

**DELAWARE NATURE SOCIETY, INC.**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**

**DECEMBER 31, 2019 AND 2018**

**DELAWARE NATURE SOCIETY, INC.**  
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**DECEMBER 31, 2019 AND 2018**

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BELFINT • LYONS • SHUMAN  
Certified Public Accountants

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*Independent Auditors' Report*

To the Board of Directors  
Delaware Nature Society, Inc.

We have audited the accompanying financial statements of Delaware Nature Society, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

*Management's Responsibility 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; 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.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

To the Board of Directors  
Delaware Nature Society, Inc.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Delaware Nature Society, Inc. as of December 31, 2019 and 2018, and 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.

*Belfint, Lyons & Shurman, P.A.*

May 20, 2020

Wilmington, Delaware

**DELAWARE NATURE SOCIETY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2019 AND 2018**

**ASSETS**

	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 719,266	\$ 1,366,108
Accounts Receivable, Net	147,714	120,932
Contributions and Grants Receivable, Net	1,158,441	955,135
Prepaid Expenses	40,737	67,977
Investments - Endowment	20,769,552	17,905,942
Investments - Other	719,692	6,025
Property and Equipment, Net	23,976,010	23,885,986
<b>TOTAL ASSETS</b>	<b>\$ 47,531,412</b>	<b>\$ 44,308,105</b>

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 73,258	\$ 53,278
Capital Lease Obligations	16,687	-
Deferred Revenue	17,594	49,801
<b>TOTAL LIABILITIES</b>	<b>107,539</b>	<b>103,079</b>
<b>NET ASSETS</b>		
Without Donor Restrictions	15,898,153	15,220,957
With Donor Restrictions	31,525,720	28,984,069
<b>TOTAL NET ASSETS</b>	<b>47,423,873</b>	<b>44,205,026</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 47,531,412</b>	<b>\$ 44,308,105</b>

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

**DELAWARE NATURE SOCIETY, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT FROM OPERATIONS</b>			
Memberships	\$ 90,050	\$ -	\$ 90,050
Contributions	377,328	83,819	461,147
Grants	101,662	1,545,471	1,647,133
Contract Revenue	457,806	-	457,806
Fees, Admissions, Tuition	786,868	-	786,868
Special Events	221,136	-	221,136
Other Income	106,572	-	106,572
	<u>2,141,422</u>	<u>1,629,290</u>	<u>3,770,712</u>
<b>RELEASE OF RESTRICTIONS</b>			
Appropriation of Endowment Assets for Expenditure	470,109	(470,109)	-
Satisfaction of Donor Restrictions	1,103,707	(1,103,707)	-
	<u>1,573,816</u>	<u>(1,573,816)</u>	<u>-</u>
<b>TOTAL SUPPORT FROM OPERATIONS</b>	<u>3,715,238</u>	<u>55,474</u>	<u>3,770,712</u>
<b>EXPENSES</b>			
Program Services			
Education	1,922,997	-	1,922,997
Preservation and Conservation	691,762	-	691,762
Land and Biodiversity Management	913,399	-	913,399
Total Program Services	<u>3,528,158</u>	<u>-</u>	<u>3,528,158</u>
Support Services			
Management and General	368,547	-	368,547
Fundraising	349,580	-	349,580
Total Support Services	<u>718,127</u>	<u>-</u>	<u>718,127</u>
<b>TOTAL EXPENSES</b>	<u>4,246,285</u>	<u>-</u>	<u>4,246,285</u>
<b>CHANGES IN NET ASSETS FROM OPERATIONS</b>	<u>(531,047)</u>	<u>55,474</u>	<u>(475,573)</u>
<b>OTHER SUPPORT AND REVENUE</b>			
Investment Income, Net of Fees	173,378	354,777	528,155
Net Realized and Unrealized Gains on Investments	1,034,865	2,131,400	3,166,265
<b>TOTAL OTHER SUPPORT AND REVENUE</b>	<u>1,208,243</u>	<u>2,486,177</u>	<u>3,694,420</u>
<b>CHANGES IN NET ASSETS</b>	677,196	2,541,651	3,218,847
<b>NET ASSETS - Beginning of Year</b>	<u>15,220,957</u>	<u>28,984,069</u>	<u>44,205,026</u>
<b>NET ASSETS - End of Year</b>	<u>\$ 15,898,153</u>	<u>\$ 31,525,720</u>	<u>\$ 47,423,873</u>

