

THE ELEPHANT SANCTUARY IN
TENNESSEE AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2022 AND 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Elephant Sanctuary in Tennessee and Subsidiary
Hohenwald, Tennessee

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the accompanying consolidated financial statements of The Elephant Sanctuary in Tennessee, a nonprofit organization, and Subsidiary (collectively, the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of The Elephant Sanctuary in Tennessee and Subsidiary as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BASIS FOR OPINION

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

RESPONSIBILITIES OF MANAGEMENT FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

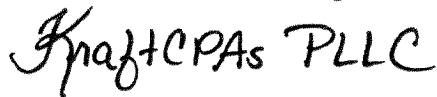
AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated 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, internal 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

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

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



Nashville, Tennessee
June 8, 2023

THE ELEPHANT SANCTUARY IN TENNESSEE AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2022 AND 2021

	<u>ASSETS</u>	
	<u>2022</u>	<u>2021</u>
ASSETS		
Cash	\$ 7,211,125	\$ 11,110,287
Contributions receivable, net	4,914,299	4,346,873
Prepaid expenses	130,867	113,742
Inventory	17,976	10,890
Investments	48,506,252	48,994,013
Property and equipment, net	14,001,914	13,068,371
Beneficial interest in charitable remainder trust	187,729	123,639
Beneficial interest in trusts	<u>2,187,341</u>	<u>2,585,226</u>
TOTAL ASSETS	<u>\$ 77,157,503</u>	<u>\$ 80,353,041</u>
	<u>LIABILITIES AND NET ASSETS</u>	
LIABILITIES		
Accounts payable	\$ 46,994	\$ 50,470
Accrued expenses	<u>5,275</u>	<u>6,539</u>
TOTAL LIABILITIES	<u>52,269</u>	<u>57,009</u>
NET ASSETS		
Without donor restrictions:		
Undesignated	10,523,045	20,170,992
Board designated	<u>62,001,914</u>	<u>55,068,371</u>
Total without donor restrictions	72,524,959	75,239,363
Total with donor restrictions	<u>4,580,275</u>	<u>5,056,669</u>
TOTAL NET ASSETS	<u>77,105,234</u>	<u>80,296,032</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 77,157,503</u>	<u>\$ 80,353,041</u>

See accompanying notes to consolidated financial statements.

THE ELEPHANT SANCTUARY IN TENNESSEE AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Public support:						
Contributions and grants	\$ 11,014,259	\$ 581,450	\$ 11,595,709	\$ 15,265,706	\$ 382,949	\$ 15,648,655
Change in value of beneficial interest agreements	-	(208,379)	(208,379)	-	371,102	371,102
In-kind revenue	125,511	-	125,511	208,725	-	208,725
Merchandise sales	100,986	-	100,986	113,450	-	113,450
Less: cost of merchandise sales	(28,634)	-	(28,634)	(41,895)	-	(41,895)
Investment income (loss), net	(8,594,627)	-	(8,594,627)	4,332,379	-	4,332,379
Loss on restricted contributions receivable	-	(17,398)	(17,398)	-	(111,460)	(111,460)
Net assets released from restrictions	832,067	(832,067)	-	557,677	(557,677)	-
TOTAL SUPPORT AND REVENUE	3,449,562	(476,394)	2,973,168	20,436,042	84,914	20,520,956
EXPENSES						
Program	5,514,823	-	5,514,823	4,812,713	-	4,812,713
Management and general	442,235	-	442,235	588,359	-	588,359
Fundraising	206,908	-	206,908	213,474	-	213,474
TOTAL EXPENSES	6,163,966	-	6,163,966	5,614,546	-	5,614,546
CHANGE IN NET ASSETS	(2,714,404)	(476,394)	(3,190,798)	14,821,496	84,914	14,906,410
NET ASSETS - BEGINNING OF YEAR	75,239,363	5,056,669	80,296,032	60,417,867	4,971,755	65,389,622
NET ASSETS - END OF YEAR	\$ 72,524,959	\$ 4,580,275	\$ 77,105,234	\$ 75,239,363	\$ 5,056,669	\$ 80,296,032

See accompanying notes to consolidated financial statements.

THE ELEPHANT SANCTUARY IN TENNESSEE AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (3,190,798)	\$ 14,906,410
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,250,922	1,216,212
Loss on contributions receivable	17,398	111,460
Realized and unrealized loss (gain) on investments	9,028,847	(3,161,938)
Change in value of beneficial interest agreements	208,379	(371,102)
Noncash contributions of investments	(125,100)	(201,191)
(Increase) decrease in:		
Contributions receivable	(584,824)	(798,546)
Prepaid expenses	(17,125)	(19,424)
Inventory	(7,086)	5,003
Increase (decrease) in:		
Accounts payable	(3,476)	39,374
Accrued expenses	<u>(1,264)</u>	<u>347</u>
TOTAL ADJUSTMENTS	<u>9,766,671</u>	<u>(3,179,805)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>6,575,873</u>	<u>11,726,605</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(2,184,465)	(1,221,362)
Distributions received from beneficial interest agreements	125,416	140,857
Purchases of investments	(13,332,014)	(26,418,537)
Sales of investments	<u>4,916,028</u>	<u>23,215,239</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(10,475,035)</u>	<u>(4,283,803)</u>
NET (DECREASE) INCREASE IN CASH	(3,899,162)	7,442,802
CASH - BEGINNING OF YEAR	<u>11,110,287</u>	<u>3,667,485</u>
CASH - END OF YEAR	<u>\$ 7,211,125</u>	<u>\$ 11,110,287</u>

See accompanying notes to consolidated financial statements.

