

**LAKE ERIE NATURE AND
SCIENCE CENTER**
(A NONPROFIT ORGANIZATION)

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
WITH
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2023)

LAKE ERIE NATURE AND SCIENCE CENTER
FINANCIAL STATEMENTS
JUNE 30, 2024

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Lake Erie Nature and Science Center
Bay Village, Ohio

Opinion

We have audited the accompanying financial statements of Lake Erie Nature and Science Center (an Ohio nonprofit 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 Lake Erie Nature and Science Center as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lake Erie Nature and Science

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lake Erie Nature and Science Center'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 Lake Erie Nature and Science Center'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 The Lake Erie Nature and Science Center's June 30, 2023, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 11, 2024. 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of changes in net assets is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Paul Palm, Senior E. Co.
Cleveland, Ohio
January 20, 2025

FINANCIAL STATEMENTS

LAKE ERIE NATURE AND SCIENCE CENTER
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024
(With Comparative Totals as of June 30, 2023)

<u>ASSETS</u>	<u>2024</u>	<u>2023</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,635,328	\$ 2,221,524
Accounts receivable	1,000	1,475
Unconditional promises to give	<u>-</u>	<u>48,810</u>
Total current assets	<u>2,636,328</u>	<u>2,271,809</u>
FIXED ASSETS:		
Vehicle	40,561	68,004
Furniture and equipment	<u>74,645</u>	<u>74,645</u>
	115,206	142,649
Less: Accumulated depreciation	<u>82,757</u>	<u>102,088</u>
Net fixed assets	<u>32,449</u>	<u>40,561</u>
OTHER ASSETS:		
Investments	3,990,186	3,466,816
Beneficial interest in split-interest trusts	1,704,811	1,667,841
Operating lease right-of-use asset, net of amortization	<u>32,009</u>	<u>42,053</u>
Total other assets	<u>5,727,006</u>	<u>5,176,710</u>
TOTAL ASSETS	<u>\$ 8,395,783</u>	<u>\$ 7,489,080</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 52,866	\$ 46,824
Deferred program and class fees	153,485	144,876
Current portion of operating lease liability	<u>10,351</u>	<u>10,044</u>
Total current liabilities	<u>216,702</u>	<u>201,744</u>
OPERATING LEASE LIABILITY, NET OF CURRENT PORTION	<u>21,658</u>	<u>32,009</u>
NET ASSETS:		
Without donor restrictions	2,354,128	1,886,551
With donor restrictions	<u>5,803,295</u>	<u>5,368,776</u>
Total net assets	<u>8,157,423</u>	<u>7,255,327</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,395,783</u>	<u>\$ 7,489,080</u>

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

LAKE ERIE NATURE AND SCIENCE CENTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024
(With Comparative Totals as of June 30, 2023)

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	
SUPPORT AND REVENUE:				
Program and class fees	\$ 612,979	\$ -	\$ 612,979	\$ 554,895
Contributions and grants	805,804	313,629	1,119,433	1,046,455
Special events	49,935	-	49,935	52,230
Donated services and supplies	19,472	-	19,472	4,779
Facility rent in-kind	324,000	-	324,000	324,000
Investment income designated for operations	258,423	39,062	297,485	262,701
	2,070,613	352,691	2,423,304	2,245,060
Net assets released from restrictions	269,710	(269,710)	-	-
Total support and revenue	2,340,323	82,981	2,423,304	2,245,060
EXPENSES:				
Program	1,489,484	-	1,489,484	1,213,375
Management and general	225,735	-	225,735	219,267
Fundraising	165,795	-	165,795	150,432
Total expenses	1,881,014	-	1,881,014	1,583,074
CHANGE IN NET ASSETS FROM OPERATIONS	459,309	82,981	542,290	661,986
OTHER CHANGES:				
Unrealized gain on split-interest trusts	-	36,970	36,970	107,482
Investment return (loss) in excess of amounts designated for operations	8,268	314,568	322,836	162,017
Total other changes	8,268	351,538	359,806	269,499
CHANGES IN NET ASSETS	467,577	434,519	902,096	931,485
NET ASSETS, BEGINNING OF YEAR	1,886,551	5,368,776	7,255,327	6,323,842
NET ASSETS, END OF YEAR	\$ 2,354,128	\$5,803,295	\$ 8,157,423	\$ 7,255,327

