fair value on a recurring basis, the fair value measurements by level within the fair value hierarchy used at March 31 are as follows:

	<b>2024</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Long-term investments:				
Equity mutual funds:				
Small growth	\$ 564,973	\$ -	\$ -	\$ 564,973
Mid-cap blend	582,995	-	-	582,995
Foreign large blend	3,989,392	-	-	3,989,392
Large blend	3,809,396	-	-	3,809,396
Large growth	1,314,479	-	-	1,314,479
Large value	1,556,113	-	-	1,556,113
	<u>11,817,348</u>	<u>-</u>	<u>-</u>	<u>11,817,348</u>
Bond mutual funds:				
Corporate bond	879,890	-	-	879,890
Short-term bond	1,281,679	-	-	1,281,679
Intermediate-term bond	2,843,712	-	-	2,843,712
Long-term bond	704,392	-	-	704,392
	<u>5,709,673</u>	<u>-</u>	<u>-</u>	<u>5,709,673</u>
	<u>\$ 17,527,021</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,527,021</u>

## Hawk Mountain Sanctuary Association

Notes to Financial Statements  
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	2023			
	Level 1	Level 2	Level 3	Total
Long-term investments:				
Equity mutual funds:				
Small growth	\$ 412,802	\$ -	\$ -	\$ 412,802
Mid-cap blend	406,398	-	-	406,398
Foreign large blend	3,063,604	-	-	3,063,604
Large blend	4,667,965	-	-	4,667,965
Large growth	901,586	-	-	901,586
Large value	1,012,569	-	-	1,012,569
	<u>10,464,924</u>	<u>-</u>	<u>-</u>	<u>10,464,924</u>
Bond mutual funds:				
Corporate bond	772,272	-	-	772,272
Short-term bond	1,122,841	-	-	1,122,841
Intermediate-term bond	2,972,272	-	-	2,972,272
Long-term bond	607,923	-	-	607,923
	<u>5,475,308</u>	<u>-</u>	<u>-</u>	<u>5,475,308</u>
	<u>\$ 15,940,232</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,940,232</u>

## Hawk Mountain Sanctuary Association

Notes to Financial Statements

March 31, 2024 and 2023

### 13. Expenses by Nature and Function

The Association's expenses for program services, general and administrative, and membership and fundraising are as follows for the years ending March 31, 2024 and 2023:

	2024			Total
	Program Services	General and Administrative	Membership and Fundraising	
Advertising and promotion	\$ 6,522	\$ 6,378	\$ 2,946	\$ 15,846
Awards and donations	48,711	4,711	-	53,422
Computer	78,202	-	21,664	99,866
Dues and subscriptions	3,375	247	3,400	7,022
Equipment and resources	44,789	4,663	-	49,452
Gasoline	6,118	-	-	6,118
Hospitality	15,398	684	8,909	24,991
Insurance	121,201	-	-	121,201
Library	1,778	-	-	1,778
Office supplies	815	5,120	1,214	7,149
Operating supplies	101,038	5,919	10,956	117,913
Outside services	129,319	578	58,552	188,449
Permits and licenses	515	4	-	519
Postage	24,171	-	18,049	42,220
Printing	36,552	-	31,107	67,659
Professional fees	-	21,903	-	21,903
Repairs and maintenance	61,375	-	-	61,375
Salaries and benefits	1,435,826	61,545	255,696	1,753,067
Signage and exhibits	956	-	-	956
Taxes:				
Payment in lieu of amusement tax	15,052	-	-	15,052
Payment in lieu of real estate tax	7,861	-	-	7,861
Payroll	83,548	17,776	13,476	114,800
Telephone	15,272	1,501	2,410	19,183
Travel	1,026	-	44	1,070
Training	119,200	4,514	1,616	125,330
Utilities	124,030	-	4,242	128,272
	<u>2,482,650</u>	<u>135,543</u>	<u>434,281</u>	<u>3,052,474</u>
Depreciation and amortization	234,817	16,176	12,588	263,581
Total	<u>\$ 2,717,467</u>	<u>\$ 151,719</u>	<u>\$ 446,869</u>	<u>\$ 3,316,055</u>
Percentage of expenses	<u>81%</u>	<u>6%</u>	<u>13%</u>	<u>100%</u>

## Hawk Mountain Sanctuary Association

Notes to Financial Statements  
March 31, 2024 and 2023

	<b>2023</b>			
	<b>Program Services</b>	<b>General and Administrative</b>	<b>Membership and Fundraising</b>	<b>Total</b>
Advertising and promotion	\$ 25,042	\$ 6,000	\$ 6,242	\$ 37,284
Awards and donations	56,419	2,969	-	59,388
Computer	71,207	1,822	22,524	95,553
Dues and subscriptions	4,543	300	4,424	9,267
Equipment and resources	56,567	8,450	118	65,135
Gasoline	6,118	-	-	6,118
Hospitality	17,302	1,797	5,320	24,419
Insurance	104,965	-	-	104,965
Library	2,538	-	-	2,538
Office supplies	425	1,730	2,468	4,623
Operating supplies	113,582	3,773	10,247	127,602
Outside services	295,324	(2,038)	56,536	349,822
Permits and licenses	500	183	-	683
Postage	18,029	431	25,891	44,351
Printing	37,536	441	32,243	70,220
Professional fees	-	49,986	-	49,986
Repairs and maintenance	47,110	-	-	47,110
Salaries and benefits	1,338,874	61,300	242,775	1,642,949
Signage and exhibits	344	-	-	344
Taxes:				
Payment in lieu of amusement tax	15,629	-	-	15,629
Payment in lieu of real estate tax	8,050	-	-	8,050
Payroll	81,853	16,488	14,453	112,794
Telephone	14,468	2,267	2,410	19,145
Travel	1,489	-	20	1,509
Training	109,005	5,316	1,868	116,189
Utilities	98,128	3,618	4,242	105,988
	<u>2,525,047</u>	<u>164,833</u>	<u>431,781</u>	<u>3,121,661</u>
Depreciation and amortization	<u>240,427</u>	<u>15,598</u>	<u>12,274</u>	<u>268,299</u>
Total	<u>\$ 2,765,474</u>	<u>\$ 180,431</u>	<u>\$ 444,055</u>	<u>\$ 3,389,960</u>
Percentage of expenses	<u>82%</u>	<u>5%</u>	<u>13%</u>	<u>100%</u>

The financial statements report certain expense categories that are attributable to more than one program service or support function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function, including depreciation and amortization, are allocated to a function based on a square footage basis. Development expenses have been allocated to fund-raising and membership support based on an estimate of time devoted to each activity.