THE ELEPHANT SANCTUARY IN TENNESSEE AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2022

	2022								
	PROGRAM SERVICES					MANAGEMENT AND FUNDRAISING			
	ELEPHANT CARE	VET CARE	FACILITIES	EDUCATION	VOLUNTEER OUTREACH EDUCATION	TOTAL	GENERAL	FUNDRAISING	TOTAL
Salaries and wages	\$ 740,442	\$ 190,549	\$ 570,347	\$ 350,781	\$ 77,828	\$ 1,929,947	\$ 123,415	\$ 59,901	\$ 2,113,263
Payroll taxes	37,343	9,947	24,505	27,291	6,194	105,280	19,170	38,794	163,244
Employee benefit - insurance	147,229	19,710	91,703	62,454	12,143	333,239	7,391	5,777	346,407
Employee benefit - retirement	15,163	3,902	11,679	7,183	1,594	39,521	2,527	1,227	43,275
Other payroll expenses	4,450	1,145	3,428	2,108	468	11,599	742	360	12,701
SALARIES AND RELATED EXPENSES	944,627	225,253	701,662	449,817	98,227	2,419,586	153,245	106,059	2,678,890
Advertising	-	-	1,254	530	445	2,229	1,915	-	4,144
Bank service charges	-	-	-	69,745	-	69,745	2,374	10,339	82,458
Conferences and meetings	956	1,560	-	645	665	3,826	1,365	-	5,191
Depreciation	-	-	1,175,867	50,037	-	1,225,904	25,018	-	1,250,922
Donated materials and supplies	-	-	-	-	-	-	-	411	411
Donations	-	-	-	-	-	-	2,600	-	2,600
Dues and subscriptions	510	553	234	303	190	1,790	2,580	-	4,370
Education	-	-	-	1,300	2,300	3,600	-	-	3,600
Employee assistance program	1,033	121	607	425	91	2,277	243	30	2,550
Employee relocation	1,000	-	-	500	500	2,000	-	-	2,000
Employee recruitment and testing	2,334	314	2,280	938	125	5,991	255	65	6,311
Feed and supplements	126,820	-	-	-	-	126,820	-	-	126,820
Insurance - liability	68,595	16,031	45,057	14,033	3,397	147,113	11,764	2,711	161,588
Insurance - workers' compensation	42,944	9,195	23,910	12,874	2,161	91,084	3,862	1,931	96,877
International elephant habitat and care programs	347,026	-	-	-	-	347,026	-	-	347,026
Licenses	146	1,152	6,332	5,285	-	12,915	4,107	9,587	26,609
Meals	2,371	544	339	541	15	3,810	992	1,344	6,146
Merchandise	-	-	-	28,634	-	28,634	-	-	28,634
Mileage reimbursement	658	589	322	518	247	2,334	456	-	2,790
Miscellaneous	-	-	-	-	1,177	1,177	-	-	1,177
Newsletter	-	-	-	33,885	-	33,885	-	4,269	38,154
Office supplies and small equipment	60,997	34,186	28,792	24,376	4,613	152,964	11,742	4,862	169,568
Printing	-	-	-	7,773	35	7,808	-	21,194	29,002
Postage and delivery	20	4,324	39	37,032	-	41,415	95	21,148	62,658
Professional development	5,987	5,053	556	2,124	7,871	21,591	436	-	22,027
Professional fees	25,853	68,610	19,255	22,371	-	136,089	200,019	12,330	348,438
Repairs and maintenance	42,929	3,387	19,982	5,428	3,742	75,468	373	260	76,101
Security	1,761	-	390	1,099	80	3,330	239	301	3,870
Taxes	-	-	20,731	2,288	762	23,781	-	316	24,097
Technology	27,517	12,820	13,254	57,395	3,682	114,668	8,577	7,141	130,386
Telephone and internet	3,677	1,685	6,341	5,972	776	18,451	1,862	497	20,810
Travel	33,687	3,787	5,650	742	1,335	45,201	3,749	304	49,254
Utilities	71,786	7,536	17,615	9,674	1,238	107,849	1,085	1,250	110,184
Vehicle	17,521	4,641	54,576	-	-	76,738	3,282	559	80,579
Veterinary services and medicines	-	186,358	-	-	-	186,358	-	-	186,358
TOTAL EXPENSES	1,830,755	587,699	2,145,045	846,284	133,674	5,543,457	442,235	206,908	6,192,600
Less: expenses included with revenues on the consolidated statements of activities	-	-	-	(28,634)	-	(28,634)	-	-	(28,634)
TOTAL EXPENSES INCLUDED IN EXPENSE SECTION OF THE STATEMENTS OF ACTIVITIES	\$ 1,830,755	\$ 587,699	\$ 2,145,045	\$ 817,650	\$ 133,674	\$ 5,514,823	\$ 442,235	\$ 206,908	\$ 6,163,966

See accompanying notes to consolidated financial statements.

