# LOON PRESERVATION COMMITTEE

## FINANCIAL STATEMENTS

Years ended March 31, 2021 and 2020

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**ROWLEY & ASSOCIATES, P.C.**

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# INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Loon Preservation Committee
Moultonborough, New Hampshire

**Opinion**

We have audited the accompanying financial statements of Loon Preservation Committee (a nonprofit organization) , which comprise the statement of financial position as of March 31, 2021 and the related statement of activities and changes in net assets, 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 Loon Preservation Committee as of March 31, 2021, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Loon Preservation Committee and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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.

**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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

> Exercise professional judgement 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.

**Auditors' Responsibilities for the Audit of the Financial Statements (continued)**

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 Loon Preservation Committee'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Loon Preservation Committee'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.

**Report on Summarized Comparative Information**

We have previously audited Loon Preservation Committee's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 26, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Rowley & Associates, PC

Rowley & Associates, P.C.
Concord, New Hampshire
May 25, 2021

**LOON PRESERVATION COMMITTEE**
**STATEMENT OF FINANCIAL POSITION**
**MARCH 31, 2021 WITH COMPARATIVE TOTALS FOR 2020**
**See Independent Auditors' Report**

| | Net Assets Without Donor Restrictions | Net Assets With Donor Restrictions | 2021 Total | 2020 Total |
|---|---|---|---|---|
| **ASSETS** | | | | |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents | $ 620,290 | $ 183,927 | $ 804,217 | $ 1,637,947 |
| Investments | 52,423 | - | 52,423 | 48,671 |
| Accounts receivable | 6,025 | - | 6,025 | 6,704 |
| Pledges receivable | - | 201,658 | 201,658 | 651,250 |
| Prepaid expenses | - | - | - | 5,014 |
| Inventory | 52,421 | - | 52,421 | 56,225 |
| Total Current Assets | 731,159 | 385,585 | 1,116,744 | 2,405,811 |
| PROPERTY AND EQUIPMENT | | | | |
| Boats | 67,671 | - | 67,671 | 67,671 |
| Furniture and fixtures | 43,285 | - | 43,285 | 43,285 |
| Computer equipment | 18,337 | - | 18,337 | 18,337 |
| Leasehold improvements | 29,291 | - | 29,291 | 29,291 |
| Vehicle | 24,398 | - | 24,398 | 24,398 |
| | 182,982 | - | 182,982 | 182,982 |
| Less accumulated depreciation | (131,348) | - | (131,348) | (117,321) |
| | 51,634 | - | 51,634 | 65,661 |
| OTHER ASSETS | | | | |
| Construction in progress | 1,895,237 | - | 1,895,237 | 17,072 |
| Investments - Endowment | - | 69,372 | 69,372 | 48,187 |
| Artwork - Loon Decoy | 7,500 | - | 7,500 | 7,500 |
| Total Other Assets | 1,902,737 | 69,372 | 1,972,109 | 72,759 |
| Total Assets | 2,685,530 | 454,957 | 3,140,487 | 2,544,231 |
| **LIABILITIES AND NET ASSETS** | | | | |
| CURRENT LIABILITIES | | | | |
| Accounts payable and accrued expenses | 61,729 | - | 61,729 | 38,521 |
| Total Current Liabilities | 61,729 | - | 61,729 | 38,521 |
| Note payable, SBA | 100,208 | - | 100,208 | - |
| NET ASSETS | | | | |
| Without donor restrictions | 2,523,593 | - | 2,523,593 | 544,700 |
| With donor restrictions | - | 454,957 | 454,957 | 1,961,010 |
| | 2,523,593 | 454,957 | 2,978,550 | 2,505,710 |
| Total Liabilities and Net Assets | $ 2,685,530 | $ 454,957 | $ 3,140,487 | $ 2,544,231 |

