

NEW ENGLAND FORESTRY FOUNDATION, INC.



NEW ENGLAND
FORESTRY
FOUNDATION

FINANCIAL STATEMENTS

Years Ended April 30, 2021 and 2020

NEW ENGLAND FORESTRY FOUNDATION, INC.
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
New England Forestry Foundation, Inc.
Littleton, Massachusetts

We have audited the accompanying financial statements of New England Forestry Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of April 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New England Forestry Foundation, Inc. as of April 30, 2021 and 2020, 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.

Johnson O'Connor Feron & Carucci LLP

Wakefield, Massachusetts
September 29, 2021

NEW ENGLAND FORESTRY FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION

	April 30,	
	2021	2020
ASSETS		
Cash and cash equivalents	\$ 769,289	\$ 284,787
Investments	11,791,588	9,484,863
Accounts receivable, net	13,285	9,729
Contributions receivable, net	1,367,162	507,691
Grants receivable, net	1,160,492	291,850
Prepaid expenses	24,542	22,923
Deposits	3,382	502,030
Assets in pooled timber income fund	754,855	392,087
Property and equipment, net	1,285,023	1,360,993
Foundation forests, net	31,179,147	27,404,827
	\$ 48,348,765	\$ 40,261,780
LIABILITIES AND NET ASSETS		
LIABILITIES		
Note payable	\$ 118,832	\$ 107,137
Charitable annuities payable, net	58,131	63,159
Accounts payable	71,219	62,131
Accrued expenses	290,708	167,340
Deferred timber sales	63,661	45,575
Refundable advance	225,447	-
Liability to the beneficiary in pooled timber income fund	357,613	385,173
Deferred trust revenue	122,429	-
	1,308,040	830,515
NET ASSETS		
Without donor restrictions:		
Undesignated	9,673,517	7,793,774
Board designated	32,161	40,677
Foundation forests, net	27,097,545	23,323,225
	36,803,223	31,157,676
With donor restrictions:		
Donor designated	6,155,900	4,191,987
Foundation forests, net	4,081,602	4,081,602
	10,237,502	8,273,589
	47,040,725	39,431,265
	\$ 48,348,765	\$ 40,261,780

See notes to financial statements.

NEW ENGLAND FORESTRY FOUNDATION, INC.
STATEMENT OF ACTIVITIES

	Year Ended April 30, 2021		
	Total	Without Donor Restrictions	With Donor Restrictions
REVENUES			
Contributions and grants	\$ 4,999,446	\$ 1,780,893	\$ 3,218,553
Foundation forests contributions	2,863,657	2,863,657	-
Net investment return	2,644,839	1,852,900	791,939
Timber sales	633,840	633,840	-
Sale of conservation easement	85,000	-	85,000
Changes in value of pooled timber income fund	(32,563)	(32,563)	-
Conservation easement compliance revenue	24,447	24,447	-
Rental income	6,278	6,278	-
Other revenue	-	-	-
Net assets released from restriction	-	2,131,579	(2,131,579)
Total revenues	<u>11,224,944</u>	<u>9,261,031</u>	<u>1,963,913</u>
EXPENSES			
<u>Program services -</u>			
Easement monitoring	343,007	343,007	-
Land conservation	838,599	838,599	-
Education	1,566,862	1,566,862	-
Total program services	<u>2,748,468</u>	<u>2,748,468</u>	<u>-</u>
<u>Supporting services -</u>			
Management and general	301,902	301,902	-
Fundraising	380,538	380,538	-
Total supporting services	<u>682,440</u>	<u>682,440</u>	<u>-</u>
Total expenses	<u>3,430,908</u>	<u>3,430,908</u>	<u>-</u>
GAINS (LOSSES)			
Gain on sale of property and equipment	240	240	-
Gain on insurance claim	184	184	-
Impairment due to conservation easements	(185,000)	(185,000)	-
Total gains	<u>(184,576)</u>	<u>(184,576)</u>	<u>-</u>
Change in net assets	7,609,460	5,645,547	1,963,913
NET ASSETS - BEGINNING OF YEAR	<u>39,431,265</u>	<u>31,157,676</u>	<u>8,273,589</u>
NET ASSETS - END OF YEAR	<u>\$ 47,040,725</u>	<u>\$ 36,803,223</u>	<u>\$ 10,237,502</u>

See notes to financial statements.

NEW ENGLAND FORESTRY FOUNDATION, INC.
STATEMENT OF ACTIVITIES

	Year Ended April 30, 2020		
	Total	Without Donor Restrictions	With Donor Restrictions
REVENUES			
Contributions and grants	\$ 3,776,505	\$ 1,110,268	\$ 2,666,237
Foundation forests contributions	607,968	607,968	-
Net investment return	(128,649)	(62,709)	(65,940)
Timber sales	333,480	333,480	-
Sale of conservation easement	248,000	-	248,000
Changes in value of pooled timber income fund	9,526	9,526	-
Conservation easement compliance revenue	-	-	-
Rental income	10,629	10,629	-
Other revenue	125	125	-
Net assets released from restriction	-	2,037,411	(2,037,411)
Total revenues	<u>4,857,584</u>	<u>4,046,698</u>	<u>810,886</u>
EXPENSES			
<u>Program services -</u>			
Easement monitoring	138,084	138,084	-
Land conservation	1,183,362	1,183,362	-
Education	1,174,758	1,174,758	-
Total program services	<u>2,496,204</u>	<u>2,496,204</u>	<u>-</u>
<u>Supporting services -</u>			
Management and general	290,711	290,711	-
Fundraising	302,841	302,841	-
Total supporting services	<u>593,552</u>	<u>593,552</u>	<u>-</u>
Total expenses	<u>3,089,756</u>	<u>3,089,756</u>	<u>-</u>
GAINS (LOSSES)			
Gain on sale of property and equipment	346,326	346,326	-
Gain on insurance claim	-	-	-
Impairment due to conservation easements	(248,000)	(248,000)	-
Total gains	<u>98,326</u>	<u>98,326</u>	<u>-</u>
Change in net assets	1,866,154	1,055,268	810,886
NET ASSETS - BEGINNING OF YEAR	<u>37,565,111</u>	<u>30,102,408</u>	<u>7,462,703</u>
NET ASSETS - END OF YEAR	<u><u>\$ 39,431,265</u></u>	<u><u>\$ 31,157,676</u></u>	<u><u>\$ 8,273,589</u></u>

See notes to financial statements.