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

LAKE ERIE NATURE AND SCIENCE CENTER
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024
(With Comparative Totals as of June 30, 2023)

	2024				2023
	Program	Management and General	Fundraising	Total	
Salaries	\$ 520,164	\$ 101,050	\$ 103,745	\$ 724,959	\$ 678,393
Other employee benefits	47,364	6,420	6,784	60,568	62,246
Payroll taxes	43,191	5,854	6,186	55,231	50,942
Other employee costs	26,027	3,528	3,728	33,283	36,504
Fundraising	-	-	40,998	40,998	32,432
Educational programs and services	29,869	-	-	29,869	31,983
Capital renovations	211,564	-	-	211,564	48,874
Wildlife rehabilitation and animal care	61,991	-	-	61,991	43,011
Building maintenance and utilities	170,480	30,085	-	200,565	140,860
Depreciation	6,895	1,217	-	8,112	-
Insurance	15,782	2,785	-	18,567	13,863
Technology	67,695	11,946	-	79,641	80,840
Marketing	13,062	-	4,354	17,416	19,013
Professional fees	-	12,700	-	12,700	16,575
Facility rent in-kind	275,400	48,600	-	324,000	324,000
Other expenses	-	1,550	-	1,550	3,538
	<u>\$ 1,489,484</u>	<u>\$ 225,735</u>	<u>\$ 165,795</u>	<u>\$ 1,881,014</u>	<u>\$ 1,583,074</u>

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

LAKE ERIE NATURE AND SCIENCE CENTER
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024
(With Comparative Totals as of June 30, 2023)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 902,096	\$ 931,485
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Noncash items included in change in net assets:		
Depreciation	8,112	-
Unrealized gain on split-interest trusts	(36,970)	(107,482)
Realized and unrealized gain on investments, net	(355,520)	(194,947)
Amortization of operating lease right-of-use asset	10,044	9,747
(Increase) decrease in operating assets:		
Accounts receivable	475	2,375
Unconditional promises to give	48,810	(11,933)
Increase (decrease) in operating liabilities:		
Accounts payable	6,042	40,236
Deferred program and class fees	8,609	21,950
Operating lease liability	(10,044)	(9,747)
NET CASH PROVIDED BY OPERATING ACTIVITIES	581,654	681,684
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	-	(40,561)
Proceeds from sale of marketable securities	835,728	350,613
Purchase of marketable securities	(1,003,578)	(524,353)
NET CASH USED BY INVESTING ACTIVITIES	(167,850)	(214,301)
INCREASE IN CASH AND CASH EQUIVALENTS	413,804	467,383
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,221,524	1,754,141
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 2,635,328	\$ 2,221,524

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

LAKE ERIE NATURE AND SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

1. ORGANIZATION

The mission of Lake Erie Nature & Science Center (the Center) is to educate and inspire people to understand, appreciate and take responsibility for our natural world. Inspired by a child's curiosity, Elberta Fleming founded the organization in 1945 in Bay Village, Ohio with a vision to encourage discovery of the natural world with hands-on learning. This timeless purpose has served tens of thousands of children and people of all ages because of her foresight, and four generations of visitors from near and far.

The Center provides outstanding value for its 100,000+ annual visitors of young children, families, students, and general public of all ages. It is the only organization of its kind in the region providing a unique blend of offerings including live animal exhibits, a public-access planetarium, wildlife rehabilitation services, a nature-based preschool, field trips, and a park setting along the shores of Lake Erie. The Center is one of the region's most affordable and accessible destinations to learn about our natural world, offering free admission and free wildlife rehabilitation assistance 7 days each week. Visitors of all ages learn about natural history, space science and native animals by exploring indoor and outdoor exhibits, featuring raptors, mammals, fish, turtles, and snakes. As the only licensed and permitted wildlife rehabilitation facility in Cuyahoga County, the Center provides free assistance to the public who bring ill or injured wildlife to the Center for treatment and care. Educational programs are led by employees who are trained to guide and engage audiences through positive, interactive hands-on learning. Wildlife programs teach respect for all living things by connecting audiences with our resident animal ambassadors. Space science exploration in the planetarium brings visitors into the domed theater to see an astounding array of stars and planets in the night sky accompanied by memorable songs and lessons. Family programs celebrate the seasonal changes in nature. Ours is one of the region's first and largest nature-based preschool programs which integrates science, math, literacy, arts and early learning standards. School field trips bring to life earth science, space science, physics, natural history, geology, and biology for students in preschool through high school. Connecting people with nature is the heart of our mission. With the support of private donations, foundation grants, corporate contributions, and program registration fees, Lake Erie Nature & Science Center continues its 75+ year legacy of providing valuable learning experiences for visitors of all ages.