See Notes to Financial Statements

**LOON PRESERVATION COMMITTEE**
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**
**YEAR ENDED MARCH 31, 2021**
**WITH COMPARATIVE TOTALS FOR 2020**
**See Independent Auditors' Report**

| | 2021 | | | 2020 |
|---|---|---|---|---|
| | **Net Assets Without Donor Restrictions** | **Net Assets With Donor Restrictions** | **Total** | **Total** |
| Revenues, gains and other support: | | | | |
| Contributions | $ 49,544 | $ - | $ 49,544 | $ 54,295 |
| Grants | 274,792 | - | 274,792 | 190,370 |
| Annual fund | 197,074 | - | 197,074 | 172,250 |
| Capital campaign contributions | - | 385,677 | 385,677 | 1,725,662 |
| Memorial gifts and bequests | 8,547 | - | 8,547 | 21,395 |
| Membership income | 182,531 | - | 182,531 | 162,853 |
| Store sales net of cost of goods of 2021: $19,433 and 2020: $49,116 | 22,385 | - | 22,385 | 37,952 |
| Income from Markus Trust | 15,700 | - | 15,700 | 17,735 |
| Paycheck Protection Program loan forgiveness | 99,200 | - | 99,200 | - |
| Energy Rebates | 44,866 | - | 44,866 | - |
| Interest and dividend income | 13,850 | - | 13,850 | 14,021 |
| Unrealized gain (loss) on investments | - | 24,937 | 24,937 | (2,988) |
| Fees | - | - | - | 525 |
| Gain on sale of property and equipment | - | - | - | 1,500 |
| Total revenues, gains and other support | 908,489 | 410,614 | 1,319,103 | 2,395,570 |
| Net assets released from donor imposed restrictions | 1,916,667 | (1,916,667) | - | - |
| Expenses: | | | | |
| Program services | 688,111 | - | 688,111 | 636,374 |
| General and administrative expenses | 101,826 | - | 101,826 | 104,337 |
| Fundraising | 56,326 | - | 56,326 | 46,166 |
| Total expenses | 846,263 | - | 846,263 | 786,877 |
| Net increase (decrease) in net assets | 1,978,893 | (1,506,053) | 472,840 | 1,608,693 |
| Net assets, beginning of year | 544,700 | 1,961,010 | 2,505,710 | 897,017 |
| Net assets, end of year | $ 2,523,593 | $ 454,957 | $ 2,978,550 | $ 2,505,710 |

**LOON PRESERVATION COMMITTEE**
**STATEMENTS OF CASH FLOWS**
**YEARS ENDED MARCH 31, 2021 and 2020**
**See Independent Auditors' Report**

| | 2021 | 2020 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Increase in net assets | $ 472,840 | $ 1,608,693 |
| Adjustments to reconcile change in net assets to cash provided by operating activities: | | |
| Depreciation | 14,027 | 13,209 |
| Unrealized (gain) loss on investments | (24,937) | 2,988 |
| (Increase) decrease in operating assets: | | |
| Accounts receivable | 679 | - |
| Pledges receivable | 449,592 | (641,250) |
| Inventory | 3,804 | 2,442 |
| Prepaid expenses | 5,014 | (5,014) |
| Increase (decrease) in operating liabilities: | | |
| Accounts payable and accrued expenses | 23,208 | (2,772) |
| Net cash provided by operating activities | 944,227 | 978,296 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from SBA loan | 100,208 | - |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Cost of construction | (1,878,165) | (17,072) |
| Purchase of property and equipment | - | (24,517) |
| Net cash used by investing activities | (1,878,165) | (41,589) |
| Net increase (decrease) in cash and cash equivalents | (833,730) | 936,707 |
| Cash and cash equivalents, beginning of year | 1,637,947 | 701,240 |
| Cash and cash equivalents, end of year | $ 804,217 | $ 1,637,947 |