THE ELEPHANT SANCTUARY IN TENNESSEE AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2021

	2021								
	PROGRAM SERVICES						MANAGEMENT AND FUNDRAISING		
	ELEPHANT CARE	VET CARE	FACILITIES	EDUCATION	VOLUNTEER OUTREACH EDUCATION	TOTAL	GENERAL	FUNDRAISING	TOTAL
Salaries and wages	\$ 605,455	\$ 131,851	\$ 449,318	\$ 294,027	\$ 68,788	\$ 1,549,439	\$ 296,727	\$ 52,608	\$ 1,898,774
Payroll taxes	47,516	8,765	34,930	23,394	5,392	119,997	22,587	3,960	146,544
Employee benefit - insurance	130,027	16,742	82,132	51,436	10,361	290,698	20,172	3,810	314,680
Employee benefit - retirement	15,185	3,307	11,269	7,374	1,725	38,860	7,442	1,319	47,621
Other payroll expenses	4,211	917	3,125	2,045	479	10,777	2,064	366	13,207
SALARIES AND RELATED EXPENSES	802,394	161,582	580,774	378,276	86,745	2,009,771	348,992	62,063	2,420,826
Advertising	-	-	903	2,393	533	3,829	-	-	3,829
Bank service charges	-	-	-	63,546	-	63,546	2,608	11,411	77,565
Conferences and meetings	1,132	1,228	295	664	398	3,717	1,366	-	5,083
Depreciation	-	-	1,143,239	48,649	-	1,191,888	24,324	-	1,216,212
Donated materials and supplies	-	-	-	-	-	-	-	22,432	22,432
Donations	-	-	-	-	-	-	715	-	715
Dues and subscriptions	847	2,131	214	452	47	3,691	2,792	-	6,483
Education	-	-	-	5,000	2,741	7,741	-	-	7,741
Employee assistance program	976	122	604	396	92	2,190	299	61	2,550
Employee relocation	2,792	-	-	500	500	3,792	-	-	3,792
Employee recruitment and testing	734	-	500	609	158	2,001	184	-	2,185
Feed and supplements	94,248	-	-	-	-	94,248	-	-	94,248
Insurance - liability	54,595	12,640	40,587	13,289	3,340	124,451	6,681	2,691	133,823
Insurance - workers' compensation	34,688	7,947	18,338	10,474	1,650	73,097	3,177	1,589	77,863
International elephant habitat and care programs	259,350	-	-	-	-	259,350	-	-	259,350
Licenses	1,870	954	6,495	1,024	160	10,503	1,558	7,395	19,456
Meals	928	42	124	102	93	1,289	423	77	1,789
Merchandise	-	-	-	41,895	-	41,895	-	-	41,895
Mileage reimbursement	481	97	293	120	-	991	-	14	1,005
Miscellaneous	-	-	-	-	286	286	-	-	286
Newsletter	-	-	-	30,813	-	30,813	-	53,829	84,642
Office supplies and small equipment	68,132	42,211	31,871	19,068	3,517	164,799	6,641	3,368	174,808
Printing	229	-	-	7,351	13	7,593	61	3,579	11,233
Postage and delivery	242	2,360	54	32,422	800	35,878	170	3,330	39,378
Professional development	12,121	2,999	2,355	3,108	7,950	28,533	1,278	60	29,871
Professional fees	53,790	70,610	10,348	9,327	20	144,095	174,015	14,325	332,435
Repairs and maintenance	29,735	5,280	18,328	7,755	786	61,884	33	248	62,165
Security	1,996	36	620	751	225	3,628	382	248	4,258
Taxes	-	-	16,625	5,259	-	21,884	-	-	21,884
Technology	26,848	8,643	11,532	66,696	4,067	117,786	6,221	23,785	147,792
Telephone and internet	2,715	1,573	4,693	5,497	532	15,010	2,503	1,033	18,546
Travel	6,305	275	34	34	34	6,682	269	-	6,951
Utilities	58,281	5,803	13,641	8,190	1,224	87,139	1,482	1,619	90,240
Vehicle	15,758	3,060	43,772	-	-	62,590	2,185	317	65,092
Veterinary services and medicines	-	168,018	-	-	-	168,018	-	-	168,018
TOTAL EXPENSES	1,531,187	497,611	1,946,239	763,660	115,911	4,854,608	588,359	213,474	5,656,441
Less: expenses included with revenues on the consolidated statements of activities	-	-	-	(41,895)	-	(41,895)	-	-	(41,895)
TOTAL EXPENSES INCLUDED IN EXPENSE SECTION OF THE STATEMENTS OF ACTIVITIES	\$ 1,531,187	\$ 497,611	\$ 1,946,239	\$ 721,765	\$ 115,911	\$ 4,812,713	\$ 588,359	\$ 213,474	\$ 5,614,546

See accompanying notes to consolidated financial statements.

