EARTHPLACE, INC.

Financial Statements for the Year Ended
June 30, 2024
and Independent Auditor's Report

EARTHPLACE, INC.

INDEX TO FINANCIAL STATEMENTS – JUNE 30, 2024

VISCONTI AND ASSOCIATES, P.C.
Certified Public Accountants

John J. Visconti, MS, CPA

Independent Auditor's Report

The Board of Trustees
Earthplace, Inc.
10 Woodside Lane
Westport, CT 06880-2322

Opinion

We have audited the accompanying financial statements of Earthplace, Inc. ("Earthplace") (a non-profit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Earthplace, Inc. as of June 30, 2024, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Earthplace, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise

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substantial doubt about Earthplace Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Earthplace, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Earthplace, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Earthplace, Inc.'s 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 29, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Visconti & Associates, P.C.

February 7, 2024
East Haven, CT

STATEMENT OF FINANCIAL POSITION, JUNE 30, 2024 WITH COMPARATIVE TOTALS FOR 2023

	NOTES	2024	(Note 1 Memorandum Only) 2023
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents - unrestricted	1,2,3	$ 344,293	$ 595,001
Cash and cash equivalents - restricted	6	22,135	41,264
Investments	3,4	3,385,565	3,046,907
Accounts receivable	1	28,885	50,989
Promises to give	13	460,032	
Prepaid expenses and other assets		5,954	5,739
Total		4,246,864	3,739,900
NON-CURRENT ASSETS:			
Museum collection	1	103,390	103,390
Property, buildings and equipment, net	5	2,389,629	2,174,182
Investments - in perpetuity	6,8	63,719	63,719
Operating lease right-of-use assets-net	1	7,587	18,438
Promises to give-non current, net of allowance	13	900,144	
Total		3,464,469	2,359,729
TOTAL ASSETS		$ 7,711,333	$ 6,099,629
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES:			
Accounts payable and accrued expenses	12	$ 264,543	$ 161,200
Deferred revenue:			
Program fees		737,942	735,938
Grants		53,919	46,419
Security deposits		10,200	10,200
Current portion - notes payable, net of unamortized loan origination costs	9	55,605	14,715
Current portion- obligation under operating leases	10	3,000	36,495
Total		1,125,209	1,004,967
NON-CURRENT LIABILITIES:			
Notes payable, net of current portion and unamortized loan origination costs	9	88,151	106,930
Obligations under operting leases-net of current portion	10	5,502	795
Total liabilities		1,218,862	1,112,692
NET ASSETS:			
Without donor restriction			
Undesignated	1,5	3,865,652	4,749,688
Designated for capital campaign		2,558,900	107,137
With donor restriction	6,7,8	67,919	130,112
Total		6,492,471	4,986,937
TOTAL LIABILITIES AND NET ASSETS		$ 7,711,333	$ 6,099,629

See notes to financial statements.

EARTHPLACE, INC.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2024 WITH COMPARATIVE TOTALS FOR 2023

	2024			(Note 1 Memorandum Only)
SUPPORT AND REVENUE:	WITHOUT DONOR RESTRICTION	WITH DONOR RESTRICTION	TOTAL	2023
Contributions and gifts	$ 2,422,389		$ 2,422,389	$ 3,147,991
Employer retention tax credits				4,376
Grants and contracts	270,322		270,322	522,070
Membership	32,610		32,610	33,383
Program fees	2,145,689		2,145,689	2,115,671
Special events	150,189		150,189	180,317
Investment income, net	216,933	1,846	218,779	114,577
Rental income	69,884		69,884	67,007
Other revenue	13,023		13,023	49,644
Contributed non-financial assets	19,487		19,487	43,450
Net asset released from restrictions	62,193	(62,193)		
Transfer	1,846	(1,846)		
Total	5,404,565	(62,193)	5,342,372	6,278,486
EXPENSES:				
Program services	3,134,361		3,134,361	3,094,087
Management and general	304,881		304,881	308,071
Development and fundraising	397,596		397,596	393,224
Total	3,836,838		3,836,838	3,795,382
Change in net assets	1,567,727	(62,193)	1,505,534	2,483,104
NET ASSETS, beginning of year	4,856,825	130,112	4,986,937	2,503,833
NET ASSETS, end of year	$ 6,424,552	$ 67,919	$ 6,492,471	$ 4,986,937

See notes to financial statements.