# LOON PRESERVATION COMMITTEE
## STATEMENT OF FUNCTIONAL EXPENSES
## YEAR ENDED MARCH 31, 2021 WITH COMPARATIVE TOTALS FOR 2020
**See Independent Auditors' Report**

| | 2021 | | | | |
|---|---|---|---|---|---|
| | Program Services | General and Administrative | Fundraising | Total | 2020 Total |
| Salaries and related expenses | | | | | |
| Salaries and wages | $ 381,094 | $ 66,691 | $ 28,582 | $ 476,367 | $ 428,726 |
| Employee benefits: | | | | | |
| Retirement plan | 13,010 | 2,277 | 976 | 16,263 | 13,962 |
| Health Insurance | 44,632 | 7,811 | 3,347 | 55,790 | 49,417 |
| Other benefits | 3,147 | 551 | 235 | 3,933 | 3,618 |
| Payroll taxes | 26,291 | 4,601 | 1,972 | 32,864 | 31,195 |
| Total Salaries and related expenses | 468,174 | 81,931 | 35,112 | 585,217 | 526,918 |
| Program events and expenses | 114,988 | - | 1,339 | 116,327 | 126,232 |
| Depreciation | 14,027 | - | - | 14,027 | 13,209 |
| Advertising | 5,025 | 879 | 377 | 6,281 | 13,923 |
| Printing | 8,665 | 2,079 | 3,119 | 13,863 | 16,928 |
| Travel reimbursement | 8,355 | 46 | 19 | 8,420 | 10,494 |
| Utilities | 5,034 | 1,677 | - | 6,711 | 5,032 |
| Rent | 2,235 | - | - | 2,235 | 3,890 |
| Building maintenance | 4,558 | 1,407 | - | 5,965 | 7,639 |
| Insurance | 10,481 | 2,528 | 92 | 13,101 | 12,745 |
| Vehicle expenses | 4,795 | - | - | 4,795 | 3,818 |
| General supplies | 8,143 | 1,425 | 611 | 10,179 | 7,585 |
| Postage | 2,442 | 1,221 | 8,546 | 12,209 | 12,278 |
| Telephone | 2,203 | 386 | 165 | 2,754 | 2,957 |
| Credit card fees | - | - | 6,846 | 6,846 | 7,026 |
| Professional fees | 23,740 | 7,550 | - | 31,290 | 8,829 |
| Computer expenses | 1,339 | 235 | 100 | 1,674 | 460 |
| Dues and subscriptions | 2,570 | - | - | 2,570 | 2,453 |
| Miscellaneous expenses | 374 | - | - | 374 | 659 |
| Office expenses | 963 | 462 | - | 1,425 | 3,802 |
| | $ 688,111 | $ 101,826 | $ 56,326 | $ 846,263 | $ 786,877 |

See Notes to Financial Statements

Note 1. Nature of Organization and activities

The Loon Preservation Committee (LPC) (the Organization) was established in 1975 as a self-funded project of the Audubon Society of New Hampshire (ASNH) to restore and maintain a healthy population of loons throughout New Hampshire; to monitor the health and productivity of loon populations as sentinels of environmental quality; and to promote greater understanding of loons and the natural world. In 2006 the organization was incorporated and recognized as a tax-exempt organization under the Internal Revenue Code section 501(c)(3). The Organization is supported primarily through donor memberships, contributions and grants.

Note 2. Significant Accounting Policies

The significant accounting policies followed by the Organization are described below to enhance the usefulness of the financial statements to the reader.

Basis of Accounting: The financial statements of LPC have been prepared on the accrual basis of accounting whereby revenues are recorded when earned and expenses are recorded when the obligation is incurred. The organization reports 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 - These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services raising contributions, and performing administrative functions.

Net assets with Donor Restrictions - These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted.

Inventory is stated at the lower of cost or market as determined by the retail method. It is comprised of books and assorted other merchandise related to the Organization's programs

Property and Equipment is carried at cost. Depreciation expense related to equipment is calculated using the straight-line method over 5 – 15 years. Depreciation expense related to leasehold improvements is calculated using the straight-line method over 40 years. For the years ended March 31, 2021 and 2020 depreciation expense was $14,027 and $13,209, respectively.