NEW ENGLAND FORESTRY FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES

Year Ended April 30, 2021

	Program Services			Total Program Services	Supporting Services		Total Supporting Services	Total Expenses
	Easement Monitoring	Land Conservation	Education		Management and General	Fundraising		
Salaries	\$ 104,631	\$ 240,590	\$ 706,010	\$ 1,051,231	\$ 199,451	\$ 220,306	\$ 419,757	\$ 1,470,988
Easement purchases	170,000	150,000	-	320,000	-	-	-	320,000
Professional fees	19,410	99,241	168,395	287,046	9,926	14,052	23,978	311,024
Employee benefits	-	33,662	139,808	173,470	64,233	64,320	128,553	302,023
Forest management services	-	44,799	83,155	127,954	-	-	-	127,954
Commission	-	-	112,483	112,483	-	-	-	112,483
Interest	2,669	108,926	-	111,595	-	-	-	111,595
Payroll taxes	-	9,713	56,274	65,987	17,270	23,028	40,298	106,285
Depreciation	-	76,344	12,549	88,893	782	2,482	3,264	92,157
Survey and appraisal fees	10,877	28,277	47,802	86,956	-	-	-	86,956
Publication and communication	117	12,343	51,087	63,547	246	19,499	19,745	83,292
Repairs and maintenance	-	5,844	43,478	49,322	4,852	21,491	26,343	75,665
Property taxes	-	14,191	57,418	71,609	-	-	-	71,609
Insurance	-	1,692	27,796	29,488	2,432	5,314	7,746	37,234
Easement donation	35,000	-	-	35,000	-	-	-	35,000
Dues and subscriptions	-	6,625	24,447	31,072	284	1,610	1,894	32,966
General supplies and expenses	60	989	13,365	14,414	1,742	4,286	6,028	20,442
Travel	243	92	10,366	10,701	155	155	310	11,011
Timber taxes	-	1,774	5,737	7,511	-	-	-	7,511
Office rent and utilities	-	349	3,586	3,935	361	1,119	1,480	5,415
Bank and broker charges	-	2,966	78	3,044	-	801	801	3,845
State filing fees	-	48	896	944	168	2,052	2,220	3,164
Meetings and conferences	-	134	1,401	1,535	-	-	-	1,535
Education programs	-	-	731	731	-	23	23	754
Bad debt	-	-	-	-	-	-	-	-
	<u>\$ 343,007</u>	<u>\$ 838,599</u>	<u>\$ 1,566,862</u>	<u>\$ 2,748,468</u>	<u>\$ 301,902</u>	<u>\$ 380,538</u>	<u>\$ 682,440</u>	<u>\$ 3,430,908</u>

See notes to financial statements.

NEW ENGLAND FORESTRY FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES

Year Ended April 30, 2020

	Program Services				Supporting Services			Total Expenses
	Easement Monitoring	Land Conservation	Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 97,768	\$ 642,509	\$ 296,676	\$ 1,036,953	\$ 186,038	\$ 139,044	\$ 325,082	\$ 1,362,035
Easement purchases	-	-	-	-	-	-	-	-
Professional fees	21,294	209,663	182,655	413,612	10,623	11,673	22,296	435,908
Employee benefits	-	23,060	130,781	153,841	56,969	52,174	109,143	262,984
Forest management services	-	8,194	112,322	120,516	-	-	-	120,516
Commission	-	-	74,565	74,565	-	-	-	74,565
Interest	3,012	2,696	23	5,731	11	11	22	5,753
Payroll taxes	-	9,963	53,127	63,090	18,174	20,125	38,299	101,389
Depreciation	-	77,380	8,096	85,476	478	1,370	1,848	87,324
Survey and appraisal fees	14,289	50,136	35,580	100,005	-	-	-	100,005
Publication and communication	80	68,755	58,513	127,348	414	16,478	16,892	144,240
Repairs and maintenance	-	19,698	46,698	66,396	7,016	26,590	33,606	100,002
Property taxes	-	19,065	52,843	71,908	-	-	-	71,908
Insurance	-	15,044	23,816	38,860	2,289	4,461	6,750	45,610
Easement donations	-	-	-	-	-	-	-	-
Dues and subscriptions	-	5,806	3,330	9,136	74	8,624	8,698	17,834
General supplies and expenses	186	5,018	20,611	25,815	2,629	7,024	9,653	35,468
Travel	846	8,697	25,486	35,029	1,020	1,606	2,626	37,655
Timber taxes	-	-	21,849	21,849	-	-	-	21,849
Office rent and utilities	-	985	8,006	8,991	560	1,614	2,174	11,165
Bank and broker charges	-	8	158	166	31	987	1,018	1,184
State filing fees	-	-	889	889	174	1,959	2,133	3,022
Meetings and conferences	109	16,621	16,731	33,461	4,211	9,101	13,312	46,773
Education programs	-	64	2,003	2,067	-	-	-	2,067
Bad debt	500	-	-	500	-	-	-	500
	<u>\$ 138,084</u>	<u>\$ 1,183,362</u>	<u>\$ 1,174,758</u>	<u>\$ 2,496,204</u>	<u>\$ 290,711</u>	<u>\$ 302,841</u>	<u>\$ 593,552</u>	<u>\$ 3,089,756</u>

See notes to financial statements.

NEW ENGLAND FORESTRY FOUNDATION, INC.
STATEMENTS OF CASH FLOWS

	Years Ended April 30,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 7,609,460	\$ 1,866,154
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized gains (losses) on investments	(2,490,747)	327,855
Depreciation	92,157	87,324
Foundation forests contributions	(2,863,657)	(589,192)
Foundation forests donated to other organizations	35,000	-
Property and equipment contributions	-	(16,200)
Donated stocks	(272,118)	(240,279)
Proceeds from donated stock	276,967	255,887
Gains on donated stock	(4,849)	(15,608)
Change in value of charitable annuities	3,016	2,695
Gain on insurance proceeds	(184)	-
Impairment due to conservation easements	185,000	248,000
(Gain) loss on sale of property and equipment	(240)	709
Discount on contributions receivable	30,529	36,809
Change in allowance for doubtful accounts on contributions receivable	-	500
Discount on grants receivable	25,017	11,402
(Increase) decrease in operating assets:		
Accounts receivable	(3,556)	(7,191)
Contributions receivable	(890,000)	(529,500)
Grants receivable	(893,659)	(169,751)
Prepaid expenses	(1,619)	(2,381)
Deposits	498,648	(337,645)
Assets in pooled timber income fund	(362,768)	(392,087)
Increase (decrease) in operating liabilities:		
Accounts payable	39,088	88
Accrued expenses	123,368	(3,578)
Deferred timber sales	18,086	45,575
Deferred grant income	-	(31,743)
Refundable advance	225,447	-
Liability to the beneficiary in pooled timber income fund	(27,560)	385,173
Deferred trust revenue	122,429	-
Net cash provided by operating activities	<u>1,473,255</u>	<u>933,016</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	374,919	1,457,670
Purchase of investments	(190,897)	(1,872,854)
Proceeds from sale of property and equipment	240	-
Purchase of property and equipment	(16,187)	(57,632)
Purchase of foundation forests	(1,130,663)	(436,137)
Proceeds received on insurance claims	184	-
Net cash used by investing activities	<u>(962,404)</u>	<u>(908,953)</u>

See notes to financial statements.

