POTOMAC VALLEY AUDUBON SOCIETY, INC.

Charles Town, West Virginia

FINANCIAL REPORT

AUGUST 31, 2023

C O N T E N T S

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Potomac Valley Audubon Society, Inc.
Charles Town, West Virginia

Opinion

We have audited the financial statements of Potomac Valley Audubon Society, Inc. (the Organization), which comprise the statements of financial position as of August 31, 2023 and 2022, the related statements of activities 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 Potomac Valley Audubon Society, Inc. as of August 31, 2023 and 2022, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 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 the Organization'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 Organization'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.

Yount, Hyde & Barbour, P.C.

Winchester, Virginia
November 2, 2023

POTOMAC VALLEY AUDUBON SOCIETY, INC.

Statements of Financial Position

August 31, 2023 and 2022

Assets	**2023**	**2022**
Cash and cash equivalents	$ 423,250	$ 379,300
Pledge receivable, net	70,973	- -
Prepaid expenses	14,727	13,977
Total current assets	508,950	393,277
Property and Equipment		
Construction in progress	11,137	23,905
Land, buildings and improvements	544,620	526,639
Furniture and equipment	247,912	248,221
Less accumulated depreciation	(210,956)	(185,929)
Property and equipment, net	592,713	612,836
Other Assets		
Other assets	786	- -
Beneficial interest in real estate	- -	237,078
Investment held by Eastern WV Community Foundation	8,728	7,595
Total other assets	9,514	244,673
Total assets	$ 1,111,177	$ 1,250,786
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 1,178	$ 3,037
Accrued expenses	11,059	6,646
Security deposit held	500	500
Note payable	5,660	11,321
Total liabilities	18,397	21,504
Net Assets		
Net assets without donor restrictions	432,380	391,014
Net assets with donor restrictions	660,400	838,268
Total net assets	1,092,780	1,229,282
Total liabilities and net assets	$ 1,111,177	$ 1,250,786

See Notes to Financial Statements.

POTOMAC VALLEY AUDUBON SOCIETY, INC.

Statement of Activities
For the Year Ended August 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Federal, state and local grants	$ 53,000	$ - -	$ 53,000
Nonfinancial contributions	44,210	- -	44,210
Contributions	180,666	139,000	319,666
Membership dues	11,135	- -	11,135
Program fees	122,985	- -	122,985
Special events, net of expenses of $8,094	24,399	- -	24,399
Rental income	7,047	- -	7,047
Investment income	5,113	- -	5,113
Change in value of beneficial interest	- -	(237,078)	(237,078)
Other revenue	21,749	- -	21,749
Net assets released from restrictions	79,790	(79,790)	- -
Total revenue	550,094	(177,868)	372,226
Expenses			
Program services	284,269	- -	284,269
Management and general	204,976	- -	204,976
Fundraising	19,483	- -	19,483
Total expenses	508,728	- -	508,728
Change in net assets	41,366	(177,868)	(136,502)
Net Assets			
Beginning of year	391,014	838,268	1,229,282
End of year	$ 432,380	$ 660,400	$ 1,092,780

See Notes to Financial Statements.

POTOMAC VALLEY AUDUBON SOCIETY, INC.

Statement of Activities
For the Year Ended August 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Federal, state and local grants	$ 60,700	$ - -	$ 60,700
Nonfinancial contributions	15,917	- -	15,917
Contributions	133,584	31,984	165,568
Membership dues	12,486	- -	12,486
Program fees	138,996	- -	138,996
Special events, net of expenses of $16,106	24,573	- -	24,573
Rental income	6,219	- -	6,219
Investment income	4,605	- -	4,605
Change in value of beneficial interest	- -	2,155	2,155
Other revenue	16,189	- -	16,189
Net assets released from restrictions	50,981	(50,981)	- -
Total revenue	464,250	(16,842)	447,408
Expenses			
Program services	209,047	- -	209,047
Management and general	171,607	- -	171,607
Fundraising	41,147	- -	41,147
Total expenses	421,801	- -	421,801
Change in net assets	42,449	(16,842)	25,607
Net Assets			
Beginning of year	348,565	855,110	1,203,675
End of year	$ 391,014	$ 838,268	$ 1,229,282

See Notes to Financial Statements.

POTOMAC VALLEY AUDUBON SOCIETY, INC.