Note 2. Significant Accounting Policies (Continued)

Investments: Investments are stated at fair-market value. The net realized and unrealized gains (losses) on investments are reflected in the statement of activities.

Functional allocation of expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Estimates and assumptions: Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from these estimates.

Cash and cash equivalents: For purposes of reporting cash flows, the Organization considers all highly liquid debt instruments with an initial maturity of three months or less to be cash equivalents, excluding amounts the use of which is limited by restriction. At years ended March 31, 2021 and 2020 the Organization had no cash equivalents.

Capitalization policy: Expenditures for additions, renewals and betterments of property and equipment, unless of relatively minor amount, are capitalized. Maintenance and repairs are expensed as incurred. Upon retirement or sale, the cost of the assets disposed of and the related accumulated depreciation are removed from the accounts and any gain or loss is included in other income in the period in which the asset is disposed.

Gifts and donations: Gifts and donations received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Restricted and Unrestricted Revenue: All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or restriction purpose is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Gifts and donations of investments or equipment are recorded at fair-market value on the date of the gift.

Note 2. Significant Accounting Policies (Continued)

Promises to Give: Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Donations of long-lived assets: The Organization records donations of services and materials which increase long-lived assets at their fair values and recognizes these revenues as increases in net assets.

Donated Services: The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific programs, campaign solicitations and various Board and Committee assignments. No amounts have been reflected in the financial statements for these services. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by individuals with those skills and would otherwise be purchased by the Organization.

Income taxes: The Organization has been notified by the Internal Revenue Service that it is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code. The Organization is further classified as an organization that is not a private foundation under Section 509(a)(3) of the Code. The most significant tax positions of the Organization are its assertion that it is exempt from income taxes and its determination of whether any amounts are subject to unrelated business tax (UBIT). The Organization follows guidance of Accounting Standards Codification (ASC) 740, Accounting for Income Taxes, related to uncertain income taxes, which prescribes a threshold of more likely than not for recognition of tax positions taken or expected to be taken in a tax return. All significant tax positions have been considered by management. It has been determined that it is more likely than not that all tax positions would be sustained upon examination by taxing authorities. Accordingly, no provision for income taxes has been recorded.

In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b) (1) (A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Comparative Financial Information: The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended March 31, 2020, from which the summarized information was derived.

Note 2. Significant Accounting Policies (Continued)

Cost Allocation: The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on estimates that are based on their relationship to those activities. consistently applied. Those expenses include payroll and payroll related expenses and occupancy costs. Occupancy costs are allocated based on square footage. Payroll and payroll related expenses are based on estimates of time and effort. Other cost allocations are based on the relationship between the expenditure and the activities benefited.

Financial Instruments: The carrying value of cash and cash equivalents, accounts receivable, pledges receivable, inventory, prepaid expenses, accounts payable and accrued expenses are stated at carrying cost at March 31, 2021 and 2020, which approximates fair value due to the relatively short maturity of these instruments. Other financial instruments held at year-end are investments, which are stated at fair value.

Note 3. Concentration of Risk

The Organization maintains a cash balances in a local bank. This account is insured by the Federal Deposit Insurance Corporation up to $250,000. The Organization also maintains an insured cash sweep account. At March 31, 2021 and 2020 the Organization had no uninsured cash balances.

Note 4. Employee retirement plan

The Organization has a tax deferred Annuity Retirement Plan that provides for employees to make voluntary contributions on a pre-tax basis through salary reduction. The Organization makes a matching contribution for participating employees up to 6% of the participant's compensation. Matching contributions made by the Organization to this plan for the Years ended March 31, 2021 and 2020 were $16,263 and $13,962 respectively.

Note 5. Investments

Investments are presented in the financial statements at fair-market value and consist of a equity mutual fund and a Government Money Market fund. Investments consisted of the following as of March 31, 2021:

| | Cost | Market |
|---|---|---|
| Money Market | $ 31,212 | $ 31,212 |
| Balanced Mutual Fund | 60,590 | 90,583 |
| | $ 91,802 | $121,795 |

Note 5. Investments (continued)

FASB Accounting Standards Codification Topic 820-10 *Fair Value Measurements* defines fair value, requires expanded disclosures about fair value measurements, and establishes a three-level hierarchy for fair value measurements based on the observable inputs to the valuation of an asset or liability at the measurement date. Fair value is defined as 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. It prioritizes the inputs to the valuation techniques used to measure fair value by giving the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurement).