THE ELEPHANT SANCTUARY IN
TENNESSEE AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

NOTE 1 - ORGANIZATION AND GENERAL

The Elephant Sanctuary in Tennessee is a nonprofit organization which was organized on December 30, 1994, primarily to provide captive elephants with individualized care, companionship of a herd and the opportunity to live out their lives in a safe haven dedicated to their well-being. Other goals related to the captive elephants include conducting noninvasive research, practicing progressive management and care techniques, and sharing knowledge through education, consultation, and collaboration. The majority of the Organization's revenues for the years ended December 31, 2022 and 2021 represent support from the general public, primarily from citizens of or entities located in the United States.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of The Elephant Sanctuary in Tennessee and its wholly owned for-profit subsidiary, Highland Lake Properties, Inc. (collectively, the "Organization"). All significant intercompany accounts and transactions have been eliminated in consolidation. Highland Lake Properties, Inc.'s assets consist of 701 acres of real estate adjacent to other real estate owned by The Elephant Sanctuary in Tennessee and used as part of the natural habitat refuge for elephants.

Basis of Presentation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Consolidated Statements of Activities.

THE ELEPHANT SANCTUARY IN
TENNESSEE AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Contributions - Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is made.

A contribution is conditional if an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets exists. The presence of both a barrier and a right of return or right of release indicates that a recipient is not entitled to the contribution until it has overcome the barrier(s) in the agreement. Conditional promises to give are not recognized until the barrier(s) in the agreement are overcome.

Unconditional contributions of cash and other assets, including contributions receivable (unconditional promises to give), are recorded as revenue based upon any donor-imposed restrictions on the date of the donor's commitment or gift. Noncash contributions are recorded at the estimated fair value at the date of the gift. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discount on these amounts is computed using a risk-free interest rate applicable to the year in which the promise is received (2.99% and 0.46% for promises made in 2022 and 2021, respectively). Amortization of the discount is recognized on the interest method over the term of the gift and included in contribution revenue.

The allowance for uncollectible contributions is provided based on management's estimate of uncollectible pledges and historical trends.

The Organization is required to make significant estimates and exercise judgment in determining the net contributions receivable. The Organization reviewed all documentation received to determine the estimated amount to be received in future periods and recognized the related estimated revenues in the Consolidated Statements of Activities for the years ended December 31, 2022 and 2021. Annually, the Organization evaluates its assumptions, judgments and estimates that can have a significant impact on its reported contributions receivable based on the most recent information available, and when necessary, adjusts the balance accordingly. It is at least reasonably possible, that this estimate will change within one year of the date of the consolidated financial statements due to one or more confirming events and the effect of that change could be material.

THE ELEPHANT SANCTUARY IN
TENNESSEE AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Sale of inventory - Revenues are recognized when control of products is transferred to customers, in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those products and services, less an estimate of variable consideration for return rights and discounts. The Organization does not have any significant financing components as payment is received at or shortly after the point of sale. Costs incurred to obtain a contract are expensed as incurred when the amortization period is less than a year. The nature of the Organization's business does not give rise to variable consideration.

For performance obligations related to the sale of general merchandise and educational materials such as caps, artwork, publications, and other merchandise promoting the Organization, which is the sole source of contract revenue, control transfers to the customer at a point in time. The Organization's principal terms of sale are Freight On Board (FOB) Shipping Point and the Organization transfers control and records revenue for product sales upon shipment to the customer.

Cash

Cash consists principally of checking and savings account balances. Cash and other short-term investments held in brokerage accounts are classified as investments.

Inventory

Inventory is stated at the lower of cost or net realizable value. Inventory primarily consists of general merchandise and educational materials such as caps, artwork, publications, and other merchandise promoting the Organization. Cost of sales, including shipping and handling, is classified as program services expenses in the Consolidated Statements of Functional Expenses.

Investments

Investments are stated 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. See Note 12 for discussion of fair value measurements.

Money market funds are managed to maintain a net asset value per share of \$1, and are reported at net asset value, which approximates fair value.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Changes in unrealized gains and losses are recognized currently in the Consolidated Statements of Activities.

THE ELEPHANT SANCTUARY IN
TENNESSEE AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are reported at cost at the date of purchase or at estimated fair value at the date of gift to the Organization. The Organization's policy is to capitalize purchases with a cost of \$1,000 or more and an estimated useful life greater than one year. Costs of maintenance and repairs are charged to expense. When depreciable assets are disposed, the cost and related accumulated depreciation are removed from the accounts, and any gain or loss is included in the operations for the period. Depreciation is calculated by the straight-line method or over the asset's estimated useful lives.

Sales Taxes Collected

Sales tax collected and remitted to governmental authorities are excluded from sales and costs and presented on a net basis in the consolidated financial statements.

Advertising

Advertising costs are expensed as incurred. Advertising expenses amounted to \$4,144 and \$3,829 for the years ended December 31, 2022 and 2021, respectively.

Income Taxes

The Elephant Sanctuary in Tennessee qualifies as a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, income taxes are not provided. The Elephant Sanctuary in Tennessee files a U.S. Federal Form 990 for organizations exempt from income tax.

Highland Lake Properties, Inc. ("HLPI") is classified as a C corporation under the Internal Revenue Code. HLPI has no operating activities and incurs no income tax. In the event HLPI sells or distributes its assets, any realized gain would be subject to federal and state corporate income taxes. Highland Lake Properties, Inc. files income tax returns in the U.S. federal jurisdiction and the state of Tennessee.

