

SOCIETY FOR THE PROTECTION OF
NEW HAMPSHIRE FORESTS

FINANCIAL REPORT

APRIL 30, 2023

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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

Opinion

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, 2023 and 2022, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society for the Protection of New Hampshire Forests as of April 30, 2023 and 2022, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Society for the Protection of New Hampshire Forests' ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Nathan Wechsler & Company

Concord, New Hampshire
August 21, 2023

SOCIETY FOR THE PROTECTION OF NEW HAMPSHIRE FORESTS

STATEMENTS OF FINANCIAL POSITION

April 30, 2023 and 2022

		<i>ASSETS</i>	
		2023	2022
CURRENT ASSETS			
Cash and cash equivalents	\$	2,028,973	\$ 9,744,283
US Treasury bills		6,850,101	-
Current portion of contributions receivable		2,587,142	933,600
Other receivables		67,066	27,832
Inventories		7,256	7,147
Prepaid expenses		101,987	72,945
<i>Total current assets</i>		11,642,525	10,785,807
PROPERTY AND EQUIPMENT, NET		6,700,309	3,775,174
INVESTMENTS AND OTHER ASSETS			
Investments		15,596,680	15,833,898
Contributions receivable, long-term, net		161,107	52,058
Inventories, long-term		48,606	49,626
		15,806,393	15,935,582
LAND		67,265,044	65,972,490
<i>Total assets</i>	\$	101,414,271	\$ 96,469,053
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Current portion of notes payable	\$	11,250	\$ 11,250
Line of credit		710,554	-
Current portion of annuities payable		20,981	20,154
Accounts payable		372,035	101,023
Accrued liabilities		274,180	210,122
<i>Total current liabilities</i>		1,389,000	342,549
LONG-TERM LIABILITIES			
Notes payable, less current portion		67,500	78,750
Annuities payable, less current portion, net		89,261	86,236
		156,761	164,986
<i>Total liabilities</i>		1,545,761	507,535
COMMITMENTS (See Notes)			
NET ASSETS			
Without donor restrictions		6,354,942	7,163,842
Without donor restriction - invested in land, property and equipment		7,554,845	4,629,710
<i>Total net assets without donor restrictions (Note 13)</i>		13,909,787	11,793,552
With donor restrictions		19,548,215	19,050,012
With donor restriction - invested in land		66,410,508	65,117,954
<i>Total net assets with donor restrictions (Note 12)</i>		85,958,723	84,167,966
<i>Total net assets</i>		99,868,510	95,961,518
<i>Total liabilities and net assets</i>	\$	101,414,271	\$ 96,469,053