EARTHPLACE, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2024 WITH COMPARATIVE TOTALS FOR 2023

	Program Services	Management and General	Development and Fundraising	Total	(Note 1 Memorandum Only) 2023 Total
Salaries	$ 2,016,732	$ 224,081	$ 248,980	$ 2,489,793	$ 2,404,068
Payroll taxes	170,375	18,930	21,035	210,340	199,979
Fringe benefits	104,238	11,582	12,869	128,689	138,969
Program expenses	132,644	1,340		133,984	128,987
Insurance	49,326	1,017	509	50,852	46,420
Professional fees	89,511	4,973	4,973	99,457	221,146
Administrative	57,083	10,378	6,672	74,133	98,579
Utilities	58,107	3,091	618	61,816	62,339
Occupancy	67,900	3,612	722	72,234	65,548
Maintenance	20,931	1,113	223	22,267	36,542
Development and marketing		416	20,400	20,816	31,804
Fundraising		1,094	53,621	54,715	40,311
Depreciation and amortization	151,454	16,828	18,698	186,980	156,539
Dues, licenses, permits	2,426	1,985		4,411	5,952
Travel	11,192	1,107		12,299	20,931
Meetings	4,156	1,580	117	5,853	7,030
Credit card fees	82,502		6,210	88,712	86,788
Contributed non-financial assets	15,784	1,754	1,949	19,487	43,450
Provision for credit losses	100,000			100,000	
TOTAL	$ 3,134,361	$ 304,881	$ 397,596	$ 3,836,838	$ 3,795,382

See notes to financial statements and independent auditor's report.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2024 WITH COMPARATIVE TOTALS FOR 2023

	2024	(Note 1 Memorandum Only) 2023
CASH FLOWS FROM OPERATING ACTIVITIES :		
Change in net assets	$ 1,505,534	$ 2,483,104
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Provision for credit losses	100,000	
Depreciation and amortization	186,980	156,539
Realized and unrealized (gain)loss on investments	(118,825)	(48,742)
Amortization of right use assets	7,987	
Change in operating assets:		
Accounts receivable	(77,896)	440,871
Promises to give	(1,360,176)	
Prepaid expenses and other assets	(215)	12,556
Change in operating liabilities:		
Accounts payable and accrued expenses	103,343	(13,097)
Operating lease liability	(20,286)	(24,799)
Deferred revenue	9,504	3,959
Net cash provided by operating activities	335,950	3,010,391
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property, buildings and equipment	(402,427)	(383,057)
Purchase of investments	(1,590,503)	(2,765,834)
Proceeds from sale of investments	1,365,364	600,020
Net cash (used in) investing activities	(627,566)	(2,548,871)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from line of credit	40,000	14,516
Principal payments on long-term debt and line of credit	(18,221)	(13,835)
Net cash provided by financing activities	21,779	681
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(269,837)	462,201
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	636,265	174,064
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 366,428	$ 636,265
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash and cash equivalents - unrestricted	$ 344,293	$ 595,001
Cash and cash equivalents - restricted	$ 22,135	$ 41,264
Cash paid during the year for interest	$ 10,429	$ 13,452
Obtaining an operating ROU asset in exchange for a lease liability	$ 8,502	$ 18,438

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Operations – Earthplace, Inc. ("Earthplace") is a not-for-profit corporation and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Located in Westport, Connecticut, Earthplace is a community resource dedicated to experiencing nature and environmental learning from early childhood through adult forums. Founded in 1958, Earthplace maintains a 74-acre wildlife sanctuary including 2.5 miles of trails and an outdoor birds of prey live exhibit. It is home to 35 other live animals in an indoor exhibit area that includes many native ecosystem displays and nature education programming for children of all ages. Earthplace operates a state-licensed daycare, preschool, summer camp and afterschool nature enrichment programs for ages 0-13. The Harbor Watch water quality program monitors over 150 sites per year on rivers, streams and harbors on the Southwestern Connecticut watershed utilizing high school interns, adult volunteers and two dedicated state certified labs. Earthplace is supported through program fees, grants, and contributions.