Under Topic 820-10, the three levels of the fair value hierarchy are as follows:

Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.
Level 2: inputs are inputs other than quoted prices included in Level 1 that are either directly or indirectly observable for the assets or liabilities.
Level 3: inputs are unobservable inputs for the assets or liabilities.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

All investments are measured at Level 1. Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets. None of the investments are Level 2 or Level 3 investments.

Note 6. Compensated Absences

Employees of the Organization are entitled to paid vacation depending on job classification, length of service, and other factors. The statement of financial position reflects accrued vacation earned, but unpaid as of March 31, 2021 and 2020 in the amounts of $21,281 and $14,289 respectively.

Note 7. Lease Commitment

The Organization leases its facility under an operating lease agreement with New Hampshire Audubon effective April 2018 expiring March 31, 2038 at $1 per year. Future lease payments are $1 per year throughout the lease term.

Note 8. Net Assets

Board Designated Net Assets

As of March 31, 2021 and 2020 net assets without donor restrictions totaled $2,523,593 and $544,700 respectively. Included in these amounts were net assets that the Board of Trustees designated for various purposes as of March 31:

| | 2021 | 2020 |
|---|---|---|
| Capital Campaign | $ 14,705 | $ 14,705 |
| Investment account | 52,423 | 48,671 |
| Total unrestricted, designated net assets | $ 67,128 | $ 63,376 |

Designated net assets are comprised of the following as of March 31, 2021:

| | |
|---|---|
| Cash | $ 14,705 |
| Investments | 52,423 |
| Total Board Designated Net Assets | $ 67,128 |

Net assets with Donor Restrictions:

| Net assets subject to restriction for specific purposes: | 2021 | 2020 |
|---|---|---|
| Cash and cash equivalents | $ 183,927 | $1,261,573 |
| Pledges receivable | 201,658 | 651,250 |
| | 385,585 | 1,912,823 |
| Net assets subject to restriction in perpetuity: | | |
| Endowment Fund: | 69,372 | 48,187 |
| Total net assets with donor restrictions | $ 454,957 | $1,961,010 |

Net Assets Subject to Restriction in Perpetuity – Endowment Fund:

Spending Policy

LPC complies with the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The State of New Hampshire adopted UPMIFA effective July 1, 2009. Implementation of the provisions of UPMIFA have no impact on the existence or adherence to any related restrictions on the funds. The provisions of UPMIFA that are of most relevance to LPC are those relating to calculation of release of restrictions on net assets. Permanently restricted net assets consist of endowment funds held by Fidelity Investments in mutual funds. Calculation of amounts released from restriction applies a rate of 4% of the trailing average value over the preceding 48 months. Amounts released from restriction related to this endowment fund amounted to $3,753 and $3,292 during the years ended March 31, 2021 and 2020 respectively.

Note 8. Net Assets (continued)

Spending Policy (continued)
To achieve the spending policy objective, the Organization has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in well diversified asset mix which includes equity and money market securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 4% while growing the fund if possible. Accordingly, the Organization expects its endowment assets, over time, to produce an average rate of return of at least 4 percent annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund, Investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Total investment return on investments and endowment funds is summarized as follows:

| | Board Designated | Restriction In Perpetuity | Total |
|---|---|---|---|
| Balance at March 31, 2019 | $ 45,379 | $ 54,467 | $ 99,846 |
| Net investment (loss) | - | (2,988) | (2,988) |
| Current year contributions | - | - | - |
| Withdrawals in accordance with spending policy | 3,292 | (3,292) | - |
| Balance at March 31, 2020 | 48,671 | 48,187 | 96,858 |
| Net investment gain | - | 24,937 | 24,937 |
| Current year contributions | - | - | - |
| Withdrawals in accordance with spending policy | 3,752 | (3,752) | - |
| Balance at March 31, 2021 | $ 52,423 | $ 69,372 | $ 121,795 |

Note 9. Fair Value Measurements

Fair values for investments were determined by reference to quoted market prices and other relevant information generated by market transactions. The fair market value of accounts and pledges receivable are estimated at the present value of expected future cash flows. Artwork – Loon Decoy value was recorded at the estimated value at the time it was donated to LPC.

