

SOCIETY FOR THE PROTECTION OF
NEW HAMPSHIRE FORESTS

FINANCIAL REPORT

APRIL 30, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Society for the Protection of New Hampshire Forests
Concord, New Hampshire 03301

Report on the Financial Statements

We have audited the accompanying financial statements of the Society for the Protection of New Hampshire Forests, which comprise the statements of financial position as of April 30, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

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 the Society for the Protection of New Hampshire Forests as of April 30, 2021 and 2020, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Nathan Wechsler & Company
Concord, New Hampshire
August 4, 2021

SOCIETY FOR THE PROTECTION OF NEW HAMPSHIRE FORESTS

STATEMENTS OF FINANCIAL POSITION

April 30, 2021 and 2020

		ASSETS	
		2021	2020
CURRENT ASSETS			
Cash and cash equivalents	\$	8,305,193	\$ 7,328,901
Current portion of contributions receivable		668,820	357,281
Other receivables		4,205	63,142
Grants receivable		-	25,300
Inventories		31,689	80,245
Prepaid expenses		67,460	90,796
<i>Total current assets</i>		9,077,367	7,945,665
PROPERTY AND EQUIPMENT, NET		3,138,831	2,474,613
INVESTMENTS AND OTHER ASSETS			
Investments		17,326,678	14,181,286
Contributions receivable, long-term, net		288,744	21,734
Inventories, long-term		43,506	78,024
		17,658,928	14,281,044
LAND		65,415,936	64,099,066
<i>Total assets</i>	\$	95,291,062	\$ 88,800,388
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Current portion of notes payable	\$	11,250	\$ 11,250
Current portion of Paycheck Protection Program loan		178,216	211,206
Current portion of annuities payable		41,047	41,047
Accounts payable		110,127	47,517
Accrued liabilities		187,334	90,939
<i>Total current liabilities</i>		527,974	401,959
LONG-TERM LIABILITIES			
Notes payable, less current portion		90,000	101,250
Paycheck Protection Program loan, less current portion		359,115	334,394
Annuities payable, less current portion, net		159,374	161,441
		608,489	597,085
<i>Total liabilities</i>		1,136,463	999,044
COMMITMENTS (See Notes)			
NET ASSETS			
Without donor restrictions		6,216,372	5,352,794
Without donor restriction - invested in land, property and equipment		3,993,367	3,654,149
<i>Total net assets without donor restrictions (Note 13)</i>		10,209,739	9,006,943
With donor restrictions		19,383,460	15,874,871
With donor restriction - invested in land		64,561,400	62,919,530
<i>Total net assets with donor restrictions (Note 12)</i>		83,944,860	78,794,401
<i>Total net assets</i>		94,154,599	87,801,344
<i>Total liabilities and net assets</i>	\$	95,291,062	\$ 88,800,388

SOCIETY FOR THE PROTECTION OF NEW HAMPSHIRE FORESTS

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Years Ended April 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Totals
Revenue and support						
Annual fund	\$ 641,953	\$ -	\$ 641,953	\$ 734,866	\$ -	\$ 734,866
Contributions	47,317	1,935,291	1,982,608	99,129	2,851,100	2,950,229
Bequests	964,123	-	964,123	879,756	-	879,756
Endowment gifts	-	75,450	75,450	-	25,935	25,935
Grants	115,194	1,658,590	1,773,784	1,005,350	116,870	1,122,220
Contributions of land	-	185,816	185,816	-	207,000	207,000
Contributions for land and land stewardship	-	966,000	966,000	-	360,000	360,000
Dues	488,017	-	488,017	439,485	-	439,485
Rental	214,029	-	214,029	299,951	-	299,951
Forest operations	252,448	-	252,448	204,370	-	204,370
Reimbursement for services	1,634	-	1,634	76,883	-	76,883
Sale of materials	246,495	-	246,495	419,104	-	419,104
Donated conservation easements, goods and services	129,500	-	129,500	856,500	-	856,500
Miscellaneous income	244	-	244	53,580	-	53,580
<i>Total revenue and support</i>	3,100,954	4,821,147	7,922,101	5,068,974	3,560,905	8,629,879
Net assets released from restrictions for satisfaction of purpose restrictions	2,409,285	(2,409,285)	-	2,149,440	(2,149,440)	-
<i>Total revenue, support and net assets released from restriction</i>	5,510,239	2,411,862	7,922,101	7,218,414	1,411,465	8,629,879
Program expenses						
Land and easement stewardship	1,962,728	-	1,962,728	2,125,899	-	2,125,899
Land protection	792,310	-	792,310	3,582,786	-	3,582,786
Education and outreach	352,660	-	352,660	509,315	-	509,315
Membership	249,545	-	249,545	271,961	-	271,961
Policy	92,577	-	92,577	202,920	-	202,920
	3,449,820	-	3,449,820	6,692,881	-	6,692,881
Supporting services and general expenses						
Fundraising	513,951	-	513,951	624,110	-	624,110
Finance and administration	916,318	-	916,318	802,603	-	802,603
	1,430,269	-	1,430,269	1,426,713	-	1,426,713
<i>Total functional expenses</i>	4,880,089	-	4,880,089	8,119,594	-	8,119,594
<i>Increase in net assets from operations</i>	630,150	2,411,862	3,042,012	(901,180)	1,411,465	510,285
Nonoperating gains (losses) and other changes						
Investment income	109,491	216,786	326,277	151,042	285,601	436,643
Realized and unrealized gains (losses) on investments, net of fees	989,375	2,521,811	3,511,186	(358,641)	(937,623)	(1,296,264)
Contributions - Creek Farm	-	2,000,000	2,000,000	-	1,000,000	1,000,000
Gain (loss) on sale of land	(325,000)	-	(325,000)	22,575	-	22,575
Gain on disposal of assets	100	-	100	428	-	428
Gain on debt extinguishment related to Paycheck Protection Program (Note 17)	545,600	-	545,600	-	-	-
Gain on insurance proceeds for property and equipment from fire (Note 16)	-	-	-	1,855,818	-	1,855,818
Non-operating building renovations - Creek Farm	(2,746,920)	-	(2,746,920)	(238,774)	-	(238,774)
<i>Total nonoperating gains (losses) and other changes</i>	(1,427,354)	4,738,597	3,311,243	1,432,448	347,978	1,780,426
Net assets released from restrictions for satisfaction of purpose restrictions	2,000,000	(2,000,000)	-	1,000,000	(1,000,000)	-
<i>Increase in net assets</i>	1,202,796	5,150,459	6,353,255	1,531,268	759,443	2,290,711
Net assets, beginning of year	9,006,943	78,794,401	87,801,344	7,475,675	78,034,958	85,510,633
Net assets, end of year	\$ 10,209,739	\$ 83,944,860	\$ 94,154,599	\$ 9,006,943	\$ 78,794,401	\$ 87,801,344