Basis of Accounting and Presentation – Earthplace adheres to the provisions of ASU 2016-14, *Presentation of Financial Statements of Not-For-Profit Entities* (Topic 958). Among other provisions, the statement reduces the number of classes of net assets from three to two, requires the presentation of expenses in both natural and functional classifications and requires information regarding an entity's liquidity. The types of restrictions are described as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Included in net assets without donor restrictions are exchange contracts and amounts designated by the Board of Trustees for specific purposes.

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 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 purposes for which the resource was restricted had been fulfilled, or both.

Prior Year Information – The financial information presented for 2023 in the accompanying financial statements is included to provide a basis for comparison with 2024 and presents summarized totals only. The 2023 amounts are not intended to include all the information necessary for a fair presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such amounts should be read in conjunction with the organization's financial statements for the year ended June 30, 2023, from which the comparative amounts were derived. Certain 2023 amounts have been reclassified to conform to the 2024 presentation.

Cash and Cash Equivalents – For purposes of the statement of cash flows, Earthplace considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable – Earthplace has receivables related to fees for service which are reported net of an allowance for doubtful accounts, when applicable. Receivable balances are written-off when management has concluded that all reasonable methods of collection have been exhausted.

Investment Valuation and Income Recognition – Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Purchases and sales of securities are recorded on the trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized and unrealized gains include Earthplace's gains and losses on investments bought and sold as well as held during the year.

Earthplace's Finance Committee determines Earthplace's valuation policies and procedures.

Museum Collection – Museum collectables are recorded at fair market value for donated items and at cost for purchased items.

Property and Equipment – Property and equipment is stated at cost or if donated, at the fair market value at the date of the gift. Expenditures for renewals and improvements that significantly add to productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged against revenue on a current basis. When depreciable properties are retired or otherwise disposed of, the cost and related accumulated depreciation are eliminated from the accounts.

Depreciation is provided on the straight-line basis over the estimated useful lives of the assets. Earthplace's capitalization threshold is $1,000.

Earthplace performs a test for impairment whenever events or changes in circumstances indicate that the carrying amount of an individual asset or asset group may not be recoverable. Should projected undiscounted future cash flows be less than the carrying amount of the asset group, an impairment charge reducing the carrying amount to fair value is required. Fair value is determined based on the most appropriate valuation technique, including discounted cash flows.

<u>Adoption of New Accounting Standards</u> – In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which replaces the current methodology required to measure and disclose incurred loss impairments under GAAP with one that reflects expected credit losses and that requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. ASU 2016-13, and related ASUs that amend or clarify certain provisions therein, are effective for fiscal years beginning after December 15, 2022. Early adoption is permitted. Management adopted the standard in 2023 which had a material effect on the financial statements.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires not-for-profits to present contributed nonfinancial assets as a separate line item in the statement of activities and provide additional disclosures about contributions of nonfinancial assets, including fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, and materials and supplies. ASU 2020-07 is effective for fiscal year 2022 and Earthplace adopted this guidance as of July 1, 2021. The adoption of this standard had an immaterial effect on the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases* (ASC 842), which requires organizations that lease assets (lessees) to recognize on the balance sheet assets and liabilities for the rights and obligations created by those leases. Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than 12 months, among other provisions. Consistent with current Generally Accepted Accounting Principles (GAAP), the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. However, unlike current GAAP, which requires only capital leases to be recognized on the balance sheet, the new ASU will require both types of leases to be recognized on the balance sheet. For not-for-profit entities, ASU 2016-02 is effective for fiscal years beginning after December 15, 2021.

Available practical expedients were elected to account for existing leases as capital leases under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

In addition, the hindsight practical expedient was elected to determine the lease term for existing leases. The election of the hindsight practical expedient did not result in a change of lease terms for existing leases or a change in the useful lives of corresponding right-of-use assets. In the application of the hindsight practical expedient, Earthplace concluded that renewal options, if any, would not be reasonably certain in determining the expected lease terms.