Statements of Cash Flows
For the Years Ended August 31, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Change in net assets	$ (136,502)	$ 25,607
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	26,214	24,423
Unrealized (gain) on investment held by Community Foundation	(1,133)	(800)
Change in value of beneficial interest in real estate	237,078	(2,155)
Changes in assets and liabilities:		
Decrease in accounts and grants receivable	- -	9,290
(Increase) decrease in pledge receivable	(70,973)	25,156
(Increase) in prepaid expenses	(750)	(434)
(Increase) in other assets	(786)	- -
Increase (decrease) in accounts payable and accrued expenses	2,554	(4,323)
Net cash provided by operating activities	55,702	76,764
Cash Flows from Investing Activities, purchase of property and equipment	(6,091)	(46,918)
Cash Flows from Financing Activities, payments on note payable	(5,661)	(2,830)
Net change in cash	43,950	27,016
Cash and Cash Equivalents		
Beginning of year	379,300	352,284
End of year	$ 423,250	$ 379,300

See Notes to Financial Statements.

Note 1. Nature of Business and Significant Accounting Policies

Nature of Business

Potomac Valley Audubon Society, Inc. ("Organization") is a not-for-profit corporation incorporated under the laws of West Virginia on August 2, 1982. The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Organization is a chapter of the National Audubon Society.

The Potomac Valley Audubon Society serves a largely rural, though rapidly growing area that includes Jefferson, Berkeley and Morgan counties in West Virginia and Washington County, Maryland. The Organization is dedicated to preserving, restoring and enjoying the natural world through education and action. It owns two nature preserves, and also co-manages two additional nature preserves with The Nature Conservancy. The Organization offers educational programming for children and adults. Its programming for adults includes a West Virginia Master Naturalist Program training, workshops, lectures, and field trips that are open to everyone in the community. No other local organization is providing the same range of services on the same scale.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities. Net assets, revenues, and expenses are classified based on the terms of donor-imposed restrictions, if any. Accordingly, the net assets, revenues, and expenses of the Organization are classified and reported as follows:

> *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to 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. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue Recognition

Contributions are generally available for use unless specifically restricted by the donor. Unconditional promises to give are recognized when the donor makes a promise to give to the Organization.

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation are recorded at their fair values in the period received, if subject to reasonable estimation.

Grants and other contributions of cash and other assets are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When the 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 and reported in the statements of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

The Organization recognizes revenue in accordance with ASC Topic 606. This standard provides a five-step model for recognizing revenue from contracts with customers as follows:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as performance obligations are satisfied

Nature of Products and Services

Program fees, special events, rental income, and other revenue are considered exchange transactions and are recognized at the point in time the goods and services are provided.

Membership dues received by the Organization are considered contributions as benefits are considered insubstantial. Membership revenue is recognized by the Organization when received.

Transaction Price

The transaction price is the amount of consideration to which the Organization expects to be entitled in exchange for transferring goods and services to the customer.

Contract Balances

Funds received by the Organization relating to revenue generating activities of future reporting periods would be recorded as a contract liability (deferred revenue) on the statements of financial position. The Organization does not recognize revenue in advance of the right to invoice and therefore has not recorded a contract asset as of August 31, 2023 and 2022.

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 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 expenditures during the report period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of short-term, highly-liquid investments which are readily convertible into cash within ninety (90) days of purchase. For financial reporting purposes, management considers all certificates of deposit regardless of maturity, to be cash equivalents. The Organization's cash account are maintained in two commercial banks, which, at times may exceed federally insured limits. The Organization has not experienced any losses on such accounts and believes it is not exposed to any significant risk on cash and cash equivalents.

Property and Equipment

Purchases of property and equipment having a unit cost of $500 or more and an estimated useful life of more than one year are capitalized at cost. Donated assets are capitalized at the estimated fair market value at the time of receipt. Certain donated services are capitalized as improvements when those services enhance the value of the assets. In the absence of donor-imposed restrictions on the use of the assets, gifts of long-lived assets are reported as net assets without donor restrictions.

Depreciation is calculated on all buildings and equipment using accelerated and straight-line methods based upon the estimated useful lives of the assets as follows:

Buildings and improvements	25 Years
Land improvements	15 Years
Furniture and office equipment	5 Years
All other equipment	3 Years

Nonfinancial Contributions

During the years ended August 31, 2023 and 2022, the value of contributed goods and services meeting the requirements for recognition in the financial statements was $44,210 and $15,917, respectively. These contributed nonfinancial assets include auction items and other miscellaneous items for fundraising events and programs. The assets are recorded at the respective fair values of the goods or services received. The Organization also receives rent-free space at various locations, which it uses for meetings, programs and lectures.