Note 9. Fair Value Measurements (continued)

In accordance with FASB ASC 820, *Fair Value Measurements and Disclosures*, the Organization is required to disclose certain information about its financial assets and liabilities. Fair values of assets measured on a recurring basis at March 31 were as follows:

| 2021 | Fair Value | Quoted Prices in Active Markets For Identical Assets (Level 1) | Significant other Observable Inputs (Level 2) |
|---|---|---|---|
| Accounts receivable | $ 6,025 | $ - | $ 6,025 |
| Pledges receivable | 201,658 | - | 201,658 |
| Investments | 121,795 | 121,795 | - |
| Artwork – Loon Decoy | 7,500 | - | 7,500 |
| | $336,978 | $ 121,795 | $215,183 |
| | | | |
| 2020 | | | |
| Accounts receivable | $ 6,704 | $ - | $ 6,704 |
| Pledges receivable | 651,250 | - | 651,250 |
| Investments | 96,858 | 96,858 | - |
| Artwork – Loon Decoy | 7,500 | - | 7,500 |
| | $ 762,312 | $ 96,858 | $665,454 |

Fair values for investments were determined by reference to quoted market prices and tother relevant information generated by market transactions. The fair market value of accounts and pledges receivable and Loon Decoy are estimated to the present value of expected future cash flows.

Note 10. Liquidity and Availability of Financial Assets

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization's primary sources of support are grants, contributions and memberships. Most of that support is held for the purpose of supporting the Organization's budget. The Organization had the following financial assets that could be readily available within one year to fund expenses without limitations:

| | |
|---|---|
| Cash and cash equivalents | $ 804,217 |
| Accounts receivable | 6,025 |
| Pledges receivable | 201,658 |
| Investments | 121,795 |
| | |
| Less amounts subject to donor imposed restriction | (454,957) |
| | $678,738 |

Note 11. Line of Credit

The Organization has a $100,000 line of credit with a local bank with an interest rate of 4.25%. The line of credit was renewed in May 2021 for a one-year term. There was no outstanding balance as of March 31, 2021 and 2020, respectively.

Note 12. Small Business Administration Paycheck Protection Program

On April 18, 2020 the Organization received approval of a loan from The U.S. Small Business Administration as part of the Paycheck Protection Program in the amount of $79,200. This amount was increased as of May 1, 2020 by $20,000 bringing the total to $99,200. This loan calls for interest fixed at 1%. No payments are required for six months from the date of the loan. This note was set to mature two years from the date of first disbursement of the loan. Under the provisions of Section 1106 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (P.L. 116-136). The entire balance of $99,200 was forgiven during the year ended March 31, 2021 and is reported as income.

On March 1, 2021 the Organization received approval of a loan from The U.S. Small Business Administration as part of the Paycheck Protection Program in the amount of $100,208. This loan calls for interest fixed at 1%. No payments are required if the Organization applies for loan forgiveness within ten months from the date of the loan. This note will mature five years from the date of first disbursement of the loan. It is likely this loan will be forgiven.

Note 13. Risks and Uncertainties – COVID-19

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may negatively impact future financial performance. The potential impact of these uncertainties is unknown and cannot be estimated at the present time.

Note 14. Subsequent Event

Management has evaluated subsequent events through May 25, 2021, the date on which the financial statements were available to be issued to determine if any are of such significance to require disclosure. There were no events matching the subsequent event disclosure criterion during this period.