See Notes to Financial Statements.

SOCIETY FOR THE PROTECTION OF NEW HAMPSHIRE FORESTS

STATEMENTS OF CASH FLOWS
Years Ended April 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 6,353,255	\$ 2,290,711
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	188,926	185,531
Realized and unrealized (gains) losses on investments	(3,511,186)	1,296,264
Reinvested income	(301,837)	(401,465)
Gain on debt extinguishment related to Paycheck Protection Program	(545,600)	-
Contributions of land received	(1,151,816)	(207,000)
(Gain) loss on sale of land	325,000	(22,575)
Gain on disposal of assets	(100)	(428)
Gain on insurance proceeds for property and equipment from fire	-	(1,855,818)
Gifts restricted for endowment and capital cost of land acquisitions	(75,450)	(25,935)
Change in value of charitable gift annuities	(2,067)	(6,169)
Increase in contributions receivable	(578,549)	(26,140)
Decrease in other receivables	58,937	22,762
(Increase) decrease in grants receivable	25,300	(25,300)
(Increase) decrease in prepaid expenses	23,336	(22,714)
Decrease in inventories	83,074	131,422
Increase (decrease) in accounts payable	62,610	(23,005)
Increase (decrease) in accrued liabilities	96,395	(16,373)
<i>Net cash provided by operating activities</i>	1,050,228	1,293,768
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	667,632	1,289,867
Proceeds from sale of property and equipment	100	1,500
Proceeds from sale of land	-	921,575
Insurance proceeds from fire related to property loss	-	1,855,818
Cash paid for land	(490,054)	(665,560)
Cash paid for property and equipment	(853,145)	(269,296)
<i>Net cash provided by (used in) investing activities</i>	(675,467)	3,133,904
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayments on line of credit	-	(246,500)
Proceeds from Paycheck Protection Program funds	537,331	546,600
Repayments on notes payable	(11,250)	(251,250)
Gifts restricted for endowment and capital cost of land acquisitions	75,450	25,935
<i>Net cash provided by financing activities</i>	601,531	74,785
<i>Net increase in cash and cash equivalents</i>	976,292	4,502,457
Cash and cash equivalents, beginning of year	7,328,901	2,826,444
<i>Cash and cash equivalents, end of year</i>	\$ 8,305,193	\$ 7,328,901

SOCIETY FOR THE PROTECTION OF NEW HAMPSHIRE FORESTS

STATEMENTS OF CASH FLOWS (CONTINUED)

Years Ended April 30, 2021 and 2020

	2021	2020
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash payments for interest	\$ 71	\$ 9,953
Cash payments for taxes	\$ 491	\$ 384

SOCIETY FOR THE PROTECTION OF NEW HAMPSHIRE FORESTS

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended April 30, 2021

	Land and Easement Stewardship	Land Protection	Education and Outreach	Membership	Policy	Fundraising	Finance and Administration	Total
Salaries and wages	\$ 903,734	\$ 178,928	\$ 191,961	\$ 161,754	\$ 70,928	\$ 379,735	\$ 469,728	\$ 2,356,768
Employee benefits	227,528	45,766	48,774	41,177	18,134	98,728	137,173	617,280
<i>Total salaries and related expenses</i>	1,131,262	224,694	240,735	202,931	89,062	478,463	606,901	2,974,048
Program and event expenses (reimbursements)	1,751	5,594	1,966	(282)	200	85	1,279	10,593
Conservation easements	-	219,500	-	-	-	-	-	219,500
Donated conservation easements	-	129,500	-	-	-	-	-	129,500
Professional services	166,791	86,205	40,420	11,238	-	595	184,758	490,007
Building and grounds	301,379	2,268	3,915	1,387	1,157	4,887	17,457	332,450
Land transaction assistance and grants	-	112,447	-	-	-	-	-	112,447
Advertising and printing	4,677	1,020	37,780	18,191	-	208	1,471	63,347
Cost of sales	134,590	-	-	1,392	-	-	518	136,500
Supplies and postage	18,546	481	19,151	14,531	16	14,799	42,284	109,808
Travel expenses, conferences and dues	33,418	1,798	834	9	739	563	3,359	40,720
Bank and credit card fees	4,202	103	-	-	-	12,034	1,174	17,513
Interest	71	-	-	-	-	-	-	71
Change in present value of annuities	-	-	-	-	-	-	38,981	38,981
Bad debt/pledge write off	-	-	-	148	-	-	-	148
Miscellaneous expense (reimbursement)	(2,506)	-	-	-	-	-	2,638	132
Subscriptions and documents	2,663	6,949	3,226	-	590	592	1,378	15,398
<i>Total expenses before depreciation</i>	1,796,844	790,559	348,027	249,545	91,764	512,226	902,198	4,691,163
Depreciation	165,884	1,751	4,633	-	813	1,725	14,120	188,926
<i>Total expenses</i>	\$ 1,962,728	\$ 792,310	\$ 352,660	\$ 249,545	\$ 92,577	\$ 513,951	\$ 916,318	\$ 4,880,089