The Center's full time and part time employees consistently provide visitors with connections to nature that are memorable and repeatable by upholding mission and operational standards. Mission impact surveys ensure input from visitors and class participants; professional development and training for enriches employee engagement and program offerings; and generous philanthropic support from grateful visitors near and far helps to advance learning opportunities about the natural world. In early 2024, to continue the Center's mission excellence, the Board of Directors and leadership initiated a new strategic planning process facilitated by an experienced consultant, and began its largest capital improvement project for the benefit of visitors. The new strategic plan, and the completion of the Wildlife Gardens Education and Renovation Project are underway in fiscal year 2025.

LAKE ERIE NATURE AND SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Lake Erie Nature and Science Center is presented to assist in understanding the Center's financial statements.

Basis of accounting

The Center's financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Receivables

Accounts receivable include receivables from program and class fees. Management believes that the historical loss information it has compiled is a reasonable base on which to determine expected credit losses for receivables held at June 30, 2024 and 2023 because the composition of the receivables at those dates are consistent with that used in developing the historical credit-loss percentages (i.e., the similar risk characteristics of its customers and its lending practices have not changed significantly over time). Additionally, management has determined that the current and reasonable and supportable forecasted economic conditions are consistent with the economic conditions included in the historical information. As a result, the historical loss rates have not been adjusted for differences in current conditions or forecasted changes. Accordingly, management does not believe that an allowance for credit losses is necessary as of June 30, 2024 and 2023.

Revenue and revenue recognition

The Center recognizes contributions and grants when cash, securities, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been met.

The contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence or nature of any donor restrictions.

The Center recognizes program and class fees at the point in time in which the program or class takes place. There are no performance obligations to be satisfied over time. Accordingly, registration fees received before June 30th for programs occurring after June 30th are deferred.

LAKE ERIE NATURE AND SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Credit risk

The Center maintains cash in bank deposit accounts, which at times may exceed federally insured limits. The Center has not experienced, nor does it anticipate, any losses in such accounts.

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 has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

Net assets with donor restrictions – Net assets subject to donor or 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 into 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.

Donated assets

Donated marketable securities are recorded as contributions at their estimated fair values on the date of donation. It is the Center's policy to liquidate donated securities when received.

Cash and cash equivalents and marketable securities

For purposes of the statement of cash flows, the Center considers bank deposits and money market accounts not in investment accounts as cash and cash equivalents.

Gift annuity agreements

The Center has entered into gift annuity agreements that provide that the Center shall pay to the designated beneficiaries an annual amount until death of the designated beneficiaries. The payments continue even if the assets of the gift annuity fund have been exhausted. The Center records the assets received at fair value and a corresponding liability is recorded for the actuarially determined present value of payments to be made to the designated beneficiaries, with the residual amount recorded as contribution revenue. The assets of the gift annuity fund are recorded with the general assets of the Center.

LAKE ERIE NATURE AND SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fixed assets

Purchases of property and equipment are carried at cost. Donated property and equipment are carried at fair value at the date of donation. Depreciation is determined on the straight-line method. The Center capitalizes equipment in excess of \$1,000 while maintenance and repairs which neither materially add to the value of the property nor prolong its life are charged to expense as incurred. Gains or losses on dispositions of property and equipment are included in revenue.

Depreciation expense was \$8,112 and \$-0- for the years ended June 30, 2024 and 2023, respectively.