SOCIETY FOR THE PROTECTION OF NEW HAMPSHIRE FORESTS

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Years Ended April 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Totals
Revenue and support						
Annual fund	\$ 680,672	\$ -	\$ 680,672	\$ 688,090	\$ -	\$ 688,090
Contributions	4,604	2,257,942	2,262,546	149,876	2,167,279	2,317,155
Bequests	1,366,132	-	1,366,132	1,457,808	-	1,457,808
Endowment gifts	-	136,400	136,400	-	127,172	127,172
Grants	105,775	1,692,625	1,798,400	105,750	1,303,601	1,409,351
Contributions of land	-	959,000	959,000	141,700	246,000	387,700
Dues	460,009	-	460,009	522,766	-	522,766
Rental	392,210	-	392,210	359,709	-	359,709
Forest operations	470,235	-	470,235	342,091	-	342,091
Reimbursement for services	79,444	-	79,444	47,618	-	47,618
Sale of materials	309,788	-	309,788	307,969	-	307,969
Donated conservation easements, goods and services	1,105,000	-	1,105,000	190,000	-	190,000
Miscellaneous income	6,117	-	6,117	3,120	-	3,120
<i>Total revenue and support</i>	<u>4,979,986</u>	<u>5,045,967</u>	<u>10,025,953</u>	<u>4,316,497</u>	<u>3,844,052</u>	<u>8,160,549</u>
Net assets released from restrictions for satisfaction of purpose restrictions	3,286,308	(3,286,308)	-	2,869,675	(2,869,675)	-
<i>Total revenue, support and net assets released from restriction</i>	<u>8,266,294</u>	<u>1,759,659</u>	<u>10,025,953</u>	<u>7,186,172</u>	<u>974,377</u>	<u>8,160,549</u>
Program expenses						
Land and easement stewardship	2,305,344	-	2,305,344	2,052,462	-	2,052,462
Land protection	1,797,747	-	1,797,747	1,772,867	-	1,772,867
Education and outreach	425,651	-	425,651	359,365	-	359,365
Membership	308,968	-	308,968	282,135	-	282,135
Policy	92,873	-	92,873	94,345	-	94,345
	<u>4,930,583</u>	<u>-</u>	<u>4,930,583</u>	<u>4,561,174</u>	<u>-</u>	<u>4,561,174</u>
Supporting services and general expenses						
Fundraising	467,334	-	467,334	482,500	-	482,500
Finance and administration	884,230	-	884,230	816,060	-	816,060
	<u>1,351,564</u>	<u>-</u>	<u>1,351,564</u>	<u>1,298,560</u>	<u>-</u>	<u>1,298,560</u>
<i>Total functional expenses</i>	<u>6,282,147</u>	<u>-</u>	<u>6,282,147</u>	<u>5,859,734</u>	<u>-</u>	<u>5,859,734</u>
<i>Increase in net assets from operations</i>	<u>1,984,147</u>	<u>1,759,659</u>	<u>3,743,806</u>	<u>1,326,438</u>	<u>974,377</u>	<u>2,300,815</u>
Nonoperating gains (losses) and other changes						
Investment income	234,710	274,618	509,328	112,822	225,221	338,043
Realized and unrealized losses on investments, net of fees	(102,622)	(243,520)	(346,142)	(392,735)	(976,492)	(1,369,227)
Loss on sale of land	-	-	-	(1,700)	-	(1,700)
Gain on debt extinguishment related to Paycheck Protection Program (Note 17)	-	-	-	537,330	-	537,330
Gain on insurance proceeds for property damage	-	-	-	1,658	-	1,658
<i>Total nonoperating gains (losses) and other changes</i>	<u>132,088</u>	<u>31,098</u>	<u>163,186</u>	<u>257,375</u>	<u>(751,271)</u>	<u>(493,896)</u>
<i>Increase in net assets</i>	<u>2,116,235</u>	<u>1,790,757</u>	<u>3,906,992</u>	<u>1,583,813</u>	<u>223,106</u>	<u>1,806,919</u>
Net assets, beginning of year	11,793,552	84,167,966	95,961,518	10,209,739	83,944,860	94,154,599
Net assets, end of year	<u>\$ 13,909,787</u>	<u>\$ 85,958,723</u>	<u>\$ 99,868,510</u>	<u>\$ 11,793,552</u>	<u>\$ 84,167,966</u>	<u>\$ 95,961,518</u>