SOCIETY FOR THE PROTECTION OF NEW HAMPSHIRE FORESTS

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended April 30, 2020

	Land and Easement Stewardship	Land Protection	Education and Outreach	Membership	Policy	Fundraising	Finance and Administration	Total
Salaries and wages	\$ 826,854	\$ 184,919	\$ 255,429	\$ 155,085	\$ 112,415	\$ 400,685	\$ 393,818	\$ 2,329,205
Employee benefits	208,865	49,802	66,610	40,015	30,271	107,484	106,354	609,401
<i>Total salaries and related expenses</i>	1,035,719	234,721	322,039	195,100	142,686	508,169	500,172	2,938,606
Program and event expenses	8,767	10,492	4,005	8,401	8,073	2,256	13,775	55,769
Conservation easements	-	2,175,000	-	-	-	-	-	2,175,000
Donated conservation easements	-	856,500	-	-	-	-	-	856,500
Professional services	251,543	123,313	52,964	20,339	46,255	30,368	183,287	708,069
Building and grounds	343,684	6,821	3,711	885	1,702	41,449	12,902	411,154
Land transaction assistance and grants	-	140,295	-	-	-	-	-	140,295
Advertising and printing	21,997	8,481	83,314	26,272	-	6,163	733	146,960
Cost of sales	209,302	-	-	1,364	-	-	-	210,666
Supplies and postage	29,618	4,794	25,014	18,142	72	17,360	28,839	123,839
Travel expenses, conferences and dues	55,366	4,152	6,137	300	2,762	2,193	11,730	82,640
Bank and credit card fees	1,483	38	-	27	-	11,811	99	13,458
Interest	2	9,922	-	-	-	-	29	9,953
Change in present value of annuities	-	-	-	-	-	-	34,878	34,878
Bad debt/pledge write off	9,134	-	-	-	-	-	-	9,134
Miscellaneous	89	-	-	189	-	-	2,254	2,532
Subscriptions and documents	2,100	6,652	2,671	942	179	107	1,959	14,610
<i>Total expenses before depreciation</i>	1,968,804	3,581,181	499,855	271,961	201,729	619,876	790,657	7,934,063
Depreciation	157,095	1,605	9,460	-	1,191	4,234	11,946	185,531
<i>Total expenses</i>	\$ 2,125,899	\$ 3,582,786	\$ 509,315	\$ 271,961	\$ 202,920	\$ 624,110	\$ 802,603	\$ 8,119,594

SOCIETY FOR THE PROTECTION OF NEW HAMPSHIRE FORESTS

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities

The Society for the Protection of New Hampshire Forests (the "Forest Society") is a nonprofit membership organization founded in 1901 to protect the State's most important landscapes and promote wise use of its renewable natural resources. The Forest Society's major sources of revenue consist of contributions, grants and investment income.

The Forest Society achieved accreditation with the Land Trust Accreditation Commission in 2013, and was renewed as required in 2019.

The Forest Society website is <http://www.forestsociety.org>.

Note 2. Significant Accounting Policies

Basis of accounting: The financial statements of the Forest Society have been prepared on the accrual basis; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Net assets: The Forest Society reports information regarding its financial position and activities according to two categories of net assets: net assets with donor restrictions and net assets without donor restrictions. Descriptions of these net asset categories are as follows:

Net assets without donor restrictions: Net assets without donor restrictions are available for use at the discretion of the Board of Trustees and/or management for general operating purposes. From time to time the Board of Trustees designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

Net assets with donor restrictions: Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions and also includes the accumulated appreciation and depreciation related to donor-restricted endowment funds.

The Forest Society reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Forest Society to expend the income generated by the assets in accordance with the donor restrictions and contributions which require by donor restriction that the full amount be spent on acquiring assets to be held permanently (typically fee interest in land). Net assets with donor restrictions also include holdings of land which the Forest Society acquired by donation or purchase that are intended to be protected indefinitely.

SOCIETY FOR THE PROTECTION OF NEW HAMPSHIRE FORESTS

NOTES TO FINANCIAL STATEMENTS

See Note 12 for more information on the composition of net assets with donor restrictions.

Cash and cash equivalents: Cash and cash equivalents include all money market accounts and investments purchased with remaining maturities of three months or less.

Other receivables: Accounts receivable are recorded primarily for rent and program service fees on any unpaid balances. It is the Forest Society's policy to write off uncollectible accounts receivable when management determines the receivable will not be collected. Accounts receivable are considered to be fully collectible and, accordingly, no allowance for doubtful accounts was considered necessary at April 30, 2021 and 2020.