Earthplace leases equipment and vehicles and determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities are included on the statement of financial position. Finance leases are included in finance lease right-of-use (ROU) assets and finance lease liabilities are included on the statement of financial position, however there were no financing leases in effect during 2023 and 2024.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, an incremental borrowing rate is used based on the information available at the commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Certain lease agreements include rental payments based on overages. Lease liabilities are not remeasured as a result of changes in overages. Instead, changes in overages are treated as variable lease payments and are excluded from the measurement of the right-of-use asset and lease liability. These payments are recognized in the period in which the related obligation was incurred. The variable lease cost recognized and disclosed for those leases in 2024 is $620.

In evaluating contracts to determine if they qualify as a lease, Earthplace considers factors such as substantially obtaining all of the rights to the underlying asset through exclusivity, if the use of the asset may be directed by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

In determining the discount rate used to measure the right-of-use asset and lease liability, rates implicit in the lease are used, or if not readily available, an incremental borrowing rate is used. The incremental borrowing rate is based on an estimated secured rate comprised of a risk-free rate based on the federal funds rate, using a period comparable to the lease term. Determining an incremental borrowing rate may require significant judgment.

Revenue Recognition – In accordance with ASU 2014-09 and ASU-2018-08, revenue from grants and contracts is primarily derived from fee-for-service contracts, where revenue is recognized based on fees for services performed and cost-reimbursable federal, state, and local contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Revenue is recognized ratably over the period of the grant or, for prepayment grants, upon actual expenses incurred. Such grant and contract revenues are treated as without donor restrictions for financial statement presentation because the grant and contract requirements are satisfied in the year in which the revenue is recognized.

Revenue from grants and contracts with resource providers such as the government and its agencies, other organizations and private foundations are accounted for either as exchange transactions or as contributions. When the resource provider receives commensurate value in return for the resources transferred to the Organization, the revenue from the grant or contract is accounted for as an exchange transaction in accordance with Accounting Standards Update 2014-09. For purposes of determining whether a transfer of an asset is a contribution or an exchange, the Organization deems that the resource provider is not synonymous with the general public, i.e., indirect benefit received by the public as a result of the assets transferred is not deemed equivalent to commensurate value received by the resource provider. Moreover, the execution of a resource provider's mission or the positive sentiment from acting as a donor is not deemed to constitute commensurate value received by a resource provider. Revenue from grants and contracts that are accounted for as exchange transactions is recognized when performance obligations have been satisfied. Grants and contracts awarded for the acquisition of long-lived assets are reported as non-operating revenue, in the absence of donor stipulations to the contrary, during the fiscal year in which the assets are acquired. Cash received in excess of revenue recognized is recorded as refundable advances.

When the resource provider does not receive commensurate value, the transaction is accounted for as a contribution.

Various funding agencies periodically review the Organizations records. If surplus balances are determined to exist, such agencies may require the Organization to return the surplus. Such surpluses are recorded as refundable advances.

Membership, program fees and special events revenue are recorded when earned, with any unearned amounts received for future services recorded as deferred revenue.

Contributions – Transactions where the resource providers often receive value indirectly by providing a societal benefit, although the societal benefit is not considered to be of commensurate value, are deemed to be contributions. Unconditional contributions are recognized when pledged or received, as applicable, and are considered to be available for unrestricted use unless specifically restricted by the donor. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions received whose restrictions are met in the same period are presented as net assets without donor restrictions. A conditional contribution is a transaction where Earthplace has to overcome a barrier or hurdle to be entitled to the resource and the resource provider is released from the obligation to fund or has the right of return of any advanced funding if Earthplace fails to overcome the barrier. Earthplace recognizes the contribution revenue upon overcoming the barrier or hurdle. Any funding received prior to overcoming the barrier is recognized as a refundable advance.

Donated Services

Donated services are recognized as contributions if the services create or enhance non-financial assets, require specialized skills, are performed by people with those skills and would otherwise be purchased by Earthplace.

Contributed Non-Financial Assets

Donated property and the use of equipment and facilities are recorded as support and expensed at fair market value when determinable, otherwise at values determined by the donor.