Management performs an evaluation of all income tax positions taken or expected to be taken in the course of preparing the Organization's income tax returns to determine whether the income tax positions meet a "more likely than not" standard of being sustained under examination by the applicable taxing authorities. Management has performed its evaluation of all income tax positions taken on all open income tax returns and has determined that there were no positions taken that do not meet the "more likely than not" standard. Accordingly, there are no provisions for income taxes, penalties, or interest receivable or payable relating to uncertain income tax positions in the accompanying consolidated financial statements.

THE ELEPHANT SANCTUARY IN
TENNESSEE AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Goods and Services

Donated goods are utilized by the Organization and are recorded as support and either an asset or expense in the period received at fair value, if there is an objective and measurable basis for determining such value.

Donated services are recognized if they create or enhance non-financial assets or the donated service requires specialized skills, was performed by the donor who possesses such skills, and would have been purchased by the Organization if not provided by the donor. Such services are utilized by the Organization and are recognized at fair value as support and expense in the period the services are performed. Donated goods and services recognized amounted to \$125,511 and \$208,725 in 2022 and 2021, respectively.

In addition, during 2022 and 2021, many unpaid volunteers contributed their time to the Organization's program and supporting services. The value of this contributed time is not reflected in these statements since it is not susceptible to objective measurement or valuation.

Program and Supporting Services

The following program and supporting services classifications are included in the accompanying consolidated financial statements:

Program Services:

Elephant Care, Vet Care and Facilities - provides captive elephants a natural habitat, individualized care, and the opportunity to live out their lives in safe haven dedicated to their well-being.

Education and Volunteer Outreach Education - raise public awareness by providing educational opportunities for the public relating to elephant care and habitat; this includes providing materials and other programs to those who have an interest.

THE ELEPHANT SANCTUARY IN
TENNESSEE AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program and Supporting Services (Continued)

Supporting Services:

Management and General - relates to the overall direction of the Organization. These expenses are not identifiable with a particular program or with fundraising but are indispensable to the conduct of those activities and are essential to the Organization. Specific activities include agency oversight, business management, recordkeeping, budgeting, financing, and other administrative activities.

Fundraising - includes costs of activities directed toward appeals for financial support primarily for expansion of physical facilities, the purchase of additional land, hiring additional trained keepers and establishing endowments for the care of elephants. Other activities include the cost of solicitations and creation and distribution of fundraising materials.

Allocation of Functional Expenses

Expenses that can be directly attributed to a particular function are charged to that function. Certain costs have been allocated among more than one service based on objectively evaluated and non-financial data or reasonable subjective methods determined by management. The expenses that are allocated include salaries and related benefits, which are allocated on the basis of estimates of time expended on those resources, and depreciation and occupancy expenses, which are allocated on the basis of estimates of the related use of the property.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassification

Certain reclassifications to have been made to board designated endowment funds and board designated reserves for 2021 to align with the current year presentation. Such reclassifications had no effect on allocation of net assets with and without donor restrictions or the change in net assets as previously reported.

THE ELEPHANT SANCTUARY IN
TENNESSEE AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Events Occurring after Reporting Date

The Organization has evaluated events and transactions that occurred between December 31, 2022 and June 8, 2023, the date the consolidated financial statements were available to be issued, for possible recognition or disclosure in the consolidated financial statements.

NOTE 3 - LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated financial position date, comprise the following at December 31:

	<u>2022</u>	<u>2021</u>
Financial assets at year end:		
Cash	\$ 7,211,125	\$ 11,110,287
Contributions receivable	4,914,299	4,346,873
Investments	48,506,252	48,994,013
Anticipated distribution from beneficial interest agreements	<u>125,000</u>	<u>140,000</u>
	<u>60,756,676</u>	<u>64,591,173</u>
Less amounts not available to be used within one year:		
Testamentary bequests	4,691,530	4,136,533
Donor restricted contributions receivable	222,769	210,340
Donor restricted endowment funds	1,829,174	1,821,464
Donor restricted for a specific purpose	153,262	316,000
Board designated operating reserves	25,000,000	25,000,000
Board designated for capital reserves, improvements and upgrades	17,000,000	11,000,000
Board designated for elephant transition	3,000,000	3,000,000
Board designated for international welfare and conservation projects	1,000,000	1,000,000
Board designated for education and support of the Elephant Discovery Center	<u>2,000,000</u>	<u>2,000,000</u>
	<u>54,896,735</u>	<u>48,484,337</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 5,859,941</u>	<u>\$ 16,106,836</u>

THE ELEPHANT SANCTUARY IN
TENNESSEE AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022 AND 2021

NOTE 3 - LIQUIDITY (CONTINUED)

The Organization has set aside unrestricted financial operational reserves of approximately 5 times its budgeted expenses to ensure the lifetime care and safe haven for an undetermined number of elephants. Elephants have an expected lifespan of 50-70 years, and the Organization is committed to providing food, shelter, veterinary care, medicine, caregivers, property maintenance and security. Along with the public's continued support, these funds are needed to provide for the elephants currently in our care and for those that will come to the Organization.

All categories of board designated amounts included in the liquidity calculation could be made available if necessary.

Due to the nature of the testamentary bequests, timing of collection is uncertain and thus not included in financial assets available to meet general expenditures over the next twelve months. Amounts will be available when received.