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

**DELAWARE NATURE SOCIETY, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2018**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>SUPPORT FROM OPERATIONS</b>			
Memberships	\$ 103,231	\$ -	\$ 103,231
Contributions	380,223	43,845	424,068
Grants	3,500	553,155	556,655
Contract Revenue	423,927	-	423,927
Fees, Admissions, Tuition	758,069	-	758,069
Special Events	198,278	-	198,278
Other Income	64,914	-	64,914
	<u>1,932,142</u>	<u>597,000</u>	<u>2,529,142</u>
<b>RELEASE OF RESTRICTIONS</b>			
Appropriation of Endowment Assets for Expenditure	655,540	(655,540)	-
Satisfaction of Donor Restrictions	1,212,901	(1,212,901)	-
	<u>1,868,441</u>	<u>(1,868,441)</u>	<u>-</u>
<b>TOTAL SUPPORT FROM OPERATIONS</b>	<u>3,800,583</u>	<u>(1,271,441)</u>	<u>2,529,142</u>
<b>EXPENSES</b>			
Program Services			
Education	2,342,895	-	2,342,895
Preservation and Conservation	667,712	-	667,712
Land and Biodiversity Management	779,710	-	779,710
Total Program Services	<u>3,790,317</u>	<u>-</u>	<u>3,790,317</u>
Support Services			
Management and General	491,040	-	491,040
Fundraising	234,893	-	234,893
Total Support Services	<u>725,933</u>	<u>-</u>	<u>725,933</u>
<b>TOTAL EXPENSES</b>	<u>4,516,250</u>	<u>-</u>	<u>4,516,250</u>
<b>CHANGES IN NET ASSETS FROM OPERATIONS</b>	<u>(715,667)</u>	<u>(1,271,441)</u>	<u>(1,987,108)</u>
<b>OTHER SUPPORT AND REVENUE</b>			
Investment Income, Net of Fees	150,904	334,408	485,312
Net Realized and Unrealized Losses on Investments	(509,709)	(1,133,337)	(1,643,046)
<b>TOTAL OTHER SUPPORT AND REVENUE</b>	<u>(358,805)</u>	<u>(798,929)</u>	<u>(1,157,734)</u>
<b>CHANGES IN NET ASSETS</b>	<u>(1,074,472)</u>	<u>(2,070,370)</u>	<u>(3,144,842)</u>
<b>NET ASSETS - Beginning of Year</b>	<u>16,295,429</u>	<u>31,054,439</u>	<u>47,349,868</u>
<b>NET ASSETS - End of Year</b>	<u>\$ 15,220,957</u>	<u>\$ 28,984,069</u>	<u>\$ 44,205,026</u>

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

**DELAWARE NATURE SOCIETY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2019**

	<u>Program</u>			<u>Supporting Services</u>			
	<u>Education</u>	<u>Preservation and Conservation</u>	<u>Land and Biodiversity</u>	<u>Total Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<b>PAYROLL AND RELATED EXPENSES</b>							
Salaries	\$ 1,148,619	\$ 311,764	\$ 344,793	\$ 1,805,176	\$ 157,094	\$ 172,559	\$ 2,134,829
Payroll Taxes	85,667	23,252	25,716	134,635	11,717	12,870	159,222
Employee Benefits	134,922	63,896	73,889	272,707	50,521	26,490	349,718
<b>TOTAL PAYROLL AND RELATED EXPENSES</b>	1,369,208	398,912	444,398	2,212,518	219,332	211,919	2,643,769
<b>EXPENSES</b>							
Bank and Merchant Fees	37,617	-	-	37,617	-	-	37,617
Contributions and Assistance	18,520	-	-	18,520	-	-	18,520
Depreciation	189,415	17,751	132,433	339,599	4,396	2,858	346,853
Dues and Licenses	935	66	318	1,319	539	91	1,949
Facility Maintenance and Repair	50,773	4,732	37,567	93,072	1,688	761	95,521
Insurance	47,814	6,627	33,430	87,871	1,110	722	89,703
Major Trip Expenses	12,239	-	-	12,239	-	-	12,239
Marketing and Communications	7,926	9,084	-	17,010	2,075	12,442	31,527
Office Equipment	38,646	15,204	9,595	63,445	13,230	8,741	85,416
Office Supplies	3,740	220	901	4,861	21,477	3,830	30,168
Postage and Delivery	3,170	236	223	3,629	3,615	10,955	18,199
Professional Services	18,256	16,446	4,113	38,815	89,964	4,417	133,196
Rent Expense	19,200	-	-	19,200	500	-	19,700
Supplies and Services	41,790	201,780	195,282	438,852	78	87,661	526,591
Telephone	5,956	2,403	1,354	9,713	2,098	1,387	13,198
Training and Travel	8,630	13,694	12,339	34,663	6,802	2,839	44,304
Utilities	46,939	4,399	33,516	84,854	1,569	923	87,346
Vehicle Maintenance and Repair	2,223	208	7,930	10,361	74	34	10,469
<b>TOTAL EXPENSES</b>	<u>\$ 1,922,997</u>	<u>\$ 691,762</u>	<u>\$ 913,399</u>	<u>\$ 3,528,158</u>	<u>\$ 368,547</u>	<u>\$ 349,580</u>	<u>\$ 4,246,285</u>