NEW ENGLAND FORESTRY FOUNDATION, INC.
STATEMENTS OF CASH FLOWS

	Years Ended April 30,	
	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of note payable	150,000	-
Payments on charitable annuities payable	(8,044)	(8,044)
Principal payments on note payable	(168,305)	(12,144)
Net cash used by financing activities	(26,349)	(20,188)
 Net increase in cash and cash equivalents	 484,502	 3,875
 CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	 284,787	 280,912
 CASH AND CASH EQUIVALENTS - END OF YEAR	 \$ 769,289	 \$ 284,787
 SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION		
Cash paid during the years for:		
Interest	\$ 108,605	\$ 2,901
 SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING AND INVESTING ACTIVITY		
Reduction of accounts payable through issuance of note payable	\$ 30,000	\$ -

See notes to financial statements.

NEW ENGLAND FORESTRY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

1. STATEMENT OF PURPOSE

New England Forestry Foundation, Inc. (the Foundation) is a nonprofit organization incorporated in Massachusetts in accordance with Internal Revenue Code Section 501(c)(3). The Foundation's purpose is to promote and provide for the conservation and sustainable management of privately-owned forestlands through assistance to landowners, promoting and actively managing its community forests as demonstration and educational forests, permanently protecting working forests through gifts and acquisitions of land and easements, and promoting and developing sustainable forest practices and policies.

Education:

The Foundation's education and outreach work fosters the public policies and private actions needed to conserve and sustainably manage New England's forests. In the course of education work, the Foundation conducts public events including walks, training sessions, workshops, and talks; develops and distributes print and electronic publications; publishes articles in both consumer and professional publications; and participates in local, regional, and national conferences and events. Through all of these activities, the Foundation aims to foster increased landowner and public appreciation of the many benefits that forests provide the citizens of New England, and the role of forest conservation and Exemplary Forestry™ management in fostering and enhancing those benefits.

Land conservation:

To protect forests from fragmentation and development, the Foundation acquires land and conservation easements by both donation and purchase. To date the Foundation owns more than 140 community forests conserving more than 38,000 acres across New England. The Foundation also holds more than 150 conservation easements that protect and provide for sustainable management of more than 1.1 million acres of forest land owned by private individuals and forest products companies in seven states.

Easement monitoring:

Conservation does not stop once a forest or easement is acquired. The Foundation conducts annual monitoring surveys with all landowners with whom the Foundation holds an easement to ensure that the terms of the easement are maintained. The Foundation works with local foresters throughout New England to sustainably manage community forests, demonstrating high-quality forest practices and providing a sustainable supply of wood, economic opportunity, and jobs to local communities. Forests conserved by the Foundation sequester carbon and through that sequestration can provide carbon credits for CO₂ equivalents which can be sold via a carbon market, providing additional revenues for conservation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting –

The financial statements of the Foundation have been prepared on the accrual basis of accounting. Accordingly, assets are recorded when the Foundation obtains the rights of ownership or is entitled to claim receipt, and liabilities are recorded when the obligation is incurred.

NEW ENGLAND FORESTRY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor- (or certain grantor-) imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. The Foundation records all contribution receivables as net assets with donor restriction until payment is received. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from restrictions. However, if donor restricted contribution criteria are met and the funds are released in the same year the contribution is received, then the contribution is recorded as a contribution without donor restriction.

The Foundation reports gifts of land, buildings, and equipment as net assets without donor restriction support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Use of Estimates –

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

Date of Management's Review –

Subsequent events have been evaluated by management through September 29, 2021, the date the financial statements were available to be issued.

NEW ENGLAND FORESTRY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Risks and Uncertainties –

As a result of the continued spread of the COVID-19 coronavirus (COVID-19), economic uncertainties have arisen which are likely to impact the Foundation's fiscal year 2022 operating results. At this point, the extent to which COVID-19 may impact the Foundation's financial condition or results of operations is uncertain. The extent of such impact will depend on certain developments, including the duration and spread of the outbreak, impact on existing donors, employees and vendors, all of which are uncertain and cannot be predicted.

Cash and Cash Equivalents –

Investments with a maturity of three months or less when purchased are considered to be cash equivalents for financial statement purposes. Cash and cash equivalents designated for investment purposes are categorized as investments for financial statement purposes.

Investments –

Investments are reported at fair value based on current market prices. Equity investments that do not have readily determinable fair values are measured at cost less impairment, if any, plus or minus changes resulting from observable price changes in orderly transaction for the identical or similar investment of the same issuer. Dividend income is recorded as received or, in the case of dividends which are reinvested, at the time of reinvestment. Interest income is recorded as earned. Net investment return is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Fair Value of Financial Instruments –

The Foundation follows ASC 820-10, "Fair Value Measurements", which applies to reported balances that are required or permitted to be measured at fair market value under an existing accounting pronouncement. ASC 820-10 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the assets and liabilities, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

NEW ENGLAND FORESTRY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments (Continued) –

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

ASC 825-10, “Financial Instruments”, permits an entity to measure many financial instruments and certain other assets and liabilities at fair value on an instrument-by-instrument basis. The Foundation has not adopted any of the additional fair value options allowed in the standard.

Accounts Receivable –

Accounts receivable consists primarily of non-interest bearing amounts due for timber sales. Management determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable at the end of the year. Management believes that all receivables are fully collectible. Therefore, no allowance for uncollectible amounts was recorded at April 30, 2021 and 2020.

Contributions and Grants Receivable –

Unconditional contributions and grants receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional contributions and grants receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates (3.25% at April 30, 2021 and 2020) designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contributions and grants revenue in the statements of activities. The Foundation determines the allowance for uncollectable contributions and grants receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contributions and grants receivable are written off when deemed uncollectable.