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services. The Organization received approximately 7,415 and 2,509 volunteer hours during the years ended August 31, 2023 and 2022, respectively.

Effective November 3, 2008, the Organization received, by way of gift, from The Nature Conservancy, two tracts of land totaling approximately 8.5 acres. The land, which was valued at $16,940, is located in Morgan County, West Virginia and is part of the Eidolon Preserve, which the Organization currently co-manages (see Note 2). As a condition of the gift, the land must forever be held for scientific, educational and aesthetic purposes and must be kept entirely in its natural state except for a set of specified improvements to facilitate educational programming.

The Organization on August 30, 2011 received, by way of gift, land totaling 45.726 acres located in Berkeley County, West Virginia. The land which is known as Stauffer's Marsh was valued at $86,879 and will be used as a preserve and bird sanctuary to further the Organization's mission. The property, which is mostly wetlands, is currently under a conservation easement with the USDA. The easement requires the Organization to maintain the property including the dam, inlet, waste weir, and spillway along with maintaining the native species of plants on the property.

On September 30, 2016, the Organization received a large donation of land and buildings referred to as Cool Spring Preserve. The donor, CraftWorks at Cool Spring, closed as a nonprofit and donated its assets including the land and buildings to the Organization. The property, which encompasses 12 acres of fields and woodland is located in Charles Town, West Virginia. The property has four structures, which include an energy- efficient main building, a barn for 3-season programming, and a historic cottage with a small garage. The Organization established its headquarters there and uses the property for nature and conservation programming such as school programs, bird walks, summer day camps, and family events. The Organization has designated the land as a nature preserve and has donated a permanent conservation easement over much of the property to the West Virginia Land Trust. The property also includes nature trails that are open to the public.

On February 19, 2020, the Organization received a donation of land that is adjacent to the Cool Spring Preserve. The property, which encompasses approximately 50 acres, is located in Charles Town, West Virginia. The property is valued at $150,000 and restricted for agricultural activities and passive recreation uses.

Allocation Methodology for the Schedule of Functional Expenses

The costs of providing program and other activities are summarized on a functional basis in the schedule of functional expenses. Certain costs have been allocated among program services, management and general and fundraising. Such allocations have been made by management on an equitable basis. The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries, wages and payroll taxes	Time and effort
Employee benefits	Time and effort
Accounting fees	Direct costs
Advertising	Direct costs
Conferences and training	Direct costs
Contract labor	Direct costs
Depreciation	Direct costs
In-kind goods and services	Direct costs
Insurance	Time and effort
Land and facility management	Direct costs
Licenses and fees	Direct costs
Other expenses	Direct costs
Postage and shipping	Direct costs
Printing and publication	Direct costs
Supplies	Direct costs
Transportation and travel	Direct costs
Utilities	Direct costs
Website	Direct costs

Income Taxes

The Organization is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code (Code) and comparable State law, and contributions to it are tax deductible within the limitations as prescribed by the Code. The Organization has been classified as a publicly-supported Organization, which is not a private foundation under Section 509(a) of the Code.

The Internal Revenue Service has not examined any income tax return of the Organization thus the previous three years are subject to examination. The Organization has not taken any questionable positions with respect to unrelated business income tax or anything that would jeopardize its 501(c)(3) status.

Recently Adopted Accounting Pronouncement

In February 2016, the FASB issued ASC Topic 842, Leases, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their statement of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, Leases) and operating leases, with classification affecting the pattern of expense recognition in the income statement. The Organization adopted Topic 842 on September 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the Organization has applied Topic 842 to reporting periods beginning on September 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Organization's historical accounting treatment under ASC Topic 840, Leases.

The Organization elected the "package of practical expedients" under the transition guidance within Topic 842, in which the Organization does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. The Organization has not elected to adopt the "hindsight" practical expedient, and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on September 1, 2022.

The Organization determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Organization obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Organization also considers whether its service arrangements include the right to control the use of an asset.

The Organization made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or July 1, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Organization made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable, they will be incurred.

The Organization has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate, vehicle, and equipment asset classes. The non-lease components typically represent additional services transferred to the Organization, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

Adoption of Topic 842 did not result in the recording of ROU assets and lease liabilities at September 1, 2022. The adoption of the new lease standard did not impact change in net assets or cash flows and did not result in a cumulative-effect adjustment to the opening balance of net assets.