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



**DELAWARE NATURE SOCIETY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2018**

	<u>Program</u>			<u>Supporting Services</u>			
	<u>Education</u>	<u>Preservation and Conservation</u>	<u>Land and Biodiversity</u>	<u>Total Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<b>PAYROLL AND RELATED EXPENSES</b>							
Salaries	\$ 1,174,074	\$ 324,786	\$ 335,417	\$ 1,834,277	\$ 167,389	\$ 135,218	\$ 2,136,884
Payroll Taxes	89,517	22,379	25,576	137,472	6,393	15,985	159,850
Employee Benefits	274,483	23,425	15,117	313,025	77,362	7,029	397,416
<b>TOTAL PAYROLL AND RELATED EXPENSES</b>	1,538,074	370,590	376,110	2,284,774	251,144	158,232	2,694,150
<b>EXPENSES</b>							
Bank and Merchant Fees	39,304	-	-	39,304	-	-	39,304
Contributions and Assistance	17,386	500	-	17,886	-	-	17,886
Depreciation	163,339	15,286	114,163	292,788	3,762	2,456	299,006
Dues and Licenses	814	68	226	1,108	1,109	45	2,262
Facility Maintenance and Repair	75,918	6,924	51,729	134,571	2,439	1,103	138,113
Insurance	56,101	7,338	21,997	85,436	-	677	86,113
Major Trip Expenses	92,685	-	-	92,685	-	-	92,685
Marketing and Communications	23,864	13,570	414	37,848	2,882	3,989	44,719
Office Equipment	61,348	16,999	11,678	90,025	11,856	10,050	111,931
Office Supplies	3,755	31	1,147	4,933	10,572	3,168	18,673
Postage and Delivery	3,898	225	-	4,123	7,074	11,917	23,114
Professional Services	16,452	4,548	17,996	38,996	190,501	2,699	232,196
Rent Expense	26,400	-	-	26,400	-	-	26,400
Supplies and Services	155,914	209,508	121,808	487,230	-	37,628	524,858
Telephone	8,535	2,397	1,559	12,491	1,676	1,422	15,589
Training and Travel	11,786	15,358	8,845	35,989	6,472	805	43,266
Utilities	45,405	4,212	33,696	83,313	1,497	677	85,487
Vehicle Maintenance and Repair	1,917	158	18,342	20,417	56	25	20,498
<b>TOTAL EXPENSES</b>	<u>\$ 2,342,895</u>	<u>\$ 667,712</u>	<u>\$ 779,710</u>	<u>\$ 3,790,317</u>	<u>\$ 491,040</u>	<u>\$ 234,893</u>	<u>\$ 4,516,250</u>

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

**DELAWARE NATURE SOCIETY, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Operations	\$ 3,337,099	\$ 3,057,962
Cash Paid to Suppliers and Employees	(3,852,212)	(4,201,262)
Interest Received from Deposit Accounts	10,324	729
	(504,789)	(1,142,571)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net Withdrawals from Investments	213,137	1,506,221
Purchase of Fixed Assets	(349,541)	(137,879)
	(136,404)	1,368,342
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on Capital Lease Obligations	(5,649)	-
	(646,842)	225,771
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		
	1,366,108	1,140,337
<b>CASH AND CASH EQUIVALENTS - Beginning of Year</b>		
	\$ 719,266	\$ 1,366,108
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 3,218,847	\$ (3,144,842)
Adjustments to Reconcile Change in Net Assets to Net Cash from Operating Activities		
Depreciation	346,853	299,006
Net Realized and Unrealized (Gains) Losses on Investments	(3,166,265)	1,643,046
Donated Property and Equipment Received	(65,000)	(43,845)
Reinvestment of Interest and Dividends, Net	(517,831)	(503,451)
Donated Investments Received	(106,318)	(113,781)
Changes in Assets and Liabilities		
(Increase) Decrease in		
Accounts Receivable	(26,782)	(11,665)
Contributions and Grants Receivable	(203,306)	742,306
Prepaid Expenses	27,240	(16,816)
Increase (Decrease) in		
Accounts Payable and Accrued Expenses	19,980	(4,830)
Deferred Revenue	(32,207)	12,301
Total Adjustments	(3,723,636)	2,002,271
<b>NET CASH FROM OPERATING ACTIVITIES</b>	\$ (504,789)	\$ (1,142,571)
<b>NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Assets Capitalized from Capital Lease Transactions	\$ 22,336	\$ -

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

**DELAWARE NATURE SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 1: NATURE OF ACTIVITIES**

*Nature of Activities* - Delaware Nature Society, Inc. (Society) fosters understanding, appreciation, and enjoyment of the natural world through education, preserves ecologically significant areas, and advocates stewardship and conservation of natural resources.

The Society provides educational programs throughout the state of Delaware operating from Ashland Nature Center, Coverdale Farm, Abbott's Mill Nature Center, the DuPont Environmental Education Center, and Cooch-Dayett Mills.

Preservation and conservation of natural resources are promoted through the Society's Land Trust, Watershed Stewardship Program, and advocacy efforts. The Society is the state affiliate of the National Wildlife Federation.

The Society owns or manages over 2,000 acres of land for wildlife habitat and education preserves.

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES**

*Basis of Accounting* - The Society's policy is to prepare its financial statements on the accrual basis of accounting.