For the years ended June 30, 2024 contributed nonfinancial assets recognized in the statement of activities included:

2024 Revenue Recognized		Utilization in Event	Donor Restrictions	Valuation Techniques and inputs
Goods	$ 9,862	Various events	No associated donor restrictions	Goods are estimates of comparable values that would be received for selling similar products in the United States and appraised values.
Services	9,625	Various events	No associated donor restrictions	Services are charged based on the rental fee per hour for Kids activity station and the fee for boat usage.
	$ 19,487			

Functional Expense Allocation – Expenses are charged directly to program services, management and general and development and fundraising, based on specific identification to the extent practicable. Expenses related to more than one function have been allocated based on periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with a specific function, but provide for the overall support and direction of Earthplace.

Advertising – Earthplace expenses advertising costs as incurred, which approximated $5,600 for the year ended June 30, 2024.

Income Taxes – Earthplace is exempt from federal and state income taxes as a public charity under section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

Management is not aware of any uncertain tax positions taken by Earthplace as of June 30, 2024. Tax years ended June 30, 2021 through June 30, 2024 remain subject to examination by major tax jurisdictions.

Use of Estimates in Financial Statements – Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported support, revenues, and expenses. Although management believes the estimates that have been used are reasonable, actual results could vary from the estimates that were used.

Risks and Uncertainties – Investment securities are exposed to various risks such as interest rate, market, and credit. 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 investment balances and the amounts reported in the statement of financial position and the statement of activities.

Subsequent Events – ASC Topic 855, *Subsequent Events,* requires disclosure of the date through which subsequent events have been evaluated and whether that date is the date that the financial statements were issued or available to be issued. Management has evaluated subsequent events for potential recognition and disclosure through February 7, 2025, the date the financial statements were available to be issued. Management is not aware of any events, subsequent to the statement of financial position date, which would require additional adjustment to, or disclosure in, the accompanying financial statements.

2. CONCENTRATIONS

Earthplace's financial instruments that are exposed to concentrations of credit risk consist of the following:

Cash and Cash Equivalents – Earthplace maintains its deposits in financial institutions which generally insure deposits with the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. Earthplace has not experienced any losses relating to temporarily uninsured cash balances and management believes that Earthplace's deposits are not subject to significant credit risk. There were no uninsured cash balances at June 30, 2024.

3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor and other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents, unrestricted	$ 344,293
Accounts receivable	28,885
Promises to give	460,032
Unrestricted investments	3,385,565
Financial assets available to meet cash needs for general expenditures within 1 year	$ 4,218,775

As part of Earthplace's liquidity management plan, cash in excess of daily requirements is invested in mutual funds. While management's intent is to not liquidate Earthplace's investments, should the need arise, the nature of the investments is such that they could be made readily available for general expenditures.

4. INVESTMENT INCOME

Investment income for the year ended June 30, 2024 consisted of the following:

Realized and unrealized gain	$ 118,825
Interest and dividends	99,954
Net investment gain	$ 218,779

Earthplace, Inc.'s investments are reported at fair value in the accompanying statement of financial position.

		Fair Value Measurement Using:
June 30, 2024	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)
Mutual Funds	$2,838,422	$2,838,422
Money Market Funds	306,666	306,666
Fixed Income-Mutual Funds	304,196	304.196
Total	$3,449,284	$3,449,284

ASC Topic 820, *Fair Value Measurements*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. Earthplace, Inc. uses appropriate valuation techniques based on available inputs to measure the fair value of its investments. When available, Earthplace measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 2 or Level 3 inputs were available to Earthplace.

The following method may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, although the Center believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Level 1 Fair Value Measurements

The fair value of mutual funds are measured based on publicly quoted daily net asset values.

5. PROPERTY, BUILDINGS AND EQUIPMENT

Property, buildings, and equipment as of June 30, 2024 consisted of the following:

Land	$ 640,196
Exhibits	1,197,450
Buildings and building improvements	3,400,587
Furniture	296,494
Machinery and equipment	330,269
	5,864,996
Less: accumulated depreciation	3,475,367
Property, Buildings and Equipment, Net	$ 2,389,629

6. NET ASSETS WITH DONOR RESTRICTIONS

During Fiscal 2021, Earthplace entered into an agreement with Sustainable Westport, a committee created to assist the Town of Westport in its sustainability goals, where Earthplace acted as fiscal sponsor to receive and administer all funds relating to the Sustainable Westport project. All Sustainable Westport income remains restricted until program related expenditures are incurred. After a two-year collaboration, in 2023, Sustainable Westport established their own 501(C)(3) Non-profit organization in order to raise funds independently.