NOTE 4 - CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following at December 31:

	<u>2022</u>	<u>2021</u>
Due within one year	\$ 5,142,688	\$ 4,553,640
Due in two to five years	<u>176,135</u>	<u>176,932</u>
	5,318,823	4,730,572
Less: discount to net present value	(5,906)	(2,479)
Less: allowance for uncollectible accounts	<u>(398,618)</u>	<u>(381,220)</u>
Total contributions receivable, net	<u>\$ 4,914,299</u>	<u>\$ 4,346,873</u>

Contributions receivable due within one year include approximately \$4,692,000 and \$4,137,000 in testamentary bequests at December 31, 2022 and 2021, respectively.

THE ELEPHANT SANCTUARY IN
TENNESSEE AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022 AND 2021

NOTE 5 - INVESTMENTS

Investments consisted of the following at December 31:

	<u>2022</u>	<u>2021</u>
Money market funds	\$ 421,047	\$ 1,705,919
U.S. treasury obligations	3,612,446	1,584,096
Equities	4,626,077	5,235,220
Mutual funds	37,245,238	38,475,808
Corporate bonds	2,598,936	1,990,462
Real estate investment trusts	<u>2,508</u>	<u>2,508</u>
Total investments	<u>\$ 48,506,252</u>	<u>\$ 48,994,013</u>

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	<u>2022</u>	<u>2021</u>
Land and improvements	\$ 5,406,026	\$ 4,757,838
Buildings and improvements	13,269,453	12,947,468
Fencing	8,010,214	7,036,223
Furniture and equipment	2,473,603	2,262,244
Vehicles	<u>721,146</u>	<u>692,204</u>
	29,880,442	27,695,977
Less: accumulated depreciation	<u>(15,878,528)</u>	<u>(14,627,606)</u>
	<u>\$ 14,001,914</u>	<u>\$ 13,068,371</u>

Fully depreciated property and equipment amounted to approximately \$10,753,000 and \$9,803,000 as of December 31, 2022 and 2021, respectively.

THE ELEPHANT SANCTUARY IN
TENNESSEE AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022 AND 2021

NOTE 7 - BENEFICIAL INTEREST AGREEMENTS

The Organization and its donors have established two types of split-interest agreements. Under these agreements, the Organization receives benefits that are shared with other beneficiaries designated by the donors.

Beneficial Interest in Charitable Remainder Trust

The Organization is a twenty-five percent remainder beneficiary in an irrevocable charitable remainder trust. Under the terms of the trust, income payments are made to family members of the donor. Following the death of the last surviving family member, twenty-five percent of the trust's assets will be distributed to the Organization. At December 31, 2022 and 2021, the Organization's beneficial interest in the charitable remainder trust was \$187,729 and \$123,639, respectively.

The beneficial interest in charitable remainder trust is valued by using an income approach based on calculating the present value of the future distribution expected to be received and the quoted market prices of the investments held by a third-party trustee. This approach takes into account the Organization's determination of an appropriate risk-adjusted discount rate, equal to 4.14% and 1.94% at December 31, 2022 and 2021, respectively, and expected cash flows. The Organization remeasures the fair value of its beneficial interest in charitable remainder trust annually and adjusts the measurement inputs based on market conditions and other relevant data.

Beneficial Interest in Trusts

A donor has established an irrevocable trust naming the Organization as a forty-percent beneficiary. The beneficial interest in trust value is based on the quoted market prices of the investments held by the third-party trustee. Under the terms of the trust, the third-party trustee must pay the Organization an annual distribution and has the discretion to pay the Organization, upon request, distributions from both the corpus and the income earned by the trust. During 2022 and 2021, the trustee distributed \$125,416 and \$140,857, respectively, to the Organization. The trust terminates in 2047, at which time forty percent of any undistributed corpus or income from the trust will be distributed to the Organization. At December 31, 2022 and 2021, the Organization's beneficial interest in the trust was \$1,870,171 and \$2,264,394, respectively.

A donor has established an irrevocable trust naming the Organization as a 10.5% percent beneficiary. The beneficial interest in trust value is based on the quoted market prices of the investments held by the third-party trustee. The trust terminates in 2029, at which time 10.5% of any undistributed corpus or income from the trust will be distributed to the Organization. At December 31, 2022 and 2021, the Organization's beneficial interest in the trust was \$317,170 and \$320,832, respectively.

THE ELEPHANT SANCTUARY IN
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022 AND 2021

NOTE 8 - NET ASSETS

Net assets consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Undesignated	\$ 10,523,045	\$ 20,170,992
Board designated		
Operating reserves	25,000,000	25,000,000
Property and equipment	14,001,914	13,068,371
Annual reserves for capital reserves, improvements and upgrades	17,000,000	11,000,000
Elephant transition	3,000,000	3,000,000
Support of international welfare and conservation projects	1,000,000	1,000,000
Education and support of the Elephant Discovery Center	2,000,000	2,000,000
	<u>62,001,914</u>	<u>55,068,371</u>
Total net assets without donor restrictions	<u>72,524,959</u>	<u>75,239,363</u>
Specific Purpose		
Barbara J. Mapp Foundation - Curriculum	16,000	16,000
Elephant Healthcare Center	137,262	300,000
	<u>153,262</u>	<u>316,000</u>
Passage of Time		
Contributions receivable	222,769	210,340
Beneficial interest in charitable remainder trust	187,729	123,639
Beneficial interest in trusts	2,187,341	2,585,226
	<u>2,597,839</u>	<u>2,919,205</u>
Endowments		
Subject to endowment spending policy and appropriation:		
Education endowment	64,351	79,330
Elephant endowment	1,764,823	1,742,134
	<u>1,829,174</u>	<u>1,821,464</u>
Total net assets with donor restrictions	<u>4,580,275</u>	<u>5,056,669</u>
Total net assets	<u>\$ 77,105,234</u>	<u>\$ 80,296,032</u>