Functional allocation of expenses

The costs of program and supporting services activities have been detailed on both a functional and natural basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include salaries, payroll taxes and payroll expenses, which are allocated based on time and effort; building expenses, depreciation and insurance, which are allocated on a square footage basis; and other operating expenses, which are allocated based on the use of the assets.

Comparative financial information

The financial statements contain certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

Adoption of new accounting standards

Effective January 1, 2023, the Center adopted Accounting Standards Update ("ASU") No. 2016-13, *Financial Instruments – Credit Losses* (Topic 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under this standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Center that are subject to the guidance in ASU No. 2016-13 were trade accounts receivable. The impact of the adoption was not considered material to the financial statements and primarily resulted in new and enhanced disclosures only.

LAKE ERIE NATURE AND SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of new accounting standards (Continued)

Effective July 1, 2022, the Center adopted the new lease accounting guidance in Accounting Standards Update (“ASU”) No. 2016-02, *Leases* (Topic 842). The Center has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Center accounted for its existing operating lease as an operating lease under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the operating lease would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. As a result of the adoption of the new lease accounting guidance, the Center recognized on July 1, 2022 (the adoption date) (a) a lease liability of \$51,800, which represents the present value of the remaining lease payments of \$55,680, discounted using the Center’s risk-free borrowing rate of 3.01%, and (b) a right-of-use asset of \$51,800.

3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2024	2023
Cash and cash equivalents	\$1,625,000	\$1,280,000
Spending policy appropriation	154,753	150,239
Accounts receivable	1,000	1,475
	\$1,780,753	\$1,431,714

The Center continually monitors liquidity required to meet its capital maintenance and operating needs. To ensure adequate capital is available the Center maintains an unrestricted cash position equal to several months of general expenses. In addition to ensuring financial assets are available to meet operating expenditures, the Center operates with a balanced budget that anticipates a small operating surplus and ensures sufficient revenue is collected to cover all general expenditures.

As a nonprofit organization, the Center has various income streams to support general expenditures including private and government grants, donations from grateful visitors, and class fees. These self-funding mechanisms rely on the Center’s effective delivery of mission-based programs and services.

In addition to ensuring liquidity for general expenditures, the Center raises funds for an internal capital account to cover routine building maintenance and repair. Paired with this account is a capital planning document which anticipates cash needs for short-term and long-term replacements and improvements. The Center also has donor restricted cash for capital purposes. Both the internal capital and donor restricted capital are excluded from the \$1,625,000 and \$1,280,000 in liquidity cash shown above as of June 30, 2024 and 2023, respectively.

LAKE ERIE NATURE AND SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

3. LIQUIDITY AND AVAILABILITY

The Center's endowment consists of donor-restricted and board-designated funds. A board-approved spending rule ensures operational income for Center programs while providing for long term gain on investments and allows for flexibility should the Center require emergency funds. The Center continually manages and fundraises for its endowment.

4. NET ASSETS

Net assets without donor restrictions are available for the following purposes:

	<u>2024</u>	<u>2023</u>
Operating fund	\$1,445,905	\$1,159,091
Board designated for endowment	733,025	552,262
Board designated cash for capital	<u>175,198</u>	<u>175,198</u>
	<u>\$2,354,128</u>	<u>\$1,886,551</u>

Net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for specific purposes:		
Center programs	\$ 19,308	\$ 11,788
Capital projects	813,005	764,543
Planetarium endowment	<u>846,943</u>	<u>788,826</u>
	1,679,256	1,565,157
Subject to trust's spending policy and appropriation:		
Beneficial interest in split-interest trusts	1,704,811	1,667,841
Subject to Center's spending policy and appropriation:		
Endowment	<u>2,419,228</u>	<u>2,135,778</u>
	<u>\$5,803,295</u>	<u>\$5,368,776</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose specified by the donors as follows for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Capital renovations	\$ 155,467	\$ 28,999
Center programs	<u>114,243</u>	<u>120,176</u>
	<u>\$ 269,710</u>	<u>\$ 149,175</u>

LAKE ERIE NATURE AND SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

5. INVESTMENT EARNINGS

The Center carries investments in marketable securities with readily determinable fair values in the statement of financial position. Unrealized and realized gains and losses and interest and dividends are included in the change in net assets in the accompanying statement of activities. The Center designates only a portion of endowment investment return for support of operations; the remainder is retained to support operations of future years and to offset potential market declines. The amount computed under the Center's spending policy and operating interest income are used to support operations.