Pooled Timber Income Fund –

The Foundation acts as trustee for a pooled timber income fund (“Fund”), which was established as an irrevocable trust in partnership with The Nature Conservancy, to provide a mechanism whereby donors can contribute land to the Foundation, assign timber rights to the Fund and obtain a revenue stream from the net timber revenue generated from the Fund for the remainder of their lives or over an extended period of time. The Fund is governed by a trust agreement, which generally provides an income stream and a future distribution of cash or other assets to the Foundation. The trust assets, with the exception of the timber rights contributed by the Foundation at inception, are recorded at fair value and a related liability for future payments to be made to the specified beneficiaries is recorded at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the liability. The excess of contributed assets over the trust liability is recorded as a contribution without donor restrictions. In subsequent years, the liability for future trust payments to the donor is reduced by payments made to the donor and is adjusted to reflect amortization of the discount and changes in actuarial assumptions at the end of the year.

NEW ENGLAND FORESTRY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment –

Property and equipment are recorded at cost if purchased or fair value if contributed. Routine maintenance and repairs are expensed as incurred. The Foundation provides for depreciation of property and equipment using the straight-line method over the estimated useful lives of the related assets, which range from five to thirty-nine years. Upon retirement or disposition, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is included in the statements of activities.

Website development costs are included in property and equipment on the statements of financial position. Website development costs include costs associated with the development and installation of new features to the website, which are reported net of accumulated depreciation. Such costs are depreciated on a straight-line basis over their estimated useful life of thirty-six months. The cost of internally developing, maintaining or restoring the Foundation's website is expensed as incurred.

Foundation Forests and Easements –

The Foundation records land and land interests at cost if purchased or at fair value at the date of acquisition, if all or part of the land was received as a donation. Fair value is generally determined by appraisal at the time of acquisition and is not subsequently adjusted. Upon sale or gift, the proceeds are reported net of the book value of the land or land interest sold or gifted as a gain or loss in the statements of activities.

Conservation easements are comprised of listed rights and/or restrictions over the owned property that are conveyed by a property owner to the Foundation, almost always in perpetuity, in order to protect the owned property as a significant natural area, as defined in federal tax regulations. These easements may be sold or transferred to others so long as the assignee agrees to carry out, in perpetuity, the conservation purposes intended by the original grantor. Donations of conservation easements are not valued due to the nature of the restrictions they place on property.

The Foundation reports write-downs of forests encumbered with conservation easements as an impairment charge in the period in which the easement is purchased or placed. The Foundation records purchases of conservation easements as program expenses in the statements of activities. Impairments on foundation forests totaled \$185,000 and \$248,000 for the years ended April 30, 2021 and 2020, respectively.

Charitable Gift Annuities –

Under charitable gift annuity contracts, the Foundation receives immediate and unrestricted title to contributed assets and agrees to make fixed recurring payments over the stipulated period. Contributed assets are recorded at fair value on the date of receipt. The related liability for future payments to be made to the specified beneficiaries is recorded at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the liability. The excess of contributed assets over the annuity liability is recorded as a contribution without donor restrictions. In subsequent years, the liability for future annuity payments is reduced by payments made to the specified beneficiaries and is adjusted to reflect amortization of the discount and changes in actuarial assumptions at the end of the year.

NEW ENGLAND FORESTRY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Paycheck Protection Program Loan –

The Foundation was granted a \$349,600 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner in May 2020. The loan is uncollateralized and is fully guaranteed by the Federal government. The Foundation is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Foundation recorded the loan as a refundable advance. In December 2020, the Foundation was notified by the lender that full forgiveness was granted by the SBA and the Foundation was legally released from all obligation of the loan.

The Foundation was granted a second \$349,600 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner in January 2021. The loan is uncollateralized and is fully guaranteed by the Federal government. The Foundation initially recorded the loan as a refundable advance and subsequently recognized grant revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. The Foundation has recognized \$124,153 as grant revenue for the year ended April 30, 2021. In the event that the loan is not forgiven the Foundation will be required to repay the remaining advance of \$225,447 plus interest accrued at 1% per annum in monthly payments beginning on August 2022. Principal and interest payments will be required through the maturity date, February 2026.

Revenue and Revenue Recognition –

Revenue is recognized when earned. Revenue from the sale of timber is recognized when the harvesting of timber is substantially complete. Program service fees, timber sales and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively.

Accounts Receivable and contract liabilities – The timing of revenue recognition may differ from the timing of invoicing to customers, and these timing differences result in receivables, or contract liabilities (deferred revenue) on the Foundation’s statements of financial position. The Foundation records deferred revenue when cash is received but the revenue has not been earned.

Accounts receivable and contract liabilities were as follows:

	April 30,		
	2021	2020	2019
Accounts receivable	\$ 13,285	\$ -	\$ 2,538
Contract liabilities	\$ 63,661	\$ 45,575	\$ -

Disaggregation of Revenue from Contracts with Customers – Revenue totaling \$633,840 and \$333,480 for the years ended April 30, 2021 and 2020, respectively was recognized over time.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

NEW ENGLAND FORESTRY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-Cash Donations –

Contributed goods, which include foundation forests, conservation easements, and investments are recorded at fair value at the date of donation. When significant, donations of professional services are recorded at their estimated fair market value based on the current fee schedule of the donor at the date of receipt and are reflected as both a contribution and expense in the statements of activities.

Functional Expenses –

The Foundation allocates expenses on a functional basis among its programs and supporting services. Supporting services are those related to operating and managing the Foundation and its programs on a day-to-day basis and are composed of the following:

Management and general – includes all activities related to the Foundation’s internal management and accounting for program services.

Fundraising – includes all activities related to maintaining contributor information, writing grant proposals, distribution of materials and other similar projects related to the procurement of funds for the Foundation’s programs.

Expenses that can be identified with a specific program or supporting service are allocated directly to those classifications. The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of the Foundation. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The allocation of salaries, employee benefits and payroll taxes are allocated based on estimates of time and effort.

The allocation of professional fees, publication and communication, meetings and conferences, general supplies and expenses, travel, bank and broker charges, dues and subscriptions are allocated based on actual asset usage and estimates of time and effort. The allocations of forest management services, depreciation, commission, repairs and maintenance, property taxes, survey and appraisal fees, insurance, timber taxes, office rent and utilities, and interest are allocated based on actual asset usage and estimates of acreage of the properties.