Net assets with donor restrictions totaling $67,919 were comprised of the following at June 30, 2024 and were available for the following purposes:

Programs:	
Tractor Maintenance	$ 4,200
Restricted net assets of investments in perpetuity:	63,719
Total	$ 67,919

Income is restricted for Harbor Watch and Animal Hall expenditures and has been recorded as restricted net assets for these programs until appropriated for expenditures.

7. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from restrictions by incurring expenses satisfying the following purpose restrictions for the year ended June 30, 2024:

Nature Place	$ 19,193
Capital Campaign	38,000
Athletics Brewing	5,000
Total:	$ 62,193

8. ENDOWMENT

As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law - The Board of Trustees of Earthplace has interpreted the Connecticut Prudent Management of Institutional Funds Act (CTPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Earthplace classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by Earthplace in a manner consistent with the standard of prudence prescribed by CTPMIFA.

In accordance with CTPMIFA, Earthplace considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and 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
- Other resources of Earthplace
- The investment policies of Earthplace

Endowment Net Assets – Endowment net asset composition by type of fund is as follows as of June 30, 2024:

	With Donor Restriction	Total
Donor-restricted endowment funds	$ 63,719	$ 63,719

Changes in endowment net assets for the year ended June 30, 2024 are as follows:

	With Donor Restriction	Total
Endowment net assets, July 1, 2023	$ 63,719	$ 63,719
Investment return: investment income	1,846	
Transfer of Endowment assets	(1,846)	
Endowment net assets, June 30, 2024	$ 63,719	$ 63,719

At June 30, 2024, all assets of the endowment were invested in mutual funds.

Funds with Deficiencies – From time to time, the fair value of investments associated with donor-restricted endowment funds may fall below the level that the donor or CTPMIFA requires Earthplace to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported in unrestricted net assets. There was no such deficiency as of June 30, 2024.

Return Objectives and Risk Parameters – Earthplace invests 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. Endowment assets include donor-restricted assets that Earthplace must hold in perpetuity. The endowment assets are invested in a manner that is intended to meet Earthplace's primary objective of preservation of capital and secondary objective of investment return.

Strategies Employed for Achieving Objectives – To satisfy its long-term rate-of-return objectives, Earthplace relies on a strategy in which investment returns are achieved through current yield (interest and dividends).

Spending Policy and How the Investment Objectives Relate to Spending Policy – Earthplace has not adopted a spending policy for appropriation of distributions.

9. NOTES PAYABLE

Notes Payable – During Fiscal 2016, Earthplace entered into an agreement with Connecticut Green Bank, a political subdivision of the State of Connecticut, secured by a benefit assessment lien on the organization's property. The purpose of the loan is to fund energy efficient and renewable energy renovations. Loan repayments began April 1, 2017, upon completion of the projects. The total loan of $175,196 is to be repaid over 14 years at an interest rate of 5.4% per annum in quarterly payments of principal and interest of approximately $4,600. The outstanding principal balance at June 30, 2024 was $96,045.

During Fiscal 2023, Earthplace entered into a $14,516 vehicle loan with Fairfield County Bank to purchase automobile. This loan is payable at 7.0% percent interest over a four-year term, in monthly payments of principal and interest of approximately $290. The outstanding principal balance at June 30, 2024 was $9,784, all of which is current as of that date.

Earthplace incurred loan origination costs of $4,972, which are being amortized over 15 years and have a carrying value of $2,073 at June 30, 2024. Amortization expense for fiscal 2024 was $331. Loan origination costs are presented as a direct reduction from the carrying amount of the related debt.

Reconciliation of long-term debt to long-term debt, net of debt issuance costs, is as follows as of June 30, 2024:

	Principal	Net Debt Issuance Costs	Net Principal
Current portion of long-term debt	$ 55,936	$ 331	$ 55,605
Long-term debt	89,893	1,742	88,151
	$ 145,829	$ 2,073	$ 143,756

Additionally, during 2018, Earthplace obtained a $100,000 revolving line of credit with First County Bank secured by substantially all assets. The working capital line of credit requires monthly interest payments at an interest rate based on the Wall Street Journal of Prime Rate plus .25% (8.75%) and principal is payable on demand. There was outstanding balance $40,000 at June 30, 2024.