The following summarizes the investment return and its classification in the statement of activities for the years ending June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Split-interest trust distributions	\$ 83,317	\$ 87,737
Operating interest income	100,407	36,267
Net investment return	436,597	300,714
Unrealized gain on split-interest trusts	<u>36,970</u>	<u>107,482</u>
 Total investment earnings	 <u>\$ 657,291</u>	 <u>\$ 532,200</u>
 As displayed on the Statement of Activities:		
Investment income for operations:		
Endowment distributions	\$ 150,239	\$ 147,600
Interest income	63,929	27,364
Split-interest trust distributions	<u>83,317</u>	<u>87,737</u>
	297,485	262,701
 Unrealized gain on split-interest trusts	 36,970	 107,482
 Investment income in excess of amounts designated for operations	 <u>322,836</u>	 <u>162,017</u>
 Total investment earnings	 <u>\$ 657,291</u>	 <u>\$ 532,200</u>

LAKE ERIE NATURE AND SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

6. FAIR VALUE MEASUREMENTS

The Center follows guidance, as required by the Fair Value Measurement Topic of the FASB Accounting Standards Codification, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and establishes a framework for measuring fair value. The guidance establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The guidance expands disclosures about instruments measured at fair value. The guidance applies to other accounting pronouncements that require or permit fair value measurements and, accordingly, the guidance does not require any new fair value measurements.

The FASB Accounting Standards Codification guidance on the Fair Value Option for Financial Assets and Financial Liabilities Topic, among other things, provides an option to elect fair value as an alternative measurement for selected financial assets and liabilities not previously recorded at fair value. The Center did not elect fair value accounting for any assets or liabilities that are not currently required to be measured at fair value.

The three levels of hierarchy are defined as follows:

- **Level 1** – unadjusted quoted prices in active markets for identical, unrestricted assets or liabilities that the Center has the ability to access at the measurement date.
- **Level 2** – quoted prices which are not active, quoted prices for similar assets or liabilities in active markets or inputs other than quoted prices that are observable (either directly or indirectly) for substantially the full term of the asset or liability.
- **Level 3** – significant unobservable prices or inputs (including the Center’s own assumptions in determining the fair value of assets or liabilities) where there is little or no market activity for the asset or liability at the measurement date.

A financial instrument’s categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The carrying values of cash and cash equivalents, accounts receivable and accounts payable are reasonable estimates of fair value due to the short-term nature of these financial instruments.

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at June 30, 2024.

Equity mutual funds – Valued at the net asset value of shares held at year end.

Fixed income – Fixed income funds consist of investments in mutual funds and exchange-traded products that are based on quoted prices in active markets.

Money market accounts – consist of investments in money market accounts that are based on quoted prices in active markets.

LAKE ERIE NATURE AND SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

6. FAIR VALUE MEASUREMENTS (Continued)

Beneficial interest in trusts – Funds held in trust by others are valued using the fair value of the assets in the trust as a practical expedient unless the facts and circumstances indicate that the fair value of the assets in the trusts differ from the fair value of the beneficial interests. Funds held in trust by others cannot be liquidated or traded in an active market.

Assets at Fair Value as of June 30, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity mutual funds	\$ 2,596,138	\$ -	\$ -	\$2,596,138
Fixed income	1,211,045	-	-	1,211,045
Money market accounts	183,003	-	-	183,003
Beneficial interest in trusts	-	-	<u>1,704,811</u>	<u>1,704,811</u>
	<u>\$ 3,990,186</u>	<u>\$ -</u>	<u>\$ 1,704,811</u>	<u>\$5,694,997</u>

Assets at Fair Value as of June 30, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity mutual funds	\$ 2,265,682	\$ -	\$ -	\$2,265,682
Fixed income	1,058,839	-	-	1,058,839
Money market accounts	142,295	-	-	142,295
Beneficial interest in trusts	-	-	<u>1,667,841</u>	<u>1,667,841</u>
	<u>\$ 3,466,816</u>	<u>\$ -</u>	<u>\$ 1,667,841</u>	<u>\$5,134,657</u>

7. RELATED PARTY TRANSACTION

The Center is an affiliate of the Cleveland Metroparks and is located on the Huntington Reservation. This relationship provides increased public benefit for both Center visitors and enhances mutual educational opportunities for both the Cleveland Metroparks and the Center. The Center operates within a facility at no charge through a license agreement with the Board of Park Commissioners of the Cleveland Metropolitan Park District. The agreement between the Cleveland Metroparks and the Center expires on December 31, 2035 and is renewable for successive two-year periods.