*Changes in Accounting Principles* - Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The Society has implemented Topic 606 and has adjusted the presentation in these financial statements accordingly. The amendments have been applied retrospectively to all periods presented, with no effect on net assets.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Society has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with our implementation of ASU 2018-08.

**DELAWARE NATURE SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2019**

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

***Revenue Recognition*** - In accordance with FASB ASC 606, the Society recognizes revenue resulting from contracts with customers when it satisfies its performance obligations by transferring control over a product or service to a customer. The following is a description of principal exchange transactions from which the Society generates revenue:

*Fees, Admissions, Tuition* - Fees, admissions, and tuition are recognized over time in the period the programs and related services are delivered. Unconditional amounts due from customers for services in which the Society has met its performance obligations are recorded as accounts receivable on the statements of financial position.

At times, the Society may receive fees, admissions, and tuition prior to the period in which the Society will provide the programs and related services. These payments represent contract liabilities and are recorded as deferred revenue on the statements of financial position. The Society recognizes contract liabilities as revenue in the period services are provided.

*Membership Dues* - Membership dues, which are nonrefundable, are comprised of an exchange element based on the benefits received, and a contribution element for the difference. The Society recognizes the exchange portion of membership dues over the membership period, and the contribution portion immediately.

*Special Events* - The Society recognizes special events revenue equal to the cost of direct benefits provided to the donor, and contribution revenue for the difference. Special event revenue equal to the cost of direct benefits provided to the donor is recognized at the time the benefit is delivered. Contribution revenue resulting from special events is recognized immediately.

*Contract Revenue* - The Society receives revenue from contracts with customers primarily related to project monitoring and management. The Society recognizes contract revenue over time as performance obligations are met. Unconditional amounts due from customers for services in which the Society has met its performance obligations are recorded as accounts receivable on the statements of financial position.

*Other Income* - Other income includes revenue derived from the sale of agricultural products and visitor center items, and trail fees. Revenue is recognized at the time the product is delivered or when the service is provided.

**DELAWARE NATURE SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2019**

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

***Revenue Recognition - Continued***

The following is a description of principal activities from which the Society generates revenue which fall outside the scope of FASB ASC 606:

*Contributions and Grants* - The Society recognizes contributions and grants when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

At times, the Society may receive contributions and grants that are a combination of exchange and nonexchange transactions. The Society recognizes the exchange portion of contributions and grants when the products are transferred and/or when the services are provided, and the non-exchange portion immediately.

*Facility Rental Income* - Facility rental income is included in other income in the statements of activities and changes in net assets and is recognized in accordance with FASB ASC 740.

***Net Assets*** - Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board may designate, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

*Net Assets With Donor Restrictions* - Net assets subject to donor- (or certain grantor-) 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 may be 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. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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.

**DELAWARE NATURE SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2019**

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

*Cash and Cash Equivalents* - The Society considers all highly liquid debt instruments, purchased with a maturity of three months or less, to be cash equivalents, excluding cash held in investment accounts.

*Receivables* - Accounts receivable are stated at their estimated net realizable value. Receivables are considered past due on a case-by-case basis. Write-offs of receivables are made at the discretion of management.

Contributions and grants receivable (promises to give) are stated at the amount the Society expects to collect from outstanding balances discounted to net present value on an annual basis. An allowance for promises to give is provided, if necessary, based on management's judgment including such factors as prior collection history, types of contributions, and nature of fundraising activity. As of December 31, 2019, long-term promises to give totaled \$82,500 and are expected to be received during the year ending December 31, 2021. Management has not recorded a discount on long-term promises to give as of December 31, 2019 since the amount is immaterial. The Society had no long-term promises to give as of December 31, 2018.

Management considers receivable balances as of December 31, 2019 and 2018 to be fully collectible; therefore, no allowance for uncollectible accounts has been established.

*Investments* - Investments are carried at fair value. Gains and losses and investment income derived from investments are accounted for as net assets with donor restrictions and net assets without donor restrictions based on restrictions, if any, imposed by donors. Realized and unrealized gains and losses on the Society's unrestricted and donor-restricted long-term investments are reflected as increases or decreases in net assets with donor restrictions and net assets without donor restrictions, respectively.

Investment securities are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the financial statements. The Society's carrying values for investments are not intended to reflect the amounts to be eventually realized upon sale at some future period.

*Fair Value Hierarchy* - FASB ASC 820-10, *Fair Value Measurements Disclosures*, establishes a fair value hierarchy and specifies that a valuation technique used to measure fair value shall maximize the use of observable inputs and minimize the use of unobservable inputs. The objective of a fair value measurement is to determine 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 (an exit price). Accordingly, the fair value hierarchy gives the highest priority

**DELAWARE NATURE SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2019**

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

*Fair Value Hierarchy - Continued* - to quoted prices (unadjusted) 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 FASB ASC 820-10 are described below:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 - Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

The asset's 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.

In accordance with ASU 2015-07, *Disclosures for Investments in Certain Entities that Calculate Net Asset Value (NAV) Per Share (or its equivalent)*, investments carried at NAV as a practical expedient are not assigned a fair value hierarchy.