Total maturities of long-term debt as of June 30, 2024 are as follows:

2025	$ 55,936
2026	16,874
2027	17,584
2028	16,255
2029	16,258
Thereafter	22,922
Total	145,829
Less: current portion	(55,936)
Long-Term portion	$ 89,893

Interest expense, including amortization, on long-term debt during fiscal year 2024 was $10,760.

10. LEASE COMMITMENTS

Earthplace has operating leases for two automobiles and a copier. The leases have remaining terms of approximately 1 year as of June 30, 2024.

Lease obligations, at June 30, 2024 and 2023, consisted of the following:

	2024	2023
Operating lease in 48 monthly installments of $795 on copier equipment. Maturing in July 2024.		$ 10,178
Operating lease in 36 monthly installments of $900 on copier equipment. Maturing in February 2027.	$ 8,502	
Operating lease in 36 monthly installments of $380 on Toyota Van 3211 with residual value $24,306. Option to purchase in April 2024		27,112
	$ 8,502	$ 37,290

The components of lease expense were as follows:

Year Ended June 30	2024
Operating lease costs included in travel and administrative expenses	$ 20,286

Other information related to leases is as follows:

	2024
Weighted Average Remaining Lease Term:	
Operating Leases	2.58 years
Weighted Average Discount Rate:	
Operating Leases	3.90%

Future minimum lease payments under non-cancellable operating leases as of June 30, 2024 were as follows:

	Operating Leases
2025	$ 3,000
2026	3,000
2027	2,999
2028	
2029	
Thereafter	
Total future minimum lease payments:	8,999
Less imputed interest:	497
Total:	$ 8,502

As of June 30, 2024, there is an additional operating lease of $25,513 that has not yet commenced. This operating lease will commence in fiscal year 2025 with a lease term of 1 year.

As lessor, Earthplace earned the following rental income:

Description	Term Start	Term End	Option to Terminate	2024 Revenue
15 Cypress Pond Road	07/01/2023	06/30/2024	Yes	$ 9,000
14 Woodside Lane	04/10/2022	04/09/2025	Yes	51,800
				$ 60,800

The 14 Woodside Lane lease contains a variable lease payment ranging from $4,300 to $4,400 per month. None of the leases contain options for the lessees to purchase the properties.

The properties are leased to offset operating costs of Earthplace which has no intention of disposing of properties and in most cases is restricted from disposing of them. Lease payments are evaluated upon renewal to adjust for operating costs.

As of June 30, 2024, assets owned under lessor operating leases were $93,130 and accumulated depreciation associated with the properties was $93,130.

11. OTHER REVENUE

Other revenue for the year ended June 30, 2024 consisted of the following:

Retail Income	$ 12,999
Other	24
Total	$ 13,023

12. RETIREMENT PLAN

Employees of Earthplace may participate in a payroll deduction IRA program where no employer contributions are required or permitted.

13. PROMISES TO GIVE

The capital campaign will continue over the next 3-5 years with the purpose of funding transformative changes in organizational facilities, exhibits, programs and mission delivery. The various capital projects are being implemented in three phases to allow Earthplace to continue operating. The construction projects will coincide with Earthplace's multiyear funding efforts. The three phases are: Educational Spaces, Public Space Renovation, and the visitor experience transformation with the new Environmental Science Center. Phase 1 is expected to be completed in the 2025 fiscal year with phase 2 and 3 targeted for completion in 2028.

As of June 30, 2024, donors have unconditionally promised to give $1,860,381. At June 30 2024, an effective interest rate of approximately 5.50% was used to discount the promises to give, which have been recorded at their present value. The present value of the contributions are due as follows:

Within one year	$ 460,032
One to five years	1,250,348
More than five years	150,001
Subtotal	$ 1,860,381
Less: present value component	(400,205)
Less: allowance for doubtful accounts	(100,000)
	$1,360,176

Promises to give, net	
Current portion	$ 460,032
Non current portion	900,144
	$ 1,360,176