Inventories: Inventories are valued at net realizable value for mature Christmas trees, at cost for immature Christmas trees, and lower of cost or net realizable value for gift shop items.

Inventory consists of the following:

April 30,	2021	2020
Current:		
Gift shop	\$ 3,607	\$ 1,162
Christmas trees expected to be sold within one year	28,082	79,083
<i>Total current</i>	<u>31,689</u>	<u>80,245</u>
Long-term:		
Christmas trees not expected to be sold within one year	43,506	78,024
<i>Total inventory</i>	<u>\$ 75,195</u>	<u>\$ 158,269</u>

Investments: The Forest Society accounts for investments in accordance with FASB ASC 958-320 and subsections. This standard requires that investments with readily determinable values and all investments in debt securities are stated at their fair value in the statements of financial position. Investments in marketable securities are carried at market value in accordance with generally accepted accounting principles. Unrealized gains and losses are included in the changes of net assets in the accompanying statements of activities and changes in net assets. Investment income is recorded on the accrual basis.

Land: Purchased land and donated land are recorded at their fair value upon date of receipt.

The Forest Society holds title to various tracts of land for several different purposes, as follows:

- Permanent land holdings are those tracts which the Forest Society acquired by donation or purchase that are intended to be protected indefinitely. These include the sites of Forest Society's programs or conservation projects and tracts having certain natural features which the Forest Society deems worthy of preservation.
- Land held in trust includes tracts held by the Forest Society until they can be transferred to a recipient (typically a town conservation commission or the State of New Hampshire) specified by the donor.
- Land purchased or acquired by donation, that is intended to be sold on the open market, typically with use restrictions in the new deed.

SOCIETY FOR THE PROTECTION OF NEW HAMPSHIRE FORESTS

NOTES TO FINANCIAL STATEMENTS

- Land held for resale includes land that has been purchased or accepted as a gift, at its fair value, with the intent that it be sold to some other party or agency which will use the land in accordance with specific Forest Society’s restrictions written into the deed at the time of transfer or it will be sold with the proceeds to benefit the Forest Society as specified by the donor.

Deed restrictions attached to most land sold severely restrict the use and development of the land in perpetuity. This practice can substantially reduce the fair value of the land. However, in most cases, there is no impairment of the land’s value since deed restrictions are generally attached at the time the land is sold.

Land consists of the following:

April 30,	2021	2020
Permanent land holdings	\$ 64,561,400	\$ 62,919,530
Land held for resale	854,536	1,179,536
<i>Total</i>	<u>\$ 65,415,936</u>	<u>\$ 64,099,066</u>

Property and equipment: Property and equipment are recorded at cost or, in the case of donated assets, at fair value. Repairs and maintenance are expensed as incurred and purchases in excess of \$5,000 or information technology equipment with a life of at least three years are capitalized as additions to property. Depreciation is computed using the straight-line method over the following estimated useful lives:

	Years
Building and land improvements	10-40
Equipment and software.....	3-10
Furniture and fixtures	7-20
Vehicles.....	5-10

Building and equipment are reviewed for impairment when a significant change in the asset’s use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements for the years ended April 30, 2021 and 2020.

Functional allocation of expenses: The statements of functional expenses present expenses by function and natural classification. Most expenses are assigned to functional area as they are incurred by coding every expense to a cost center. Salaries are assigned to cost centers on staff time sheets that are filled out contemporaneously for each pay period. Benefit costs are assigned proportionally to cost centers each pay period based on salary costs.

All other expenses with the exception of buildings and grounds are assigned to cost centers as each expense is incurred.

Building and grounds expenses are assigned to cost centers as they are incurred, with much of that cost assigned to land and easement stewardship where the cost centers for the Conservation Center in Concord and the buildings at the Rocks are assigned. After the close of the fiscal year building and grounds maintenance costs for the Conservation Center and the buildings at the Rocks are spread between the cost centers that use those buildings.

SOCIETY FOR THE PROTECTION OF NEW HAMPSHIRE FORESTS

NOTES TO FINANCIAL STATEMENTS

For the Rocks building and grounds costs are spread to programs based on salary costs. The spread is based on salaries because significant amounts of work are done by seasonal staff, so salary cost is a reasonable stand in for effort devoted to a cost center. For the Conservation Center building and grounds costs are spread to programs based on staff full time equivalents (FTEs) devoted to each cost center. The spread is based on regular staff FTEs because most work in Concord is done by regular staff, so FTEs are a reasonable stand in for effort devoted to each cost center.

Fundraising and advertising: Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Forest Society generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

Use of estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair value option: Generally accepted accounting principles (GAAP) provides a fair value option election that allows organizations to irrevocably elect fair value as the initial and subsequent measurement attribute for certain financial assets and liabilities. GAAP permits the fair value option election on an instrument-by-instrument basis at specified election dates, primarily at the initial recognition of an asset or liability or upon an event that gives rise to a new basis of accounting for that instrument. The Forest Society has elected the fair value option for contributions receivable and annuities payable.

Income taxes: The Forest Society is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code (the Code) whereby only unrelated business income, as described by Section 512(a)(1) of the Code, is subject to federal income tax. The Forest Society pays a nominal amount of tax relating to unrelated business activities, primarily from gift shop and Christmas tree sales, and New Hampshire Business Enterprise Tax imposed by the state on interest, dividends and payroll expense incurred.