Allocations of functional expenses are based on management’s discretion and estimates. These variables may change from year to year. As a result, there may be fluctuations in the comparative presentation of data from year to year.

Income Taxes –

The Foundation has been recognized by the Internal Revenue Service as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue. The Foundation is required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Foundation is subject to income tax on net income that is derived from business activities that is unrelated to its exempt purpose. For the years ended April 30, 2021 and 2020 the Foundation has determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

NEW ENGLAND FORESTRY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued) –

The Foundation accounts for uncertainty in income taxes in accordance with ASC Topic 740, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. The Foundation has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at April 30, 2021 and 2020. The Foundation accrues interest and penalties on uncertain tax positions as a component of the provision for income taxes.

The Foundation files federal and Massachusetts tax returns. The statute of limitations for these jurisdictions is generally three years. The Foundation had no returns under examination as of April 30, 2021.

Advertising –

The Foundation follows the policy of expensing advertising costs as incurred. Advertising expense totaled \$20,959 and \$7,788 for the years ended April 30, 2021 and 2020, respectively.

Joint Costs –

The Foundation's policy is to allocate clearly identifiable management and general and program services costs of multi-purpose materials that include fundraising appeals to these functions. The remainder of the cost is allocated to fundraising. The Foundation's newsletter is considered a joint cost, and management determines the extent of the fundraising allocation. Joint costs totaled \$41,777 and \$52,827 for the years ended April 30, 2021 and 2020, respectively. These costs were not specifically identifiable to either the program component or the fundraising component of the activities. Joint costs, totaling \$5,464 and \$7,128 were allocated to fundraising for the years ended April 30, 2021 and 2020, respectively. The balance was allocated to program activities.

Reclassifications –

Certain amounts in the prior year's financial statements have been reclassified for comparative purposes to conform to the presentation in the current year's financial statements. These reclassifications have no effect on the previously reported change in net assets.

3. FINANCIAL INSTRUMENTS AND CREDIT RISK

Cash and Cash Equivalents –

The Foundation manages deposit concentration risk by placing cash and money market accounts with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Foundation has not experienced losses in any of these accounts.

NEW ENGLAND FORESTRY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

3. FINANCIAL INSTRUMENTS AND CREDIT RISK (Continued)

Contributions Receivable –

Credit risk associated with contributions receivable is considered to be limited due to high historical collection rates. At April 30, 2021 and 2020 approximately 91% and 96% of the Foundation's contributions receivable were due from two donors, respectively. For the years ended April 30, 2021 and 2020 two donors accounted for approximately 45% and 30% of total contributions and grants, respectively.

Grants Receivable –

Credit risk associated with grants receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and foundations supportive of their mission. At April 30, 2021 approximately 84% of the Foundation's grants receivable were due from one grantor. At April 30, 2020 approximately 85% of the Foundation's grants receivable were due from three grantors.

Investments –

Investments are made by diversified investment managers whose performance is monitored by management and the investment committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the investment committee believe that the investment policies and guidelines are prudent for the long-term welfare of the Foundation.

4. LIQUIDITY AND FUNDS AVAILABLE

The following table reflects the Foundation's financial assets as of April 30, 2021 and 2020, respectively, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, assets held for others, perpetual endowments and accumulated earnings of net appropriations within one year, or because the governing board has set aside the funds for a specific contingency reserve or a long-term investment as board designated endowments.

NEW ENGLAND FORESTRY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

4. LIQUIDITY AND FUNDS AVAILABLE (Continued)

	April 30,	
	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 769,289	\$ 284,787
Investments	11,791,588	9,484,863
Accounts receivable, net	13,285	9,729
Contributions receivable, net	1,367,162	507,691
Grants receivable, net	1,160,492	291,850
Financial assets, at year end	15,101,816	10,578,920
Less those unavailable for general expenditure within one year, due to:		
Board restricted net assets	32,161	40,677
Donor restricted net assets for time or purpose	4,881,030	3,496,832
Contributions receivable collectible beyond one year	659,831	367,500
Grants receivable collectible beyond one year.	362,838	110,000
	5,935,860	4,015,009
Financial assets available to meet cash needs for general expenditures within one year	\$ 9,165,956	\$ 6,563,911

The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due throughout the year. The Foundation's endowment funds consist of donor-restricted endowments and funds without donor restrictions. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure.

The Foundation maintains a demand bank line of credit totaling \$150,000 which it could draw upon in the event of a liquidity need.

The Foundation's board has designated funds of \$32,161 and \$40,677 at April 30, 2021 and 2020, respectively, as described in Note 17. As part of the Foundation's liquidity management plan, the Foundation invests cash in excess of daily requirements in short-term investments and money market funds.

NEW ENGLAND FORESTRY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

5. INVESTMENTS

Investments are carried at fair market value and are summarized as follows:

	April 30,	
	2021	2020
Mutual funds	\$ 10,260,272	\$ 7,402,282
Cash and cash equivalents	1,531,316	1,949,357
Privately held preferred stock	-	133,224
	\$ 11,791,588	\$ 9,484,863

Investment advisory fees totaled \$12,749 and \$16,125 for the years ended April 30, 2021 and 2020, respectively.

Investments restricted by the donor for endowment purposes are recorded as net assets with donor restrictions based on the original amount of the gift. Dividends and interest on such endowed assets are reflected as an increase in net assets without or with donor restrictions based on the intention stipulated by the donor.

6. FAIR VALUE MEASUREMENTS

The following tables present the Foundation's fair value hierarchy for its financial assets measured at fair value on a recurring basis as of April 30, 2021 and 2020:

Description of Assets	Assets at Fair Value as of April 30, 2021			
	Level 1	Level 2	Level 3	Total
Mutual funds				
Domestic equity	\$ 4,958,668	\$ -	\$ -	\$ 4,958,668
International equity	3,090,604	-	-	3,090,604
Bonds	2,211,000	-	-	2,211,000
	10,260,272	-	-	10,260,272
Privately held preferred stock	-	-	-	-
Cash and cash equivalents	1,531,316	-	-	1,531,316
Total assets measured at fair value	\$ 11,791,588	\$ -	\$ -	\$ 11,791,588

NEW ENGLAND FORESTRY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

6. FAIR VALUE MEASUREMENTS (Continued)

Description of Assets	Assets at Fair Value as of April 30, 2020			
	Level 1	Level 2	Level 3	Total
Mutual funds				
Domestic equity	\$ 3,386,130	\$ -	\$ -	\$ 3,386,130
International equity	2,055,611	-	-	2,055,611
Bonds	1,960,541	-	-	1,960,541
	<u>7,402,282</u>	<u>-</u>	<u>-</u>	<u>7,402,282</u>
Privately held preferred stock	<u>-</u>	<u>-</u>	<u>133,224</u>	<u>133,224</u>
Cash and cash equivalents	<u>1,949,357</u>	<u>-</u>	<u>-</u>	<u>1,949,357</u>
Total assets measured at fair value	<u>\$ 9,351,639</u>	<u>\$ -</u>	<u>\$ 133,224</u>	<u>\$ 9,484,863</u>

During April 30, 2020, the Foundation received a donation of preferred stock in a private company. The Foundation's Level 3 investment represents shares of preferred stock of an untraded company with no readily determinable fair value. This investment was originally recorded at the stock issuance cost basis totaling \$133,224. During the year ended April 30, 2021, the stock was sold in the amount of \$139,229.

7. CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following:

	April 30,	
	2021	2020
Due within one year	\$ 730,000	\$ 177,500
Due in one to five years	705,000	367,500
Total unconditional contributions receivable	<u>1,435,000</u>	<u>545,000</u>
Less: Allowance for doubtful accounts	500	500
Unamortized discount	<u>67,338</u>	<u>36,809</u>
Contributions receivable, net	<u>\$ 1,367,162</u>	<u>\$ 507,691</u>

NEW ENGLAND FORESTRY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

8. GRANTS RECEIVABLE

Grants receivable, which consist of amounts due from government agencies and private foundations, are related to conservation easements and programs of the Foundation.

Grants receivable consisted of the following:

	April 30,	
	2021	2020
Due within one year	\$ 823,578	\$ 193,252
Due in one to five years	373,333	110,000
Total unconditional grants receivable	1,196,911	303,252
Less: Unamortized discount	36,419	11,402
Grants receivable, net	\$ 1,160,492	\$ 291,850

9. POOLED TIMBER INCOME FUND

During the year ended April 30, 2020, the Foundation with the assistance of The Nature Conservancy established a Pooled Timber Income Fund (Fund) to provide a mechanism whereby donors can contribute land to the Foundation, assign timber rights to the Fund and obtain a revenue stream from the net timber revenue generated from the Fund for the remainder of their lives or over an extended period of time. The Foundation and the Nature Conservancy have agreed to keep their timber rights in the Fund for a period of fifty years at which time they will revert back to their respective organizations. The fair value of the donated timber rights from the Nature Conservancy at time of donation was \$384,488. The fair value of the donated timber rights from the Foundation at the time of donation was \$1,075,062. Because the fair value of the timber rights from the Foundation were maintained at historical value, the assets in the Fund do not include the fair value of the Foundation's contributed timber rights.

During the year ended April 30, 2021, the Foundation received contributions of land and stock for the purpose of donating to the Fund. The timber rights from the donated land and the proceeds from the sale of the donated stock were contributed to the Fund. Liabilities for the discounted present value of any income beneficiary are reported as deferred trust revenue on the statements of financial position. At April 30, 2021 the Foundation used a discount of 2.2%, based on the Charitable Federal Midterm Rate for pooled income funds created within three years of year end. Assets held under pooled timber income fund for donors totaled \$391,594 and the discounted present value to be amortized over the life expectancy of the donors totaled \$122,429 at April 30, 2021.

As a result, the assets in Pooled Timber Income Fund totaled \$754,855 and \$392,087 at April 30, 2021 and 2020, respectively. The liability to the beneficiary in Pooled Timber Income Fund totaled \$357,613 and \$385,173 at April 30, 2021 and 2020, respectively.

For the year ended April 30, 2021, the Foundation recorded trustee fee income of \$16,503 included in timber sales and contributions of \$266,149 in the statement of activities. For the year ended April 30, 2020, the Foundation recorded trustee fee income of \$8,887 included in timber sales in the statement of activities.

NEW ENGLAND FORESTRY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

10. PROPERTY AND EQUIPMENT

Property and equipment is summarized as follows:

	April 30,	
	2021	2020
Buildings and building improvements	\$ 2,297,110	\$ 2,297,110
Office and computer equipment	210,166	196,459
Motor vehicle	15,906	15,906
Field equipment	5,838	5,838
Rice Sanctuary	830	830
	2,529,850	2,516,143
Less: Accumulated depreciation	1,244,827	1,155,150
	\$ 1,285,023	\$ 1,360,993

The Foundation disposed of a fully depreciated asset with a cost basis of \$2,480 during the year ended April 30, 2021.

11. CONSERVATION EASEMENTS

As of April 30, 2021 and 2020, the Foundation held 159 conservation easements on 1,149,663 acres of land and 156 conservation easements on 1,149,294 acres of land, respectively, including 762,192 acres in the Pingree project and 335,204 acres in the Downeast Lakes project.

During the year ended April 30, 2021, the Foundation received five donations totaling 368 acres. During the year ended April 30, 2020, the Foundation received two donations totaling 470 acres.

12. FOUNDATION FORESTS

Foundation forests, net is summarized as follows:

	April 30, 2021	
	Acres	Amount
Donated Land		
At appraised value at date of contribution	28,789	\$ 24,847,286
Purchased Land		
At cost	9,562	6,331,861
	38,351	\$ 31,179,147

NEW ENGLAND FORESTRY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

12. FOUNDATION FORESTS (Continued)

	April 30, 2020	
	Acres	Amount
Donated Land		
At appraised value at date of contribution	22,758	\$ 22,203,629
Purchased Land		
At cost	7,435	5,201,198
	30,193	\$ 27,404,827

Foundation forest acreage by state was as follows:

	April 30,			
	2021		2020	
	Acres	Amount	Acres	Amount
Massachusetts	8,424	\$ 12,506,567	8,235	\$ 12,374,567
New Hampshire	12,347	8,101,127	12,347	8,101,127
Maine	12,413	6,193,533	4,445	2,551,213
Vermont	4,284	2,976,020	4,284	2,976,020
Connecticut	883	1,401,900	882	1,401,900
	38,351	\$ 31,179,147	30,193	\$ 27,404,827

NEW ENGLAND FORESTRY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

12. FOUNDATION FORESTS (Continued)

The following table presents the foundation forests activities:

	Acres	Amount
Total foundation forests at April 30, 2019	29,572	\$ 26,627,498
Purchase/Donation of foundation forests -		
<i>Niantic - Phase II</i>	33	445,137
<i>Weeks Hatch</i>	71	226,100
<i>Cledenin</i>	67	135,000
<i>Hiram Hills</i>	350	133,610
<i>Stroop</i>	84	50,482
<i>Warner</i>	16	35,000
Reserve for conservation easement -		
<i>Niantic - Phase II</i>	-	(248,000)
Total foundation forests at April 30, 2020	30,193	\$ 27,404,827
Purchase/Donation of foundation forests -		
<i>Weaver Wind</i>	5,841	\$ 2,552,320
<i>Venture Brook</i>	2,127	1,275,000
<i>Smith</i>	118	107,000
<i>Perkins</i>	88	60,000
Reserve for conservation easement -		
<i>Warner</i>	(16)	(35,000)
<i>Denny's River</i>	-	(185,000)
Total foundation forests at April 30, 2021	38,351	\$ 31,179,147

13. LINE OF CREDIT

The Foundation maintains a demand bank line of credit totaling \$150,000 under which the Foundation may borrow on an unsecured basis at the bank's prime rate less 0.25% (3.00% at April 30, 2021). There were no amounts outstanding under this line of credit at April 30, 2021 and 2020. The credit agreement is available in perpetuity until the bank calls it.

NEW ENGLAND FORESTRY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

14. NOTE PAYABLE

Notes payable consisted of the following:

	April 30,	
	2021	2020
Note payable to a private third party used to acquire 285 acres of foundations forests, with interest at 2.55%, payable in annual payments of principal and interest of \$15,000 through April 2028 and is secured by a statutory mortgage on the land.	\$ 94,832	\$ 107,137
Note payable to a private third party for services rendered, with interest at 0%, payable in annual payments of \$6,000 starting on October 2020 through May 2024.	24,000	-
	\$ 118,832	\$ 107,137

Aggregate maturities of this note payable are as follows:

Year Ending April 30,	
2022	18,551
2023	18,874
2024	19,206
2025	19,547
2026	13,897
Thereafter	28,757
	\$ 118,832

NEW ENGLAND FORESTRY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

15. CHARITABLE ANNUITIES PAYABLE

An \$80,000 annuity for land acquired through a bargain purchase is noninterest bearing. However, to reflect the time value of money, the liability recorded in the financial statements reflects future payments discounted at an imputed interest rate of 5%, which was the Foundation's long-term borrowing rate in December 2016.

A \$50,549 annuity for a stock donation is noninterest bearing. However, to reflect the time value of money, the liability recorded in the financial statements reflects future payments discounted at an imputed interest rate of 5%, which was the Foundation's long-term borrowing rate in November 2018.

Charitable annuities payable is summarized as follows:

	April 30,	
	2021	2020
Charitable annuities payable	\$ 100,918	\$ 108,962
Less: Unamortized discount	42,787	45,803
	<u>\$ 58,131</u>	<u>\$ 63,159</u>

NEW ENGLAND FORESTRY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

16. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purposes:

	April 30,	
	2021	2020
Subject to expenditure over time:	\$ 127,104	\$ -
Subject to expenditure for specified purpose:		
Foundation forests	4,081,602	4,081,602
Conservation easement monitoring	2,012,460	1,507,532
Education projects	1,565,050	361,533
Warren property	506,901	506,901
Capital campaign	352,451	587,010
Outreach and coalition building	282,469	-
Science	156,967	-
Land purchases and maintenance	123,028	386,590
Planned giving research	9,698	19,215
Conservation easement purchases	295	50,306
Total subject to expenditure for specified purpose:	9,090,921	7,500,689
Endowments:		
Restricted by donor:		
Groton Place and Weld	604,048	462,155
Unrealized appreciation on donor restricted investments	315,987	211,303
Investments in perpetuity, the income from which is expendable to support operations after donor restricted costs are funded	99,442	99,442
Total endowments	1,019,477	772,900
Total net assets with donor restrictions	\$ 10,237,502	\$ 8,273,589

NEW ENGLAND FORESTRY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

16. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Certain donor restricted assets were released from restriction during the years ended April 30, 2021 and 2020 by satisfaction of the restricted purpose specified by the donor, and were reclassified as net assets without restrictions as follows:

	Years Ended April 30,	
	2021	2020
Satisfaction of purpose restrictions:		
Land purchases and maintenance	\$ 1,019,609	\$ 432,661
Outreach and coalition building	345,988	-
Capital campaign	313,287	549,715
Conservation easement monitoring	176,009	40,687
Education projects	164,339	426,179
Conservation easement purchases	28,250	508,695
Planned giving research	39,917	64,513
Communications	20,659	-
Science	13,033	-
Warren property	-	320
	<u>2,121,091</u>	<u>2,022,770</u>
Distributions (proceeds not restricted by donors):		
Groton Place and Weld	10,488	14,641
	<u>10,488</u>	<u>14,641</u>
Total released from restriction	<u>\$ 2,131,579</u>	<u>\$ 2,037,411</u>

17. ENDOWMENT FUNDS

Board-designated –

As of April 30, 2021 and 2020, the Board of Directors had designated \$32,161 and \$40,677, respectively, of net assets without restrictions to support the acquisition, conservation, monitoring, and defense of the Foundation's easements and forests. Since that amount resulted from an internal designation and is not donor-restricted, it is classified as and reported in net assets without restrictions.

Donor-designated Endowment –

The Board of Directors has determined that the majority of the Foundation's contributions are subject to the terms of its governing documents. Certain contributions are received subject to other gift instruments or are subject to specific agreements with the Foundation. Under the terms of the Foundation's governing documents, the Board of Directors has the ability to distribute so much of the original principal of any Foundation or separate gift, devise, bequest, or fund as the Board in its sole discretion shall determine. As a result of the ability to distribute the original principal, all contributions not classified as net assets with restrictions are classified as net assets without restrictions for financial statement purposes.