The Center applies FASB ASC Topic 958-605-55-24, which requires the Center to recognize as revenue and expense the donated property at fair value. Based upon a property lease appraisal performed by an unrelated party the Center has recognized \$324,000 in facility rent in-kind revenue on the Statement of Activities.

LAKE ERIE NATURE AND SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

8. BENEFICIAL INTEREST IN SPLIT-INTEREST TRUSTS

The Center is the beneficiary of two irrevocable split-interest trusts created by donors, the assets of which are not in the possession of the Center. The Center is one of six beneficiaries of the Vivian H. Schulze Trust and one of four beneficiaries of the Dorothy J. Morris Trust. The Center has legally enforceable rights and claims to such assets. Initial recording and net unrealized gains (losses) related to the beneficial interests are reported as changes in net assets with donor restrictions because of the implied time restriction. Trust distributions are reported as investment income without donor restrictions. The Center's share of the trusts is reported at fair market value on the statement of financial position as there are presently no facts or circumstances which indicate that the fair value of the assets in the trusts would be significantly different from the present value of the estimated future distributions.

9. ENDOWMENT FUNDS

The Center's endowment consists of various instruments established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Center has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Center classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations of income to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not considered restricted into perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure, including amounts for capital expenditures which are subject to the Center's spending policy and amounts for Planetarium expenses. In all other cases, the amounts are classified as net assets without donor restrictions. Those amounts recorded as net assets with donor restrictions are released from restriction when the donor-stipulated purpose has been fulfilled or the required time period has elapsed, or both.

Investment Return Objectives, Risk Parameters, and Strategies: The Center has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment policy seeks to achieve an acceptable rate of return, including investment income as well as capital appreciation, with acceptable levels of risk. Endowment assets are invested in a diversified asset mix that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution while growing the funds.

LAKE ERIE NATURE AND SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

9. ENDOWMENT FUNDS (Continued)

Spending Policy: The Center targets an annual distribution equal to 4% to 5% of the average endowment balance over the prior 12 quarters (3 years). This policy takes into consideration the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, and the possible effects of inflation. Except for funds maintained in perpetuity per donor restrictions, the Board of Directors may elect to change the targeted distribution to meet operational needs in any given year.

The following represents the net asset class of the Center's endowment funds as well as the changes in endowments for the years ended June 30, 2024 and 2023:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, July 1, 2023	\$ 552,262	\$ 2,924,604	\$ 3,476,866
Contributions	208,333	27,000	235,333
Investment return	83,607	353,630	437,237
Appropriated for Center operations	(111,177)	(39,062)	(150,239)
Endowment net assets, June 30, 2024	<u>\$ 733,025</u>	<u>\$ 3,266,172</u>	<u>\$ 3,999,197</u>
	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, July 1, 2022	\$ 399,337	\$ 2,708,712	\$ 3,108,049
Contributions	208,333	6,600	214,933
Investment return	53,816	247,668	301,484
Appropriated for Center operations	(109,224)	(38,376)	(147,600)
Endowment net assets, June 30, 2023	<u>\$ 552,262</u>	<u>\$ 2,924,604</u>	<u>\$ 3,476,866</u>

10. OPERATING LEASE COMMITMENTS

The Center leases office equipment under an operating lease that calls for monthly payments of \$931 and an expiration date of June 2027.

LAKE ERIE NATURE AND SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

10. OPERATING LEASE COMMITMENTS (Continued)

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease liabilities for the year ending June 30, 2024.