*Property and Equipment* - Property and equipment are stated at cost or, if donated, at the fair value on the date of donation. Assets other than land are depreciated over their estimated useful lives using the straight-line method. On sale or retirement, the asset cost and related accumulated depreciation are removed from the accounts, and any related gain or loss is included in income.

Capital expenditures greater than \$1,000 are capitalized and recorded as increases to fixed assets and depreciated over their useful lives.

The Society receives donations of conservation easements without receiving an interest in, or possession of, the land related to the easement. These donated easements are not recognized in the financial statements by the Society.

Works of art are stated at cost, which is purchase price, if purchased, or fair value at date of donation, if acquired by gift. Works of art are not depreciated.

**DELAWARE NATURE SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2019**

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

***Donated Services*** - Donated services are recognized as contributions in accordance with the FASB ASC 958, *Not-for-Profit Entities*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Society. Volunteers perform a variety of tasks that assist the Society with program services and fundraising events throughout the year which are not recognized as contributions in the financial statements since the criteria for ASC 958 have not been met.

***Income Taxes*** - The Society is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and is classified by the Internal Revenue Service as a publicly supported charitable organization. The Society is responsible for taxes on unrelated business income in excess of \$1,000. During the years ended December 31, 2019 and 2018, the Society did not realize any unrelated business income that would be subject to tax.

The Society's policy is to expense all interest and penalties as incurred, if any. No amounts of interest or penalties were recognized by the Society during the years ended December 31, 2019 and 2018.

The federal informational returns of the Society for the years ended December 31, 2016, 2017, and 2018 are subject to examination by the IRS, generally for three years after they were filed.

***Advertising*** - The Society expenses advertising costs as incurred. Advertising expense was \$16,467 and \$13,045 for the years ended December 31, 2019 and 2018, respectively.

***Expense Allocation*** - The costs of providing various programs and other activities of the Society have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

***Use of Estimates in the Preparation of Financial Statements*** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

***Subsequent Events*** - The Society's policy is to evaluate events and transactions subsequent to its year end for potential recognition in the financial statements or disclosure in the notes to the financial statements. Management has evaluated events and transactions through the date of the independent auditors' report, which is the date the financial statements were available to be issued.



**DELAWARE NATURE SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2019**

**NOTE 3: AVAILABILITY AND LIQUIDITY**

The following reflects the Society's financial assets as of the date of the statement of financial position, reduced by amounts not available for general use because of contractual, board designation, or donor-imposed restrictions within one year of the statement of financial position date.

	<u>2019</u>	<u>2018</u>
Financial Assets as of December 31		
Cash and Cash Equivalents	\$ 719,266	\$ 1,366,108
Accounts Receivable, Net	147,714	120,932
Contributions and Grants Receivable, Net	1,158,441	955,135
Investments - Endowment	20,769,552	17,905,942
Investments - Other	<u>719,692</u>	<u>6,025</u>
Financial Assets as of December 31	23,514,665	20,354,142
Less: Amounts Not Available to be Used Within a Year		
Donor-Restricted - For Specified Purpose	1,630,911	1,147,542
Donor-Restricted - Endowment in Excess of Spending Policy Allocation	13,556,349	11,565,473
Board-Designated - Endowment in Excess of Spending Policy Allocation	6,363,151	5,341,030
Uninvested Gifts to be Held in Perpetuity	<u>35,112</u>	<u>32,648</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 1,929,142</u>	<u>\$ 2,267,449</u>

The Society's short-term liquidity plan is to maintain readily available resources, including operating cash, to cover expenses as they are incurred. The majority of the Society's cash inflow is from services provided in carrying out its mission and are received consistently throughout the year based on the level of service provided. As a result, operating cash balances are consistently above 30 days of operating expenses. Although the Society does not intend to spend from its board-designated endowment other than amounts appropriated for general expenditures as part of its annual budget approval and appropriation process, amounts could be made available if necessary.

**NOTE 4: LEASES**

The Society leases the Ashland Nature Center property from the Mt. Cuba Corporation for \$1 per year. The lease terms include the leasing of the core and management land area beginning January 1, 2010 and terminating December 31, 2030, as well as the right to use an additional remote area for five years beginning January 1, 2010, automatically renewable for three more five-year terms. In addition, the Society has a lease with the Delaware Division of Historical & Cultural Affairs for the Abbott's Mill Nature Center for \$1 per year. The Society is responsible for maintaining the grounds, trail systems, and buildings located on the properties.

**DELAWARE NATURE SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2019**

**NOTE 4: LEASES - CONTINUED**

The Society entered into a ground lease with the Town of Slaughter Beach (Town) beginning August 7, 2018. Lease terms include the Society leasing the Town a portion of its owned land located in Sussex County, Delaware for use as a public park, which will contain a boardwalk into the Marvel Tract Marshlands, for a period of 99 years at a cost of \$1 per year. The Society is responsible for payment of all taxes and assessments (current and future), repair and maintenance costs, and utility charges (if any).