The Forest Society has adopted the provisions of FASB ASC 740, Accounting for Uncertainty in Income Taxes. Accordingly, management has evaluated the Forest Society's tax positions and concluded the Forest Society had maintained its tax-exempt status and had taken no uncertain tax positions that require adjustment or disclosure in the financial statements. With few exceptions, the Forest Society is no longer subject to income tax examinations by the U.S. Federal or State tax authorities for tax years before 2018.

Revenue and revenue recognition: Membership dues, which are nonrefundable, are comprised of an exchange element based on the value benefits provided, and a contribution element for the difference between the total dues paid and the exchange element. The Forest Society recognizes the exchange portion of membership dues over the membership period, and the contribution portion immediately.

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

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Change in accounting principles: In May 2014, the FASB issued, *Revenue from Contracts with Customers* (ASU 2014-09), which provides a five-step analysis of contracts to determine when and how revenue is recognized and replaces most existing revenue recognition guidance in U.S. generally accepted accounting principles (U.S. GAAP). The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. ASU 2014-09 is effective for annual reporting periods beginning after December 15, 2019 and interim periods within fiscal years beginning after December 15, 2020. The Forest Society adopted ASU 2014-09 with a date of initial application of May 1, 2020, using the modified- retrospective method.

The adoption of ASU 2014-09 did not have a significant impact on the Forest Society's financial position, results of operations, or cash flows. Based on the Forest Society's evaluation of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. Leases and the contributions are specifically excluded from the scope of ASU 2014-09, therefore upon adoption, the Forest Society has determined the new standard did not have any impact on these revenue streams. No other changes were required to previously reported revenues as a result of the adoption.

In August 2018, the FASB issued, *Accounting Standards Update (ASU 2018-13), Fair Value Measurement (Topic 820) Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. The amendments in ASU 2018-13 apply to all entities that are required, under existing U.S. generally accepted accounting principles, to make disclosures about recurring or nonrecurring fair value measurements. The amendments on changes related to Level 3 investments should be applied prospectively. All other amendments should be applied retrospectively to all periods presented upon their effective date. Management has evaluated the impact of ASU 2018-13 and believes there are no changes necessary to the current fair value disclosure.

Recent accounting pronouncements: In February 2016, the FASB issued, *Leases, Topic 842 (ASU 2016-02)*, which will be effective for the Forest Society on May 1, 2021, with early adoption permitted. Under ASU 2016-02, at the commencement of a long-term lease, lessees will recognize a liability equivalent to discounted payments due under the lease agreement, as well as an offsetting right- of-use asset. Lessees (for capital and operating leases) must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. Lessees may not apply a full retrospective transition approach. Management is currently evaluating the impact this will have on its financial statements.

Note 3. Concentration of Credit Risk

The Forest Society maintains its cash balances with local banks. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At April 30, 2021, the Forest Society's uninsured cash balances totaled approximately \$2,167,000. Cash needed in the short term in excess of the FDIC insured limit is protected with a repurchase agreement between the Forest Society and its bank. Funds in excess of the insured limit are swept daily and held in purchased securities in the Forest Society's name. The Forest Society's balance in the repurchase sweep agreement amounted to approximately \$2,167,000 at April 30, 2021.

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In addition, at April 30, 2021, the Forest Society had a cash balance amounting to approximately \$5,929,000 held through an Insured Cash Sweep Service (ICS) agreement between the Forest Society and its bank. The ICS places Forest Society funds at other FDIC insured banks in amounts that do not exceed the FDIC insured maximum. Through the ICS program, the Forest Society can exclude specific banks to ensure the FDIC insured limit is never exceeded at the destination banks.

Note 4. Contributions Receivable

Contributions receivable consist of the following:

April 30,	2021	2020
Promise to give expected to be collected in:		
Less than one year	\$ 668,820	\$ 357,281
One to five years	278,968	-
Beyond five years	37,500	27,500
	<u>985,288</u>	<u>384,781</u>
Less discount to net present value	27,724	5,766
<i>Net contributions receivable</i>	<u>\$ 957,564</u>	<u>\$ 379,015</u>

Contributions receivable are reported at fair value, which is estimated as the net present value of expected future cash inflow. A discount rate of 4% was applied to determine present value for the years ended April 30, 2021 and 2020. Contributions receivable are considered to be fully collectible and, accordingly, no allowance for doubtful accounts was considered necessary at April 30, 2021 and 2020.

Note 5. Investments

The following is a summary of investments at cost and related market value as of April 30:

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Domestic equities	\$ 4,903,697	\$ 7,062,357	\$ 4,791,348	\$ 5,022,971
International equities	2,884,266	3,400,781	2,782,436	2,599,358
Fixed income securities	5,220,636	5,263,290	3,907,991	3,983,027
Specialty equity funds	1,158,933	1,572,644	1,042,673	883,404
Short term investments	27,606	27,606	1,692,526	1,692,526
	<u>\$ 14,195,137</u>		<u>\$ 14,216,974</u>	
<i>Total investments</i>	<u>\$ 14,195,137</u>	<u>\$ 17,326,678</u>	<u>\$ 14,216,974</u>	<u>\$ 14,181,286</u>

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Investment return is summarized as follows:

April 30,	2021	2020
Interest on temporary cash balances	\$ 24,440	\$ 35,176
Interest and dividend income	301,837	401,467
Net realized and unrealized gains (losses)	3,536,186	(1,271,264)
<i>Investment return</i>	<u>\$ 3,862,463</u>	<u>\$ (834,621)</u>

Investment management fees amounted to \$25,000 for both years ended April 30, 2021 and 2020 and have been netted against realized and unrealized gains (losses) on investments in the accompanying statements of activities and changes in net assets.