2025	\$ 11,172
2026	11,172
2027	<u>11,172</u>
Total operating lease payments	33,516
Less imputed interest	<u>(1,507)</u>
Total operating lease liabilities	32,009
Less current portion of operating lease liabilities	<u>(10,351)</u>
Operating lease liabilities, net of current portion	<u>\$ 21,658</u>

The following summarizes the total lease cost related to operating leases for the years ending June 30:

	<u>2024</u>	<u>2023</u>
Operating lease cost	\$ 11,172	\$ 11,172

The following summarizes the operating cash flows related to operating leases for the years ending June 30:

	<u>2024</u>	<u>2023</u>
Operating cash flows used for operating lease	\$ 11,172	\$ 11,172

The following summarizes the noncash activity related to the operating lease for the years ending June 30:

	<u>2024</u>	<u>2023</u>
Right-of-use asset obtained in exchange of lease liabilities:		
Operating lease	\$ -	\$ 51,800

The following is the weighted-average remaining lease term and risk-free rate as of June 30:

	<u>2024</u>	<u>2023</u>
Weighted-average remaining lease term	3 years	4 years
Weighted-average risk free rate	3.01%	3.01%

LAKE ERIE NATURE AND SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

11. INCOME TAXES

The Internal Revenue Service has ruled that the Center is a publicly supported organization and is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. In addition, the State of Ohio has also granted the Center tax-exempt status. As of June 30, 2024 the Center has no material uncertain income tax positions.

The Center records related interest expenses and penalties, if any, as a tax expense, consistent with this guidance. The Center’s open audit periods are for the tax years ended June 30, 2021 through June 30, 2024. In evaluating the Center’s tax provisions and accruals, future taxable income and tax planning strategies are considered. The Center believes its estimates are appropriate based on the current facts and circumstances.

12. CONTRIBUTED NONFINANCIAL ASSETS

For the years ending June 30, 2024 and 2023, contributed nonfinancial assets recognized within the statement of activities include:

	2024	2023
Facility rent in-kind	\$ 324,000	\$ 324,000
Wildlife supplies	19,472	4,779
	\$ 343,472	\$ 328,779

The Center recognized contributed nonfinancial assets within revenue, which includes rent and wildlife supplies. Contributed nonfinancial assets did not have donor-imposed restrictions and were utilized.

The contributed rent will be used for program as well as management and general activities. In valuing the contributed rent, the Center estimated the fair value based on a property lease appraisal performed by an unrelated party.

Contributed wildlife supplies were utilized in the day-to-day programs as well as rehabilitation for wild animals in need. The wildlife supplies include food for animal consumption, veterinary medical and program supplies.

13. CAPITAL AND COMMITMENT FOR CONSTRUCTION

Lake Erie Nature & Science Center strategically plans and undertakes capital projects to improve public areas of the facility, to enrich learning experiences and programs, and to ensure optimal building functions. Capital projects are funded by philanthropic support from the community in the form of large donations from grateful visitors and grants from private funders and community foundations. Routine facility maintenance, replacements, and repairs are funded internally with a designated account.

LAKE ERIE NATURE AND SCIENCE CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

13. CAPITAL AND COMMITMENT FOR CONSTRUCTION (Continued)

The Center continues to raise funds for a major renovation of the outdoor live animal exhibits in the Wildlife Gardens. Built in 2000, the Wildlife Gardens are enjoyed – at no charge – by visitors of all ages who get up-close views of birds, owls, hawks, and mammals. The animal exhibits, natural areas, and structures having been affected by weather and time and, after many repairs and patches, are being replaced. A major renovation project will result in more accessible exhibits for public enjoyment and up close views of wildlife, improved learning opportunities for visitors and students, and increased public visibility through one-way glass to wildlife rehabilitation patients in their final stages of treatment before release back to the wild.

Having completed an extensive planning and design process in early 2024, the Board of Directors initiated the construction phase of the Wildlife Gardens Education and Renovation Project at a total project cost of \$1,900,000, the largest investment in the Center’s free nature-based offerings for children, families, and students. Site work began in June with the construction of outdoor animal exhibits at the north end of the Gardens to continue providing visitors with views of animal ambassadors in their habitats. During the Project, the Center remains open 7 days each week with all programs delivered as scheduled, with opportunities for the public to enjoy seeing animal ambassadors in other locations while the Gardens Project is underway. The Project is expected to be completed by June 2025. As of June 30, 2024, \$130,692 has been expended toward the completion of the \$1,900,000 project cost.