No amount has been set for the fair market value of the rents since there is no comparable properties on which to base the appraisal. Consequently, rent expense has not been recorded at fair market value, and the contribution income has not been recorded in the financial statements. Management does not believe that there is a material effect on the financial statements taken as a whole.

The Society leases office equipment under a capital lease expiring in August 2021. The economic substance of the lease is that the Society is financing the acquisition of the equipment through the lease and, accordingly, is recorded in the Society's assets and liabilities. As of December 31, 2019, the equipment has been capitalized at \$33,503 and is included in property and equipment on the statements of financial position. As of December 31, 2019, accumulated amortization on the leased equipment was \$22,336. Amortization expense for the year ended December 31, 2019 totaled \$6,701 and is included in depreciation expense in the statements of functional expenses.

As of December 31, 2019, minimum future rental payments required under the above capital lease are summarized as follows:

Year Ending December 31	
2020	\$ 12,732
2021	8,488
	21,220
Less: Amount Representing Interest	4,533
Present Value of Net Minimum Payments	16,687
Less: Current Maturities of Capital Lease Obligations	9,049
Long-Term Capital Lease Obligations	\$ 7,638

**DELAWARE NATURE SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2019**

**NOTE 5: RETIREMENT PLAN**

The Society has a defined contribution money purchase pension plan covering substantially all eligible employees. All employees who are eligible must participate in the plan. Currently, minimum contributions of 3.3% of salary are required. The Society contributed 3.3% and 6.7% of each participant's salary during the years ended December 31, 2019 and 2018, respectively. The Society's contributions to the Teachers' Insurance and Annuity Association (TIAA) plan amounted to \$66,486 and \$128,865 during the years ended December 31, 2019 and 2018, respectively.

Contributions are forwarded semi-monthly to the TIAA and are applied to accounts maintained for each participant by TIAA.

**NOTE 6: PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Land	\$ 18,111,154	\$ 18,111,154
Construction in Progress	36,512	87,698
Office Furniture	114,226	114,226
Office Machines	217,109	317,033
Other Equipment	438,001	402,260
Buildings and Site Improvements	10,514,552	10,153,561
Vehicles	294,742	227,771
Exhibits	11,506	11,506
Other	<u>26,530</u>	<u>26,530</u>
	29,764,332	29,451,739
Less: Accumulated Depreciation	<u>5,788,322</u>	<u>5,565,753</u>
	<u><u>\$ 23,976,010</u></u>	<u><u>\$ 23,885,986</u></u>

**DELAWARE NATURE SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2019**

**NOTE 7: INVESTMENTS**

Investments consisted of the following as of December 31:

	2019			Cost Total
	Fair Value		Total	
	Endowment	Other		
Money Market Funds	\$ 742,626	\$ 36,099	\$ 778,725	\$ 778,725
Bond Mutual Funds	6,377,346	224,297	6,601,643	6,565,233
Domestic Equity Mutual Funds	9,095,741	301,581	9,397,322	6,446,460
International Equity Mutual Funds	4,553,839	157,715	4,711,554	4,293,194
<b>Total Investments</b>	<b>\$ 20,769,552</b>	<b>\$ 719,692</b>	<b>\$ 21,489,244</b>	<b>\$ 18,083,612</b>

  

	2018			Cost Total
	Fair Value		Total	
	Endowment	Other		
Money Market Funds	\$ 13,621	\$ 3	\$ 13,624	\$ 13,624
Bond Mutual Funds	6,172,335	2,126	6,174,461	6,526,516
Domestic Equity Mutual Funds	7,732,090	2,548	7,734,638	6,708,937
International Equity Mutual Funds	3,987,896	1,348	3,989,244	4,274,995
<b>Total Investments</b>	<b>\$ 17,905,942</b>	<b>\$ 6,025</b>	<b>\$ 17,911,967</b>	<b>\$ 17,524,072</b>

All investments have been assigned a fair value hierarchy of level 1 based on the availability of quoted prices in active markets for identical assets.

Investment income is reported net of management fees in the amount of \$26,229 and \$29,091 for the years ended December 31, 2019 and 2018, respectively.

**NOTE 8: ENDOWMENT FUNDS**

The Society's Endowment Fund (Fund) consists of 11 individual funds established for a variety of purposes. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors has interpreted the Delaware Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. As of December 31, 2019 and 2018,

**DELAWARE NATURE SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2019**

**NOTE 8: ENDOWMENT FUNDS - CONTINUED**

there were no such donor stipulations. As a result of this interpretation, the Society retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the Fund and (b) any accumulations to the endowment made in accordance with direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. The Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- the duration and preservation of the fund;
- the Society’s mission and purpose supported by the donor-restricted endowment fund;
- general economic conditions;
- the possible effect of inflation and deflation;
- the expected total return from income and the appreciation of investments;
- the Society’s other resources; and,
- the investment policies of the Society.