SOCIETY FOR THE PROTECTION OF NEW HAMPSHIRE FORESTS

STATEMENTS OF CASH FLOWS

Years Ended April 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 3,906,992	\$ 1,806,919
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	213,033	190,323
Realized and unrealized losses on investments	346,142	1,369,227
Reinvested income	(390,345)	(315,802)
Gain on debt extinguishment related to Paycheck Protection Program	-	(537,330)
Contributions of land received	(959,000)	(387,700)
Loss on sale of land	-	1,700
Gain on insurance proceeds for property damage	-	(1,658)
Gifts restricted for endowment and capital cost of land acquisitions	(250,300)	(127,172)
Increase (decrease) in value of charitable gift annuities	3,852	(94,031)
Increase in contributions receivable	(1,762,591)	(28,094)
Increase in other receivables	(39,234)	(23,627)
Increase in prepaid expenses	(29,042)	(5,485)
Decrease in inventories	911	18,422
Increase (decrease) in accounts payable	271,012	(9,104)
Increase in accrued liabilities	64,058	22,788
<i>Net cash provided by operating activities</i>	1,375,488	1,879,376
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	1,053,712	757,340
Purchases of investments	(772,291)	(317,985)
Purchases of US Treasury bills	(6,850,101)	-
Proceeds from sale of property and equipment	-	100
Proceeds from sale of land	-	140,000
Insurance proceeds from fire related to property loss	-	1,658
Cash paid for land	(333,554)	(310,554)
Cash paid for property and equipment	(3,138,168)	(826,767)
<i>Net cash used in investing activities</i>	(10,040,402)	(556,208)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net advance on line of credit	710,554	-
Repayments on notes payable	(11,250)	(11,250)
Gifts restricted for endowment and capital cost of land acquisitions	250,300	127,172
<i>Net cash provided by financing activities</i>	949,604	115,922
<i>Net increase (decrease) in cash and cash equivalents</i>	(7,715,310)	1,439,090
Cash and cash equivalents, beginning of year	9,744,283	8,305,193
<i>Cash and cash equivalents, end of year</i>	\$ 2,028,973	\$ 9,744,283

SOCIETY FOR THE PROTECTION OF NEW HAMPSHIRE FORESTS

STATEMENTS OF CASH FLOWS (CONTINUED)

Years Ended April 30, 2023 and 2022

		2023	2022
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Cash payments for interest	\$	1,804 \$	17
Cash payments for taxes	\$	176 \$	460

SOCIETY FOR THE PROTECTION OF NEW HAMPSHIRE FORESTS

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended April 30, 2023

	Land and Easement Stewardship	Land Protection	Education and Outreach	Membership	Policy	Fundraising	Finance and Administration	Total
Salaries and wages	\$ 983,522	\$ 214,581	\$ 238,268	\$ 175,358	\$ 69,602	\$ 301,011	\$ 447,913	\$ 2,430,255
Employee benefits	262,551	60,990	63,668	49,814	19,882	86,204	149,319	692,428
<i>Total salaries and related expenses</i>	1,246,073	275,571	301,936	225,172	89,484	387,215	597,232	3,122,683
Donated conservation easements	-	1,105,000	-	-	-	-	-	1,105,000
Professional services	313,576	244,079	39,965	20,905	1,401	300	173,069	793,295
Building and grounds	351,450	1,411	4,734	1,803	844	2,581	15,084	377,907
Supplies and postage	44,852	1,455	13,798	15,098	31	49,607	28,153	152,994
Land transaction assistance and grants	-	148,773	-	-	-	-	-	148,773
Cost of sales	74,677	-	-	2,785	-	-	138	77,600
Travel expenses, conferences and dues	55,173	4,886	5,041	56	735	683	9,697	76,271
Advertising and printing	5,061	1,169	43,350	10,299	-	7,463	180	67,522
Program and event expenses	13,268	5,815	3,897	8,980	280	629	19,628	52,497
Subscriptions and documents	3,440	8,740	12,775	1,132	30	320	2,449	28,886
Bank and credit card fees	3,350	-	-	-	-	17,686	5,409	26,445
Bad debt/pledge write off	-	-	-	22,738	-	-	-	22,738
Change in present value of annuities	-	-	-	-	-	-	12,406	12,406
Miscellaneous expense	495	702	101	-	-	850	145	2,293
Interest	1,804	-	-	-	-	-	-	1,804
<i>Total expenses before depreciation</i>	2,113,219	1,797,601	425,597	308,968	92,805	467,334	863,590	6,069,114
Depreciation	192,125	146	54	-	68	-	20,640	213,033
<i>Total expenses</i>	\$ 2,305,344	\$ 1,797,747	\$ 425,651	\$ 308,968	\$ 92,873	\$ 467,334	\$ 884,230	\$ 6,282,147