Note 6. Property and Equipment

Property and equipment, at cost, April 30,	2021	2020
Building and land improvements	\$ 6,778,790	\$ 5,952,141
Equipment and software	673,956	648,493
Furniture and fixtures	102,055	102,055
Vehicles	142,298	142,298
<i>Total property and equipment</i>	<u>7,697,099</u>	<u>6,844,987</u>
Less accumulated depreciation	4,558,268	4,370,374
<i>Total property and equipment, net</i>	<u>\$ 3,138,831</u>	<u>\$ 2,474,613</u>

Note 7. Fair Value Measurements

The Fair Value Measurements Topic of the FASB Accounting Standards Codification (FASB ASC 820-10) establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 - inputs are unadjusted, quoted prices in active markets for identical assets at the measurement date. The types of assets carried at level 1 fair value generally are securities listed in active markets. The Forest Society has valued their investments, listed on national exchanges at the last sales price as of the day of valuation.
- Level 2 - inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 - inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option-pricing models, discounted cash flow models, and similar techniques.

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The inputs or methodology used for valuing investments are not necessarily an indication of the risk associated with investing in those investments.

Financial assets and liabilities carried at fair value on a recurring basis consisted of the following at April 30, 2021:

	Level 1	Level 2	Level 3
Assets:			
Domestic equity funds	\$ 7,062,357	\$ -	-
Fixed income equity funds	5,263,290	-	-
International equity funds	3,400,781	-	-
Specialty equity funds	1,572,644	-	-
Cash and short term investments	27,606	-	-
Contributions receivable, net	-	-	957,564
<i>Total</i>	<u>\$ 17,326,678</u>	<u>\$ -</u>	<u>\$ 957,564</u>
Liabilities:			
Annuities payable	\$ -	\$ -	200,421

Financial assets and liabilities carried at fair value on a recurring basis consisted of the following at April 30, 2020:

	Level 1	Level 2	Level 3
Assets:			
Domestic equity funds	\$ 5,022,971	\$ -	-
Fixed income equity funds	3,983,027	-	-
International equity funds	2,599,358	-	-
Specialty equity funds	883,404	-	-
Cash and short term investments	1,692,526	-	-
Contributions receivable, net	-	-	379,015
<i>Total</i>	<u>\$ 14,181,286</u>	<u>\$ -</u>	<u>\$ 379,015</u>
Liabilities:			
Annuities payable	\$ -	\$ -	202,488

Assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended April 30, 2021 and 2020:

	Annuities Payable, net	Contributions Receivable, net
Balance, April 30, 2020	\$ 202,488	\$ 379,015
Payments received	-	(344,083)
New contributions	-	947,788
Contribution receivable write-offs	-	(3,198)
Change to present value	38,981	(21,958)
Payments to beneficiaries	(41,048)	-
Balance, April 30, 2021	<u>\$ 200,421</u>	<u>\$ 957,564</u>

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	Annuities Payable, net	Contributions Receivable, net
Balance, April 30, 2019	\$ 208,657	\$ 352,875
Payments received	-	(27,728)
New contributions	-	43,750
Change to present value	34,878	15,926
Payments to beneficiaries	(41,047)	-
Balance, April 30, 2020	<u>\$ 202,488</u>	<u>\$ 379,015</u>

GAAP requires disclosure of an estimate of fair value of certain financial instruments. The Forest Society's significant financial instruments are cash, notes payable and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

All assets and liabilities have been valued using a market or income approach and have been consistently applied. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sale transactions, market trades, or other sources.

The income approach uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques and option-pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

Note 8. Line of Credit

The Forest Society has \$1,500,000 available as a revolving line of credit agreement, payable on demand, with a bank. The line of credit has a review date of September 30, 2021. Bank advances on this line of credit bear interest equal to the Wall Street Journal Prime rate which was 3.25% at April 30, 2021. The line of credit is unsecured. There was no balance on the line of credit at April 30, 2021 and 2020.

Note 9. Notes Payable

April 30,	2021	2020
Note payable to a voluntary corporation, dated September 2010, in the original amount of \$213,750 payable in annual installments of \$11,250, no interest, due September 2030. The note is unsecured.	\$ 101,250	\$ 112,500
	<u>101,250</u>	<u>112,500</u>
Portion payable within one year	11,250	11,250
<i>Long-term debt, less current maturities</i>	<u>\$ 90,000</u>	<u>\$ 101,250</u>

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Principal payments on long-term obligations are as follows:

<u>Year Ending April 30,</u>	
2022	\$ 11,250
2023	11,250
2024	11,250
2025	11,250
2026	11,250
Thereafter	45,000
<i>Total</i>	<u>\$ 101,250</u>

Note 10. Charitable Gift Annuities

Amounts due under annuities payable represent gifts received under agreements which guarantee to pay a fixed amount for a specified period of time. Such gifts are recorded as revenue when received and the present value of the future amount payable is credited to a liability account. Annuities are reported at their fair value, which is determined based on the ages of life expectancies of the designated beneficiaries using the IRS life expectancy tables and a discount rate of 6% for the years ended April 30, 2021 and 2020.