The Fund’s net asset composition based on the existence or absence of donor-imposed restrictions as of December 31, 2019 was:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Fund	\$ 6,694,339	\$ 14,075,213	\$ 20,769,552

The Fund’s net asset composition based on the existence or absence of donor-imposed restrictions as of December 31, 2018 was:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Fund	\$ 5,846,797	\$ 12,059,145	\$ 17,905,942

**Endowment Deficiencies** - From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the donor or UPMIFA requires the Society to retain as a fund of perpetual duration.

As of December 31, 2019, deficiencies of this nature existed in three donor-restricted endowment funds, which together have an original gift value of \$4,395,439, a fair value of \$3,949,071, and deficiency of \$446,368.

**DELAWARE NATURE SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2019**

**NOTE 8: ENDOWMENT FUNDS - CONTINUED**

*Endowment Deficiencies - Continued*

As of December 31, 2018, deficiencies of this nature existed in four donor-restricted endowment funds, which together have an original gift value of \$5,395,439, a fair value of \$4,311,938, and deficiency of \$1,083,501.

These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor-restricted endowment funds and continued appropriation for certain programs that was deemed prudent by the Board of Directors.

*Investment Return Objectives and Risk Parameters* - The Society has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

Under this policy, as approved by the Board of Directors; the endowment assets are invested in a manner that is intended to maintain the level of financial support currently provided while assuming a moderate level of investment risk. The Society expects its endowment funds, over time, to provide an average rate of return of at least 8 percent annually. Actual returns in any given year may vary from this amount.

*Strategies Employed for Achieving Objectives* - To satisfy its long-term rate of return objectives, the Society 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 Society targets a strategic asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

*Spending Policy and How the Investment Objective Relates to Spending Policy* - The Society has a policy of appropriating for distribution each year up to 5 percent of the endowment fund's average fair market value over the prior 20 quarters through the third quarter preceding the calendar year in which the distribution is planned, except where donor has directed otherwise. In establishing this policy, the Society considered the long-term expected return on its endowment. Accordingly, over the long term, the Society expects the current spending policy to allow its endowment to grow at an average of 3 percent annually. This is consistent with the Society's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as provide additional real growth through new gifts and investment return.

**DELAWARE NATURE SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2019**

**NOTE 8: ENDOWMENT FUNDS - CONTINUED**

*Spending Policy and How the Investment Objective Relates to Spending Policy - Continued*

Changes in endowment net assets for the years ended December 31, 2019 and 2018 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment, Net Assets - December 31, 2017	\$ 6,414,215	\$ 13,513,614	\$ 19,927,829
Investment Loss	(355,143)	(798,929)	(1,154,072)
Appropriation of Assets for Expenditure	(449,268)	(655,540)	(1,104,808)
Additions to Endowment	236,993	-	236,993
Endowment, Net Assets - December 31, 2018	5,846,797	12,059,145	17,905,942
Investment Return	1,190,568	2,486,177	3,676,745
Appropriation of Assets for Expenditure	(343,026)	(470,109)	(813,135)
Endowment, Net Assets - December 31, 2019	<u>\$ 6,694,339</u>	<u>\$ 14,075,213</u>	<u>\$ 20,769,552</u>

**NOTE 9: NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes and periods as of December 31:

	2019	2018
Subject to Expenditure for Specified Purpose		
Education	\$ 61,730	\$ 64,991
Preservation and Conservation	1,569,181	1,066,818
Strategic Planning	-	15,733
Total Subject to Expenditure for Specified Purpose	<u>1,630,911</u>	<u>1,147,542</u>
Subject to Time Restriction in Subsequent Year	<u>77,500</u>	<u>37,750</u>
Subject to Endowment Spending Policy and Appropriation		
Original Gift Values to Support		
Education	3,218,881	3,218,881
Land and Biodiversity Management	6,400,588	6,400,588
Preservation and Conservation	<u>2,162,996</u>	<u>2,162,996</u>
	<u>\$ 11,782,465</u>	<u>\$ 11,782,465</u>

**DELAWARE NATURE SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2019**

**NOTE 9: NET ASSETS WITH DONOR RESTRICTIONS - CONTINUED**

	<u>2019</u>	<u>2018</u>
Amount Above Original Gift Values which is Expendable to Support		
Education	\$ 56,263	\$ 18,856
Land and Biodiversity Management	2,223,073	1,094,191
Preservation and Conservation	<u>459,780</u>	<u>247,134</u>
	<u>2,739,116</u>	<u>1,360,181</u>
Endowment Deficiency	<u>(446,368)</u>	<u>(1,083,501)</u>
Total Subject to Endowment Spending Policy and Appropriation	<u>14,075,213</u>	<u>12,059,145</u>
Not Subject to Appropriation or Expenditure		
Uninvested Gifts to be Held in Perpetuity	35,112	32,648
Land to be Held in Perpetuity	<u>15,706,984</u>	<u>15,706,984</u>
Total Not Subject to Appropriation or Expenditure	<u>15,742,096</u>	<u>15,739,632</u>
Total Net Assets With Donor Restrictions	<u>\$ 31,525,720</u>	<u>\$ 28,984,069</u>

**NOTE 10: ASSETS HELD BY THE DELAWARE COMMUNITY FOUNDATION**

The Society is the beneficiary of an endowment fund held by the Delaware Community Foundation (Foundation). The endowment fund was established in 2001 with assets that were gifted to the Foundation in the name of the Society, through an agreement that states that the endowment is owned and held by the Foundation. These assets are not recorded on the Society's statements of financial position. The agreement states that future gifts will be invested and held by the Foundation, and that a portion of the invested gifts and related income will be distributed periodically to the Society at the Foundation's discretion.