This major project is one of several capital improvements undertaken by the organization in the last decade to increase public enjoyment and appreciation of animals, natural history and space science. The Cahoon Room, completed in September 2022, is an example of a successful capital project made possible with philanthropic support from the community which transformed an existing retail space into the Center’s fourth nature-based learning environment designed for young children. Filled with natural light and featuring a “wildlife rehabilitation facility” playset, this investment increases capacity for the Center’s preschool program, one of the first and largest in the region.

The Center has committed to purchasing a new projector for the planetarium at a cost of \$140,500. As of June 30, 2024, \$42,150 has been paid toward this purchase.

14. RECLASSIFICATIONS

Certain reclassifications were made to the June 30, 2023 numbers in order to conform to the June 30, 2024 presentation.

15. SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 20, 2025, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

LAKE ERIE NATURE AND SCIENCE CENTER
SCHEDULE I - SCHEDULE OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2024

	Net Assets Without Donor Restrictions		
	Operating Fund	Board Designated	Total
SUPPORT AND REVENUE:			
Program and class fees	\$ 612,979	\$ -	\$ 612,979
Contributions and grants	597,471	208,333	805,804
Special events	49,935	-	49,935
Donated services and supplies	19,472	-	19,472
Facility rent in-kind	324,000	-	324,000
Investment income for operations	147,246	111,177	258,423
	1,751,103	319,510	2,070,613
Net assets released from restrictions	269,710	-	269,710
Total support and revenue	2,020,813	319,510	2,340,323
EXPENSES:			
Salaries, payroll taxes and benefits	840,758	-	840,758
Other employee costs	33,283	-	33,283
Fundraising	40,998	-	40,998
Educational programs and services	29,869	-	29,869
Capital renovations	211,564	-	211,564
Wildlife rehabilitation and animal care	61,991	-	61,991
Building maintenance and utilities	200,565	-	200,565
Depreciation	8,112	-	8,112
Insurance	18,567	-	18,567
Technology	79,641	-	79,641
Marketing	17,416	-	17,416
Professional fees	12,700	-	12,700
Facility rent in-kind	324,000	-	324,000
Other expenses	1,550	-	1,550
Total expenses	1,881,014	-	1,881,014
CHANGE IN NET ASSETS FROM OPERATIONS	139,799	319,510	459,309
OTHER CHANGES	-	8,268	8,268
CHANGES IN NET ASSETS	139,799	327,778	467,577
NET ASSETS, BEGINNING OF YEAR	1,159,091	727,460	1,886,551
Transfers	147,015	(147,015)	-
NET ASSETS, END OF YEAR	\$ 1,445,905	\$ 908,223	\$ 2,354,128

Net Assets With Donor Restrictions

<u>Center Programs</u>	<u>Capital and Endowment</u>	<u>Total</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 612,979
77,300	236,329	313,629	1,119,433
-	-	-	49,935
-	-	-	19,472
-	-	-	324,000
<u>39,062</u>	<u>-</u>	<u>39,062</u>	<u>297,485</u>
116,362	236,329	352,691	2,423,304
<u>(114,243)</u>	<u>(155,467)</u>	<u>(269,710)</u>	<u>-</u>
<u>2,119</u>	<u>80,862</u>	<u>82,981</u>	<u>2,423,304</u>
-	-	-	840,758
-	-	-	33,283
-	-	-	40,998
-	-	-	29,869
-	-	-	211,564
-	-	-	61,991
-	-	-	200,565
-	-	-	8,112
-	-	-	18,567
-	-	-	79,641
-	-	-	17,416
-	-	-	12,700
-	-	-	324,000
-	-	-	1,550
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,881,014</u>
2,119	80,862	82,981	542,290
<u>134,149</u>	<u>217,389</u>	<u>351,538</u>	<u>359,806</u>
136,268	298,251	434,519	902,096
2,322,379	3,046,397	5,368,776	7,255,327
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 2,458,647</u>	<u>\$ 3,344,648</u>	<u>\$ 5,803,295</u>	<u>\$ 8,157,423</u>