Note 2. Management Agreements

Yankauer Preserve

On January 17, 2017, the Organization entered into a five-year agreement with The Nature Conservancy ("TNC") to co-manage the property known as the Yankauer Preserve located in Berkeley County, West Virginia. The agreement requires the Organization to maintain public liability insurance in the amount of $1,000,000 per occurrence for claims of injury to individuals and $500,000 per occurrence for all claims for damages to or loss of property occurring on the Preserve. The Organization is responsible for the day-to-day maintenance of the Preserve to fulfill the combined mission of the Organization and TNC. On January 31, 2023, the agreement was renewed through January 31, 2028.

Eidolon Preserve

On October 16, 2006, the Organization entered into a five-year agreement with The Nature Conservancy ("TNC") to co-manage the property known as the Eidolon Preserve located in Morgan County, West Virginia. The agreement requires the Organization to maintain public liability insurance in the amount of $1,000,000 per occurrence for claims of injury to individuals and $500,000 per occurrence for all claims for damages to or loss of property occurring on the Preserve. The Organization is responsible for the day-to-day maintenance of the Preserve to fulfill the combined mission of the Organization and TNC. The agreement was renewed on July 1, 2014 and expired on June 30, 2019. The Organization renewed the agreement on November 14, 2019 for another five years.

The Organization entered into a contract with The Nature Conservancy ("TNC") whereby TNC would use Eidolon Nature Preserve endowment proceeds to reimburse the Organization for actual costs of materials, supplies and other out-of-pocket expenses incurred in connection with the management of the Eidolon Preserve. Reimbursements for these purposes would be governed by annual, full-year contracts that ran from July 1 through June 30 each year, with the amounts available for reimbursement each year depending upon endowment returns, and with any unused funds carrying over and remaining available to the Organization.

Note 3. Liquidity and Availability

The Organization had $156,106 and $25,393 of financial assets available within one year of the statements of financial position date to meet cash needs for general expenditures as of August 31, 2023 and 2022, respectively. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

	2023	2022
Financial assets, at year-end:		
Cash and cash equivalents	$ 423,250	$ 379,300
Pledges receivable, net	70,973	- -
Total financial assets	494,223	379,300
Less those unavailable for general expenditure within one year, due to:		
Board designated net assets	266,536	266,536
Net assets with donor restrictions - temporary in nature	71,581	87,371
Financial assets not available to be used within one year	338,117	353,907
Financial assets available to meet cash needs for general expenditures within one year	$ 156,106	$ 25,393

Note 4. Endowment Fund

The Organization is the beneficiary of the Potomac Valley Audubon Society endowment fund established in 2004 and held by the Eastern West Virginia Community Foundation. The fund is intended to be a perpetual endowment to support the environmental education efforts of the Organization. The Community Foundation maintains variance power over the fund (a) to modify any restriction or condition on the distribution of funds; (b) to replace any trustee, custodian or agent for breach of fiduciary duty; and (c) to replace any trustee, custodian or agent for failure to produce a reasonable rate of return of net income over a reasonable period of time, as determined by the Foundation's Board of Directors. Distributions from the fund are determined under the spending policy of the Foundation and can be made annually to the Organization. In the event the Organization has an emergency need, the Foundation upon written request of the Organization's Board of Directors may, in its discretion, make an excess distribution from the fund provided that only one such excess distribution may be made annually and at least $5,000 must remain in the fund after such excess distribution. No distributions have been made from the fund and the Board of Directors has elected to reinvest all investment income from the fund until such time as the Board designates otherwise.

The Organization has contributed to this fund in prior years, which is considered an agency fund and is reported as Endowment Held by Community Foundation in the Statements of Financial Position. During the year ended August 31, 2023, the Organization contributed $2,250 with an additional $2,000 matched by the Foundation. The investment income, including gains and losses, are reported in the Statements of Activities net of investment expenses and administrative fees. The net investment income was $1,133 and $800 for the years ended August 31, 2023 and 2022, respectively.

Note 5. Pledge Receivable

The Organization had an outstanding pledge receivable, net of $70,973 as of August 31, 2023. The pledge is expected to be received in annual payments of $25,000 through the year ending August 31, 2027. The present value discount was $5,027 at August 31, 2023. The discount rate was 3.4%. There were no outstanding pledge receivables at August 31, 2022.

Note 6. Board Designated Net Assets

The Organization has board designated net assets of $266,536 as of August 31, 2023 and 2022.