THE ELEPHANT SANCTUARY IN
TENNESSEE AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022 AND 2021

NOTE 9 - ENDOWMENT FUNDS

The Organization's endowment consists of funds established by the board of directors and by donors to be held in perpetuity, including gifts requiring that the principal be invested, and the income or specific portions thereof be used for perpetual care of the elephants. The Organization's endowment funds are based on the spending policies described below which follow the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA") and the State of Tennessee's State Uniform Prudent Management of Institutional Funds Act ("SUPMIFA").

Interpretation of applicable law - The board of directors has interpreted UPMIFA as requiring the preservation of the fair value of the original gifts 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 Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, and (b) 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.

Spending policy - The board of directors has formally adopted an endowment spending policy. The policy allows an annual distribution from the endowment fund based on the lesser of 5% of the prior year's investable funds or the actual interest and dividend income earned in the current year, unless stated otherwise in the donor specified agreement. If the maximum allowable distribution is not made in a particular year, the balance remains in the corpus of the endowment fund and is classified in the without donor restrictions category.

Investment policy - The purpose and objectives of the investment policy is preservation of capital and real (inflation adjusted) growth, without undue investment risk. The policy allows substantial discretion in the asset allocation and diversification of the assets for the purposes of increasing investment return and/or reducing risk exposure. The policy includes a definition of certain prohibited investments. The target investment allocation follows:

Cash and cash equivalents	0% - 10%
Equity	30% - 60%
Fixed income	20% - 50%
Alternative investments	0% - 5%

THE ELEPHANT SANCTUARY IN
TENNESSEE AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022 AND 2021

NOTE 9 - ENDOWMENT FUNDS (CONTINUED)

A summary of changes in endowments follows for the years ended December 31:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, January 1, 2022	\$ 1,046,914	\$ 1,821,464	\$ 2,868,378
Contributions	-	7,710	7,710
Investment loss	(504,941)	-	(504,941)
Endowment net assets, December 31, 2022	<u>\$ 541,973</u>	<u>\$ 1,829,174</u>	<u>\$ 2,371,147</u>
	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, January 1, 2021	\$ 824,758	\$ 1,757,184	\$ 2,581,942
Contributions	-	64,280	64,280
Investment income	222,156	-	222,156
Endowment net assets, December 31, 2021	<u>\$ 1,046,914</u>	<u>\$ 1,821,464</u>	<u>\$ 2,868,378</u>

Donor restricted endowment funds include \$1,829,174 and \$1,821,464 at December 31, 2022 and 2021, respectively, that are required by the donor to be maintained in perpetuity.

THE ELEPHANT SANCTUARY IN
TENNESSEE AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022 AND 2021

NOTE 10 - CONCENTRATIONS OF CREDIT RISK

The Organization maintains cash balances at financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to statutory limits. The Organization's cash balance may, at times, exceed statutory limits. The Organization has not experienced any losses in such accounts and management considers this to be a normal business risk.

The Organization also maintains investment balances at various brokerage and investment companies. Generally, these investments are not insured by the FDIC or any other government agency and are subject to investment risk, including the risk of loss of principal. Investors are provided limited protection by the Securities Investor Protection Corporation ("SIPC"), which provides protection to investors in certain circumstances such as fraud or failure of the institution. Coverage is limited to \$500,000, including up to \$250,000 in cash. The SIPC does not insure against market risk.

Contributions receivable consist of individual and corporate contribution pledges. Contributions receivable from one and two donors amounted to \$1,000,000 (21%) and \$1,444,000 (33%) of total gross contributions receivable at December 31, 2022 and 2021, respectively. Revenue from five and one donor amounted to \$2,289,084 (77%) and \$4,300,000 (21%) of total revenue at December 31, 2022 and 2021.

NOTE 11 - RETIREMENT PLAN

The Organization adopted a 401(k) plan that allows eligible employees to make voluntary contributions, subject to limitations under the Internal Revenue Code.

The plan allows for discretionary employer matching contributions. The amount is to be determined annually. For 2022 and 2021, the matching contribution equaled 100% of the first 3% of compensation that is deferred by the employee. The plan also allows for discretionary employer non-elective contributions. Employer contributions fully vest after 3 years of service.

During 2022 and 2021, the Organization contributed \$43,275 and \$47,621 to the plan, respectively.

THE ELEPHANT SANCTUARY IN
TENNESSEE AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022 AND 2021

NOTE 12 - FAIR VALUE MEASUREMENTS

The Organization classifies its investments based on a hierarchy consisting of: Level 1 (valued using quoted prices from active markets for identical assets), Level 2 (not traded on an active market but for which observable market inputs are readily available) and Level 3 (valued based on significant unobservable inputs).

An asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

Real estate investment trusts and equities are valued at the closing price reported on the active market on which the individual funds are traded.

Mutual funds are valued using the net asset value per unit as quoted in active markets at the valuation date.

Fixed income investments, including corporate bonds and U.S. treasury obligations, for which quotations are readily available in active markets are valued at the most recent quote in the principal market in which such securities are normally traded. These investments also include securities valued on the basis of information provided by pricing services that employ valuation matrices that may incorporate both broker/dealer-supplied valuations as well as valuation models reflecting such factors as benchmark yields, reported trades, broker/dealer quotes, bid/offer data, and other relevant elements.

There have been no changes in the valuation methodologies used at December 31, 2022 and 2021.

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

THE ELEPHANT SANCTUARY IN
TENNESSEE AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022 AND 2021

NOTE 12 - FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth the Organization's major categories of assets measured at fair value on a recurring basis, by level within the fair value hierarchy, as of December 31, 2022:

	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Investments measured at fair value:				
U.S. treasury obligations	\$ 3,612,446	\$ -	\$ 3,612,446	\$ -
Equities:				
Consumer services	582,490	582,490	-	-
Construction	30,095	30,095	-	-
Energy	197,290	197,290	-	-
Financial	1,303,893	1,303,893	-	-
Healthcare	959,624	959,624	-	-
Industrial	64,444	64,444	-	-
Technology	1,210,530	1,210,530	-	-
Transportation	77,511	77,511	-	-
Utilities	200,200	200,200	-	-
Mutual funds:				
Emerging markets	1,207	1,207	-	-
Intermediate Core-Plus	5,079,400	5,079,400	-	-
Foreign large growth	1,434,984	1,434,984	-	-
World Bond USD Hedged	5,159,646	5,159,646	-	-
International	9,532,047	9,532,047	-	-
Large value/blend	9,759,551	9,759,551	-	-
Multialternative	286,222	286,222	-	-
Real Estate	223,347	223,347	-	-
Small blend	1,022,828	1,022,828	-	-
Specialty - financial	4,027,493	4,027,493	-	-
Ultrashort bond	718,513	718,513	-	-
Corporate bonds	2,598,936	-	2,598,936	-
Real estate investment trusts	2,508	2,508	-	-
Total investments at fair value	<u>48,085,205</u>	<u>41,873,823</u>	<u>6,211,382</u>	<u>-</u>
Beneficial interest in charitable				
reminder trusts	187,729	-	187,729	-
Beneficial interest in trusts	<u>2,187,341</u>	<u>-</u>	<u>2,187,341</u>	<u>-</u>
Total Financial Assets	<u>\$ 50,460,275</u>	<u>\$ 41,873,823</u>	<u>\$ 8,586,452</u>	<u>\$ -</u>

THE ELEPHANT SANCTUARY IN
TENNESSEE AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022 AND 2021

NOTE 12 - FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth the Organization's major categories of assets measured at fair value on a recurring basis, by level within the fair value hierarchy, as of December 31, 2021:

	<u>Fair Value</u>	<u>Level 1</u> <u>Inputs</u>	<u>Level 2</u> <u>Inputs</u>	<u>Level 3</u> <u>Inputs</u>
Investments measured at fair value:				
U.S. treasury obligations	\$ 1,584,096	\$ -	\$ 1,584,096	\$ -
Equities:				
Capital goods	194,531	194,531	-	-
Consumer services	974,942	974,942	-	-
Construction	34,125	34,125	-	-
Energy	172,992	172,992	-	-
Financial	967,844	967,844	-	-
Healthcare	907,026	907,026	-	-
Industrial	25,424	25,424	-	-
Technology	1,659,065	1,659,065	-	-
Transportation	93,211	93,211	-	-
Utilities	206,060	206,060	-	-
Mutual funds:				
Emerging markets	1,207	1,207	-	-
Intermediate Core-Plus	4,676,718	4,676,718	-	-
World Bond USD Hedged	4,697,959	4,697,959	-	-
International	8,596,246	8,596,246	-	-
Large value/blend	11,856,650	11,856,650	-	-
Mid-cap blend	600,487	600,487	-	-
Multialternative	991,436	991,436	-	-
Real Estate	238,533	238,533	-	-
Small blend	1,219,091	1,219,091	-	-
Specialty - financial	4,735,180	4,735,180	-	-
Ultrashort bond	862,301	862,301	-	-
Corporate bonds	1,990,462	-	1,990,462	-
Real estate investment trusts	2,508	2,508	-	-
Total investments at fair value	<u>47,288,094</u>	<u>43,713,536</u>	<u>3,574,558</u>	<u>-</u>
Beneficial interest in charitable reminder trusts	<u>123,639</u>	<u>-</u>	<u>123,639</u>	<u>-</u>
Beneficial interest in trusts	<u>2,585,226</u>	<u>-</u>	<u>2,585,226</u>	<u>-</u>
Total Financial Assets	<u>\$ 49,996,959</u>	<u>\$ 43,713,536</u>	<u>\$ 6,283,423</u>	<u>\$ -</u>