The endowment fund consists of invested gifts, appreciation, and related income, net of administration and investment charges. The Society will recognize the distributions from the Foundation as revenue on the statements of activities. The value of the fund was \$20,492 and \$17,756 as of December 31, 2019 and 2018, respectively.



**DELAWARE NATURE SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2019**

**NOTE 11: COMMITMENTS AND CONTINGENCIES**

The Society is self-insured for unemployment claims. Management has not accrued a liability for future claims due to its uncertain nature and the nominal amount of exposure.

At December 31, 2019 the Society had outstanding purchase commitments totaling approximately \$128,000 resulting from purchased maintenance, IT, software, and communication services. Future expected payments related to these commitments are as follows for the years ending December 31:

2020	\$ 80,000
2021	24,000
2022	<u>24,000</u>
	<u>\$ 128,000</u>

**NOTE 12: CONCENTRATIONS OF CREDIT RISK**

The Society maintains its cash balances with one financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. From time to time, in the normal course of business, the Society's cash balances may exceed federally insured limits. As of December 31, 2019 and 2018, uninsured cash totaled \$464,285 and \$1,080,687, respectively. Management believes that the risk of loss is remote.

**NOTE 13: FUNCTIONALIZED EXPENSES**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Based on estimates of full-time equivalency and direct costs, the Society allocates certain expenses, including payroll and related expenses, office equipment, and telephone, between the programs and functions benefited. Based on estimates of square footage, the Society allocates certain expenses, including facility maintenance and repair, depreciation, utilities, and insurance, between the programs and functions benefited.

**DELAWARE NATURE SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2019**

**NOTE 14: REVENUE FROM CONTRACTS WITH CUSTOMERS**

*Disaggregation of Revenue from Contracts with Customers* - The following table disaggregates the Society's revenue based on the timing of satisfaction of performance obligations for the years ended December 31:

	2019	2018
Performance Obligations Satisfied at a Point in Time	\$ 310,208	\$ 247,642
Performance Obligations Satisfied Over Time	1,334,724	1,285,227

*Contract Balances* - Accounts receivable and contract balances from customers are as follows:

	Accounts Receivable		Contract Assets		Contract Liabilities	
	2019	2018	2019	2018	2019	2018
Beginning of Year	\$ 120,532	\$ 109,267	\$ -	\$ -	\$ 49,801	\$ 37,500
End of Year	146,193	120,532	-	-	17,594	49,801

**NOTE 15: RECLASSIFICATIONS**

The Society's prior year financial statements presented special event expenses as a contra-revenue account on the statements of activities. The accompanying statements of activities and changes in net assets and functional expenses present these costs as fundraising expenses to more accurately reflect the nature of the Society's activities. These reclassifications had no effect on previously reported change in net assets or total net assets.

**NOTE 16: SUBSEQUENT EVENT**

In December 2019, COVID-19 emerged and has subsequently spread worldwide. The World Health Organization has declared COVID-19 a pandemic resulting in federal, state and local governments, and private entities mandating various restrictions, including travel restrictions, restrictions on public gatherings, stay at home orders and advisories and quarantining of people who may have been exposed to the virus. As the COVID-19 pandemic is complex and rapidly evolving, the Society cannot reasonably estimate the duration and severity of this pandemic, which could have a material adverse impact on the Society's financial position, results of operations and cash flows. Possible effects may include, but are not limited to, disruption to the Society's members, grantors, contributors, and revenue, unavailability of products and supplies used in operations, and a decline in value of assets held by the Society, including marketable securities and property and equipment. Management currently believes that it has adequate liquidity and business plans to address these possible risks and continue to operate for the next 12 months from the date of this report.

**DELAWARE NATURE SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2019**

**NOTE 16: SUBSEQUENT EVENT - CONTINUED**

In response to the uncertainty created by the COVID-19 pandemic, the federal government signed into law the Coronavirus Aid, Relief, and Economic Security (CARES) Act. A provision of the CARES Act allowed for loans to eligible small business, including nonprofit organizations, under its Paycheck Protection Program (PPP) administered by the U.S. Small Business Administration. PPP loans have a maturity term of 2 years and incur interest at a rate of 1%. PPP loans contain provisions to forgive all or a portion of the funds borrowed based on a calculation that considers the borrower's incurrence of eligible costs and maintaining employee and salary levels for a period of time after receipt of the loan funds. In April 2020, the Society was approved for a PPP loan in the amount of \$498,720.