	2023	2022
Reserve Fund	$ 140,000	$ 140,000
Opportunity Fund	126,536	126,536
	$ 266,536	$ 266,536

The Reserve Fund has been set aside to stabilize the Organization's finances by providing funds for unexpected events, losses of income, and large unanticipated expenses. The Opportunity Fund is a reserve intended to allow the Organization to provide seed funding for a new idea or special opportunity. The intent of the Board is that drawdowns from either of these funds would be replenished within a reasonable period of time.

Note 7. Note Payable

During the year ended August 31, 2021, the Organization entered into a note payable agreement for the purchase of equipment. The terms of the agreement require five annual payments of $2,830 with 0% interest until September 2025. The outstanding balance was $5,660 and $11,321 as of August 31, 2023 and 2022, respectively.

Note 8. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes as of August 31, 2023 and 2022, respectively:

	2023	2022
Subject to expenditure for specified purpose:		
Conservation	$ 25,231	$ 35,231
Eidolon Preserve	7,839	7,839
Liz Neely Education Fund	8,002	10,502
Outdoor Classroom/Patio Roof	15,000	10,000
Accessible Trail	- -	10,000
Other	15,509	13,799
	71,581	87,371
Subject to the passage of time:		
Promises to give that are not restricted by donor, but which are unavailable for expenditure until due	75,000	- -
Perpetual in nature:		
The Nature Conservancy	16,940	16,940
Beneficial Interest in Real Estate	- -	237,078
Stauffer's Marsh	86,879	86,879
Cool Spring	150,000	150,000
CraftWorks at Cool Spring	260,000	260,000
	513,819	750,897
Net Assets With Donor Restrictions	$ 660,400	$ 838,268

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

	2023	2022
Expiration of time restrictions	$ 50,000	$ 25,156
Satisfaction of purpose restrictions:		
Conservation	10,000	10,000
Liz Neely Education Fund	2,500	2,000
Accessible Trail	10,000	- -
Other	7,290	13,825
	29,790	25,825
Net Assets Released from Restrictions	$ 79,790	$ 50,981

Note 9. Gift Subject to Life Estate Interest

The Organization, by the way of bequest, received a remainder interest in approximately 32 acres of land located in Jefferson County, West Virginia on April 27, 2008. The deceased's last will and testament stipulates the property is to be used for the purposes of holding and maintaining as a wildlife preserve, a wetlands preserve and as a home, nesting, and landing area for ducks and geese. Under terms of the bequest, the donor's beneficiaries will continue to have access to the property for the remainder of their lives. Based on the life expectancy of the beneficiaries and a 3.3% discount rate, the present value of future benefits to be received by the Organization was estimated to be $127,157, which was recorded at June 30, 2010, as a perpetual contribution in the Statements of Activities and a Beneficial interest in real estate in the Statements of Financial Position.

The beneficial interest in real estate is valued annually at the date of the financial statements with the changes being recognized in the Statements of Activities. The value is determined using the same methodology that was used to calculate the beneficial interest updated for the change in interest rates and the beneficiaries' ages. The value of the beneficial interest was $237,078 as of August 31, 2022. In August 2023, the Organization renounced their beneficial interest in the real estate. The remaining balance was recognized as a loss on the statement of activities.

Note 10. Fair Value Measurements

Accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under the standards are described as follows:

Level 1 – Valuations for assets and liabilities traded in active exchange markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities or other inputs observable for the asset or liability, either directly or indirectly through corroboration with observable market data. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

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 used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

For the year ended August 31, 2023, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Investment Held by Eastern WV Community Foundation

The investment held by Eastern WV Community Foundation is not actively traded. The value of the investment is provided by the Community Foundation on an annual basis based on their portfolio valuations.

Beneficial Interest in Real Estate

The Beneficial Interest in Real Estate is not actively traded and significant other observable inputs are not available. Thus, the fair value of the beneficial interest in real estate is determined using remainder tables based upon the life expectancy of the beneficiaries who have a life estate in the property and the prevailing interest rate.

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at August 31, 2023 and 2022 are as follows:

Description	Balance as of August 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Levels (Level 2)	Significant Other Unobservable Levels (Level 3)
Beneficial Interest in Real Estate	$ - -	$ - -	$ - -	$ - -
Investment held by Eastern WV Community Foundation	8,728	- -	8,728	- -
	$ 8,728	$ - -	$ 8,728	$ - -

Description	Balance as of August 31, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Levels (Level 2)	Significant Other Unobservable Levels (Level 3)
Beneficial Interest in Real Estate	$ 237,078	$ - -	$ - -	$ 237,078
Investment held by Eastern WV Community Foundation	7,595	- -	7,595	- -
	$ 244,673	$ - -	$ 7,595	$ 237,078