Note 11. Endowment Fund Assets

The Forest Society's endowment consists of 42 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by GAAP, net assets associated with endowment funds, including those funds designated by the Board of Trustees, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law: The Forest Society is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Trustees appropriates such amounts for expenditures. Most of those net assets are also subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Board of Trustees of the Forest Society has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund unless a donor stipulates the contrary.

As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Forest Society considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Forest Society has interpreted UPMIFA to permit spending from underwater funds in

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accordance with the prudent measures required under the law. Additionally, in accordance with UPMIFA, the Forest Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the organization and the donor-restricted endowment fund, (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 organization, and (7) the investment policies of the Forest Society.

Underwater Endowment Funds: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Forest Society to retain as a fund of perpetual duration. There were no deficiencies of this nature as of April 30, 2021 and 2020.

Investment Return Objectives, Risk Parameters and Strategies: The Trustees of the Forest Society have established the following objectives for its invested funds: (a) maintain the purchasing power of the principal on a long term-basis, (b) provide a reasonable stream of income on a total-return basis that will substantially contribute to the funding of the Forest Society’s operations and support a prudent spending policy adopted by the Trustees from time to time, and (c) maintain availability of sufficient cash to fund ongoing operating expenses.

The Forest Society’s overall investment objective is to achieve growth in the value of the assets that is sufficient to preserve the inflation-adjusted purchasing power of the portfolio over a long-term time horizon.

Spending Policy: The spending policy calculation for the year ended April 30, 2021 was based on 5.0% of the twenty quarters moving average of the true (permanently restricted) endowment and unrestricted endowment portfolio’s market value adjusted for capital additions and withdrawals which is an effective 5.9% draw on the true (permanently restricted) endowment.

Endowment net asset composition by type of fund as of April 30, 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 12,356,872	\$ 12,356,872
Board designated endowment funds	379,031	-	379,031
Unrestricted invested funds	1,920,808	-	1,920,808
<i>Total</i>	<u>\$ 2,299,839</u>	<u>\$ 12,356,872</u>	<u>\$ 14,656,711</u>

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Changes in endowment net assets as of April 30, 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 1,357,388	\$ 10,185,311	\$ 11,542,699
Contributions	-	61,010	61,010
Investment return, net	963,451	2,738,598	3,702,049
Appropriation of endowment assets for expenditure	(21,000)	(628,047)	(649,047)
Endowment net assets, end of year	2,299,839	12,356,872	14,656,711
Other investments:			
Invested restricted funds	-	2,197,243	2,197,243
Charitable gift annuities	472,724	-	472,724
<i>Total investments</i>	<u>\$ 2,772,563</u>	<u>\$ 14,554,115</u>	<u>\$ 17,326,678</u>

Endowment net asset composition by type of fund as of April 30, 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 10,185,311	\$ 10,185,311
Board designated endowment funds	315,264	-	315,264
Unrestricted invested funds	1,042,124	-	1,042,124
<i>Total</i>	<u>\$ 1,357,388</u>	<u>\$ 10,185,311</u>	<u>\$ 11,542,699</u>

Changes in endowment net assets as of April 30, 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 2,253,748	\$ 11,408,867	\$ 13,662,615
Investment return, net	(215,667)	(652,022)	(867,689)
Appropriation of endowment assets for expenditure	(680,693)	(571,534)	(1,252,227)
Endowment net assets, end of year	1,357,388	10,185,311	11,542,699
Other investments:			
Invested restricted funds	-	2,225,853	2,225,853
Charitable gift annuities	412,734	-	412,734
<i>Total investments</i>	<u>\$ 1,770,122</u>	<u>\$ 12,411,164</u>	<u>\$ 14,181,286</u>

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Note 12. Net Assets with Donor Restrictions

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

April 30,	2021	2020
Subject to expenditure for specified purpose or period:		
Land protection	\$ 5,369,488	\$ 3,259,796
Reservation stewardship	1,477,456	2,266,702
Education	127,368	111,405
Policy	37,536	38,338
Administration	1,600	1,600
Communications outreach	9,061	10,144
Easement stewardship	4,079	1,575
<i>Total subject to expenditure for specified purpose or period</i>	7,026,588	5,689,560
Endowments subject to the Forest Society's spending policy and appropriation:		
Investments in perpetuity (original amounts of \$9,613,537 in 2021 and \$9,514,374 in 2020), which one appropriated, is expendable to support activities of the Forest Society	12,356,872	10,185,311
Not subject to appropriation or expenditure:		
Permanent land holdings	64,561,400	62,919,530
<i>Total net assets with donor restrictions</i>	\$ 83,944,860	\$ 78,794,401

Note 13. Net Assets without Donor Restrictions

The Forest Society's net assets without donor restrictions is comprised of the following:

April 30,	2021	2020
Undesignated	\$ 3,916,533	\$ 3,995,406
Undesignated - invested in land, property and equipment	3,993,367	3,654,149
Board designated for endowment	379,031	315,264
Unrestricted invested funds	1,920,808	1,042,124
<i>Total net assets without donor restrictions</i>	\$ 10,209,739	\$ 9,006,943

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Note 14. Liquidity and Availability of Resources

The following reflects the Forest Society's financial assets as of the balance sheet date, reduced by amounts no available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Amounts not available include amounts set aside for long-term investing in the board designated funds and unrestricted invested funds that could be drawn upon if the governing board approves that action. However, amounts already appropriated from the donor-restricted endowment, board designated funds and unrestricted invested funds for general expenditure within one year of the balance sheet date have not been subtracted as unavailable.