NEW ENGLAND FORESTRY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

17. ENDOWMENT FUNDS (Continued)

Endowment –

Endowment net asset composition, excluding foundation forests, by type of fund and changes in endowment net assets were as follows:

	April 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Endowment net assets, beginning of year	\$ 40,677	\$ 772,900	\$ 813,577
Investment return, net	-	257,064	257,064
Appropriation of endowment assets pursuant to spending-rate policy	-	(10,488)	(10,488)
Other changes:			
Distribution from board-designated endowment pursuant to distribution policy	(8,516)	-	(8,516)
Endowment net assets, end of year	<u>\$ 32,161</u>	<u>\$ 1,019,476</u>	<u>\$ 1,051,637</u>
	April 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Endowment net assets, beginning of year	\$ 46,590	\$ 825,982	\$ 872,572
Investment return, net	2,080	(38,441)	(36,361)
Appropriation of endowment assets pursuant to spending-rate policy	-	(14,641)	(14,641)
Other changes:			
Distribution from board-designated endowment pursuant to distribution policy	(7,993)	-	(7,993)
Endowment net assets, end of year	<u>\$ 40,677</u>	<u>\$ 772,900</u>	<u>\$ 813,577</u>

NEW ENGLAND FORESTRY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

17. ENDOWMENT FUNDS (Continued)

Endowment Investment and Spending Policies –

The Board of Directors of the Foundation has interpreted the Massachusetts Uniform Prudent Management of Institutional Funds Act (MA UPMIFA) as requiring the preservation of the fair value of the original gift of the donor-restricted endowment funds as of the gift date absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with restrictions (a) the original value of gifts donated to the endowment held in perpetuity, (b) the original value of subsequent gifts to the endowment held in perpetuity, and (c) accumulations to the endowment held in perpetuity made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions held in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by MA UPMIFA. In accordance with MA UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

The Foundation has adopted investment and spending policies, approved by the Board of Directors, for Board-designated and endowment assets that support the acquisition, conservation, monitoring and defense of the Foundation's easements and forests. The Foundation's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

The Foundation targets a diversified asset allocation that places an emphasis on U.S. Treasury securities, corporate and federal bonds, and equity-based investments to achieve its long-term return objectives within prudent risk parameters.

The spending policy defines the amount to be distributed from the fund to support the acquisition, conservation, monitoring, and defense of the Foundation's easements and forests. The current spending policy is to distribute an amount each year of 3% of its endowment fund's market value. Accordingly, the Foundation expects its endowment assets, over time, to grow in line with the Foundation's objectives.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At April 30, 2021 and 2020 there were no underwater endowments.

NEW ENGLAND FORESTRY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

18. IN-KIND CONTRIBUTIONS

The fair value of donated services included as contributions in the financial statements and the corresponding program expenses and assets were as follows:

	April 30, 2021			
	Easement Acquisition and Monitoring	Land Conservation	Education	Total
Third party services	\$ 3,085	\$ -	\$ -	\$ 3,085
Publication and communication	1,242	615	854	2,711
Equipment	-	-	-	-
	\$ 4,327	\$ 615	\$ 854	\$ 5,796
	April 30, 2020			
	Easement Acquisition and Monitoring	Land Conservation	Education	Total
Third party services	\$ 375	\$ -	\$ -	\$ 375
Publication and communication	1,449	718	996	3,163
Equipment	-	740	-	740
	\$ 1,824	\$ 1,458	\$ 996	\$ 4,278

19. RETIREMENT PLAN

The Foundation sponsors a retirement plan pursuant to Section 401(k) of the Internal Revenue Code. Under the plan, eligible employees may defer a portion of their compensation on a pre-tax basis. The Foundation matches employee contributions up to 50% of the first 6% deferred. The Foundation made matching contributions of \$42,216 and \$36,483 for the years ended April 30, 2021 and 2020, respectively.

20. AGENCY FUND AGREEMENTS

In 2000 an agency fund was established at the Maine Community Foundation (MCF) through contributions designated to provide current income and long-term protection for the stewardship, monitoring, and enforcement of the Foundation's conservation easements. Under the terms of the agreement, the Foundation receives annual distributions equal to a percentage of the market value of the fund's assets, as determined by the MCF's spending policy for the fund. In accordance with accounting principles generally accepted in the United States of America, the Foundation has determined that it does not have variance power over the assets of the fund and, accordingly, it does not recognize them as assets of the Foundation. MCF investments designated for the Foundation's easement programs were valued at \$1,251,900 and \$976,081 at April 30, 2021 and 2020, respectively.

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NEW ENGLAND FORESTRY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

20. AGENCY FUND AGREEMENTS (Continued)

In 2007 an agency fund was established at the MCF through contributions designated to provide current income and long-term protection for the stewardship, monitoring, and enforcement of the Foundation's Sabbath day Lake Shaker Village, Forest and Farm conservation easement. Under the terms of the agreement, the Foundation receives annual distributions equal to a percentage of the market value of the fund's assets, as determined by the MCF's spending policy for the fund. In accordance with accounting principles generally accepted in the United States of America, the Foundation has determined that it does not have variance power over the assets of the fund and, accordingly, it does not recognize them as assets of the Foundation. MCF investments designated for the Foundation's easement programs were valued at \$106,388 and \$82,803 at April 30, 2021 and 2020, respectively.

21. SPLIT INTEREST AGREEMENTS

In 2008 a charitable lead unitrust was established. Under the terms of the trust, the Foundation receives annual distributions equal to 7% of the market value of the trust's assets. Distributions received by the Foundation totaled \$46,744 and \$40,427 for the years ended April 30, 2021 and 2020, respectively. Beginning in calendar year 2009, the distributions must be restricted for the purpose of protecting land, by purchase or easement, in New Hampshire or Maine. In accordance with accounting principles generally accepted in the United States of America, the Foundation has determined that it does not have variance power over the assets of the fund and, accordingly, it does not recognize them as assets of the Foundation.

The value of the investments in the unitrust was estimated at \$673,600 and \$665,800 at April 30, 2021 and 2020 respectively. The value of the unitrust increased \$7,800 and \$117,800 during the years ended April 30, 2021 and 2020, respectively.

In 2007 a charitable trust was established with the purpose of supporting the activities and purpose of the Foundation. Under the terms of an agreement with the trust, the Foundation should receive annual distributions of \$5,000. In accordance with accounting principles generally accepted in the United States of America, the Foundation has determined that it does not have variance power over the assets of the trust and, accordingly, it does not recognize them as assets of the Foundation. The assets of the unitrust were estimated at \$1,832,874 and \$1,716,399 at April 30, 2021 and 2020, respectively. The value of the unitrust increased \$116,475 during the year ended April 30, 2021. The value of the unitrust decreased \$45,863 during the year ended April 30, 2020.

22. COMMITMENTS

The Foundation leases office equipment under a long-term operating lease which expires in December 2021. Monthly rental payments are \$285. Rent expense totaled \$3,300 and \$7,066 for the years ended April 30, 2021 and 2020, respectively.

Future minimum lease payments under the remaining lease agreement totaling \$2,280 for the year ended April 30, 2022.