The reconciliation of the changes in the Beneficial Interest in Real Estate measured at fair value on a recurring basis using significant other unobservable inputs (Level 3) is as follows:

	2023	2022
Balance - beginning of year	$ 237,078	$ 234,923
Change in value of Beneficial Interest in Real Estate	(237,078)	2,155
Balance - end of year	$ - -	$ 237,078

The change in value of the Beneficial Interest in Real Estate of $2,155 is attributable to the revaluation of the Beneficial Interest based on applicable remainder tables and interest rates and is included in the change in net assets with donor restrictions for the years ended August 31, 2022. In August 2023, the Organization renounced their beneficial interest in the real estate. The remaining balance was recognized as a loss on the statement of activities.

Note 11. Nonfinancial Contributions

For the years ended August 31, 2023 and 2022, contributed nonfinancial assets recognized within the statements of activities included the following:

	2023	2022
Advertising	$ 500	$ 500
Printing services	180	261
Food and snacks	1,000	350
Equipment use and repair	2,000	85
Donated use of space	28,027	- -
Other goods	762	990
Other services	1,197	150
	33,666	2,336
Donated auction items	10,544	13,581
	$ 44,210	$ 15,917

Contributed nonfinancial assets are valued using estimated prices of identical or similar products using the “like-kind” methodology considering the goods’ condition and utility for use at the time of the contribution.

Donated auction items were valued at the sale price received during the auction on the day of the event.

Donated use of space is used for meetings, programs and lectures and is recognized at fair value based on current rental rates for similar space.

All gifts in-kind received during the years ended August 31, 2023 and 2022 were unrestricted and used by the Organization for program services.

Note 12. Schedule of Functional Expenses

A breakdown of expenses by nature and function for the years ended August 31, 2023 and 2022, respectively:

Expense	2023 Program Services	2023 Management and General	2023 Fundraising	2023 Total
Accounting fees	$ - -	$ 16,367	$ - -	$ 16,367
Advertising	317	50	- -	367
Conferences and training	1,926	1,634	- -	3,560
Contract labor	12,363	3,216	5,056	20,635
Depreciation	- -	26,214	- -	26,214
Employee benefits	- -	36,077	- -	36,077
In-kind goods and services	518	32,969	180	33,667
Insurance	- -	15,662	- -	15,662
Land and facility management	10,234	- -	- -	10,234
Licenses and fees	34,235	3,449	608	38,292
Other expenses	6,814	1,670	550	9,034
Postage and shipping	146	1,277	- -	1,423
Printing and publication	2,964	728	- -	3,692
Salaries, wages and payroll taxes	195,020	54,493	12,189	261,702
Supplies	10,182	3,879	- -	14,061
Transportation and travel	5,932	178	900	7,010
Utilities	3,157	2,043	- -	5,200
Website	461	5,070	- -	5,531
	$ 284,269	$ 204,976	$ 19,483	$ 508,728

Expense	2022 Program Services	2022 Management and General	2022 Fundraising	2022 Total
Accounting fees	$ - -	$ 15,162	$ - -	$ 15,162
Advertising	10	- -	- -	10
Conferences and training	950	210	- -	1,160
Contract labor	7,365	- -	800	8,165
Depreciation	- -	24,423	- -	24,423
Employee benefits	- -	27,217	- -	27,217
In-kind goods and services	- -	15,918	- -	15,918
Insurance	- -	15,670	- -	15,670
Land and facility management	5,858	- -	- -	5,858
Licenses and fees	10,158	1,240	- -	11,398
Other expenses	2,413	91	43	2,547
Postage and shipping	130	1,467	- -	1,597
Printing and publication	3,469	171	-	3,640
Salaries, wages and payroll taxes	149,615	62,271	38,871	250,757
Supplies	17,910	2,362	- -	20,272
Transportation and travel	5,848	51	981	6,880
Utilities	4,713	653	- -	5,366
Website	608	4,701	452	5,761
	$ 209,047	$ 171,607	$ 41,147	$ 421,801

Note 13. Retirement Plan

The Organization offers a SIMPLE IRA plan which covers all full-time employees (30 hours to more) who elect to participate in the plan. The Organization contributes a match of up to 3% of annual compensation. The Organization contributed $5,903 and $5,879 to the plan for the years ended August 31, 2023 and 2022, respectively.

Note 14. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 2, 2023, the date the financial statements were available to be issued. The Organization has determined there are no subsequent events that require recognition or disclosure.