April 30,	2021	2020
Cash	\$ 8,305,193	\$ 7,328,901
Investments	17,326,678	14,181,286
Contributions receivable	957,564	379,015
Grants receivable	-	25,300
Accounts receivable	4,643	63,142
<i>Financial assets, at year-end</i>	<u>26,594,078</u>	<u>21,977,644</u>
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donors with purpose restrictions	(5,233,824)	(3,565,129)
Restricted by donors in perpetuity	(11,823,793)	(9,664,185)
Investments held in annuity trust	(472,724)	(412,734)
Board designations	(565,578)	(1,534,195)
Unrestricted invested funds	<u>(2,845,916)</u>	<u>(767,124)</u>
<i>Financial assets available to meet cash needs for general expenditures within one year</i>	<u>\$ 5,652,243</u>	<u>\$ 6,034,277</u>

The Forest Society is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Forest Society must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year.

As part of the Forest Society's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Forest Society has board designated funds of \$379,031 and unrestricted investments of \$1,920,808. Although the Forest Society does not intend to spend from these funds other than amounts appropriated for general expenditure as part of its annual budget approval and appropriate process, amounts from these funds could be made available if necessary.

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Note 15. Retirement Plans

Effective January 1, 1988, the Forest Society established a 403(b) tax sheltered annuity plan covering all qualified employees. Presently, the Forest Society matches the first 4% of a participating employee's base salary. Additional voluntary contributions may be made by the employees. The percentage of the Forest Society's match is determined by the Board of Trustees and has remained unchanged since 1997. For the years ended April 30, 2021 and 2020, the Forest Society's contribution to the plan totaled \$72,954 and \$69,496, respectively.

The Forest Society had an unqualified deferred compensation agreement with a former employee of the Forest Society. The Forest Society owned the assets under this arrangement and cashed out those assets with board approval. The assets are invested in a board restricted fund which is included in the statement of financial position under investments. The contractual liability of the obligation ended in 2018. The Forest Society, at their option, are making the annual distribution of \$21,000.

Note 16. Unusual/Infrequent Item – Fire at the Rocks

For the year ended April 30, 2019, the Forest Society sustained a fire at the Rocks that resulted in substantial damage. The Forest Society lost program buildings, contents in the buildings, and much of the equipment for the Christmas tree farm.

These assets were originally recorded at the value of the property and equipment acquired approximately 40 years ago, and accordingly, have been depreciated over their economic life resulting in an adjusted cost basis of approximately \$142,700 at the time of the fire. The Forest Society had insurance coverage for the buildings and equipment and received \$144,500 in an initial advance related to the fire at the Rocks. The insurance proceeds paid in fiscal year 2019 exceeded the adjusted cost basis, which resulted in a gain of \$1,757 which is included in total revenue and support.

For the year ended April 30, 2020, the Forest Society received insurance proceeds which totaled \$1,855,818. There are additional insurance proceeds totaling \$593,288 representing depreciation holdback for both the building and building contents expected to be received in the future. The depreciation holdback will be paid when construction is complete.

Note 17. COVID-19

The COVID-19 pandemic has impacted and could further impact the Forest Society's operations and the operations of the Forest Society's donors and vendors. The extent of the impact of COVID-19 on the Forest Society's operational and financial performance will depend on future developments, including the duration and spread of the outbreak and the impact on the Forest Society's donors, employees, and vendors, all of which are uncertain and cannot be predicted.

In April 2020, the Forest Society received \$545,600 in funds from the federal Paycheck Protection Program (PPP). The PPP is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll. SBA will forgive loans if all employees are kept on the payroll for the specified period and the

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money is used for payroll, rent, mortgage interest, or utilities. Any amounts not forgiven at the end of the program period convert into a loan with 1% interest, payable over 5 years. The AICPA released guidance on recording options and the Forest Society has decided to record these funds under the government grant model (FASB ASC 958-605). The cash received under the PPP is recorded as a liability until the conditions are substantially met. When the Forest Society has substantially met the conditions of the program and qualifying expenses are incurred, the cancellation of the liability is recorded as revenue. As of April 30, 2021, the Forest Society had met conditions and incurred expenses in the amount of the loan and the \$545,600 was recorded as income.

In January 2021, the Forest Society received an additional \$537,330 in funds from the federal Paycheck Protection Program round 2 (PPP2). Any amounts not forgiven at the end of the program period convert into a loan with 1% interest, payable over 2 years. The cash received under the PPP2 is recorded as a liability until the conditions are substantially met. When the Forest Society has substantially met the conditions of the program and qualifying expenses are incurred, the cancellation of the liability is recorded as revenue. As of April 30, 2021, the Forest Society had not yet met conditions on the \$537,330 which is recorded as a liability on the statements of financial position. The Forest Society expects to meet all conditions for forgiveness early in fiscal year 2022.

Note 18. Reclassification

Certain reclassifications have been made to prior year amounts to conform to the current year presentation. Such reclassifications have had no effect on changes in net assets as previously reported.

Note 19. Subsequent Events

In July 2021, the Forest Society was notified that a bequest it received from a trust in 2020 is being contested. If the courts determine the money that was bequeathed needs to be returned to the trust, the Forest Society would do so. None of the funds in question have been expended and are included as part of net assets with donor restrictions.

The Forest Society has evaluated subsequent events through August 4, 2021, the date which the financial statements were available to be issued, and have not evaluated subsequent events after that date. There were no other subsequent events identified that would require disclosure in the financial statements for the year ended April 30, 2021.