SOCIETY FOR THE PROTECTION OF NEW HAMPSHIRE FORESTS

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended April 30, 2022

	Land and Easement Stewardship	Land Protection	Education and Outreach	Membership	Policy	Fundraising	Finance and Administration	Total
Salaries and wages	\$ 938,104	\$ 167,290	\$ 203,907	\$ 146,296	\$ 70,073	\$ 335,380	\$ 455,396	\$ 2,316,446
Employee benefits	231,359	44,449	53,830	41,888	18,778	86,311	144,388	621,003
<i>Total salaries and related expenses</i>	1,169,463	211,739	257,737	188,184	88,851	421,691	599,784	2,937,449
Conservation easements	-	1,035,600	-	-	-	-	-	1,035,600
Professional services	211,709	180,941	48,911	19,898	1,688	5,336	185,155	653,638
Building and grounds	297,391	1,757	5,330	1,710	1,175	3,372	19,515	330,250
Donated conservation easements	-	190,000	-	-	-	-	-	190,000
Land transaction assistance and grants	-	130,272	-	-	-	-	-	130,272
Supplies and postage	51,029	507	10,750	21,243	65	25,225	42,305	151,124
Cost of sales	80,569	-	-	1,876	-	-	472	82,917
Advertising and printing	4,124	654	24,149	36,418	-	10,011	1,343	76,699
Travel expenses, conferences and dues	54,560	3,689	5,621	58	888	655	4,742	70,213
Program and event expenses	7,972	6,648	2,200	12,652	250	83	15,136	44,941
Bank and credit card fees	4,582	100	-	-	-	15,379	1,599	21,660
Subscriptions and documents	3,545	9,016	3,804	-	589	607	2,558	20,119
Miscellaneous expense	50	193	128	-	26	-	2,732	3,129
Bad debt/pledge write off	-	-	-	96	-	-	-	96
Interest	-	-	-	-	-	-	17	17
Change in present value of annuities	-	-	-	-	-	-	(78,713)	(78,713)
<i>Total expenses before depreciation</i>	1,884,994	1,771,116	358,630	282,135	93,532	482,359	796,645	5,669,411
Depreciation	167,468	1,751	735	-	813	141	19,415	190,323
<i>Total expenses</i>	\$ 2,052,462	\$ 1,772,867	\$ 359,365	\$ 282,135	\$ 94,345	\$ 482,500	\$ 816,060	\$ 5,859,734

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, 2023 and 2022.

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,	2023	2022
Current:		
Gift shop	\$ 5,935	\$ 5,219
Christmas trees expected to be sold within one year	1,321	1,928
<i>Total current</i>	<u>7,256</u>	<u>7,147</u>
Long-term:		
Christmas trees not expected to be sold within one year	48,606	49,626
<i>Total inventory</i>	<u>\$ 55,862</u>	<u>\$ 56,773</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.

Leases: In fiscal year 2023, the Forest Society adopted ASU 2016-02, *Leases* (Topic 842), which provides guidance from both the lessor's and lessee's perspective. The main difference between previous GAAP and Topic 842 is the recognition of lease assets and lease liabilities for those leases classified as operating leases.

The Forest Society leases a copier from an unrelated third party on a short-term basis. At April 30, 2023 and 2022, the total lease payments including supplies and postage amounted to \$2,864 and \$2,977, respectively. As this lease is considered short-term, it has not been included in the right-of-use asset and liabilities on the Forest Society's statements of financial position.

SOCIETY FOR THE PROTECTION OF NEW HAMPSHIRE FORESTS

NOTES TO FINANCIAL STATEMENTS

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.
- 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,	2023	2022
Permanent land holdings	\$ 66,410,508	\$ 65,117,954
Land held for resale	854,536	854,536
<i>Total</i>	<u><u>\$ 67,265,044</u></u>	<u><u>\$ 65,972,490</u></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, 2023 and 2022.

SOCIETY FOR THE PROTECTION OF NEW HAMPSHIRE FORESTS

NOTES TO FINANCIAL STATEMENTS

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.

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.

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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 2020.

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.

Recent accounting pronouncements: On May 1, 2022, the Forest Society adopted ASU 2016-02 "Leases (Topic 842)" and adopting the leasing standard resulted in no impact to the statements of financial position at May 1, 2022.

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, 2023, the Forest Society's uninsured cash balances totaled approximately \$1,522,000. 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 \$1,522,000 at April 30, 2023.

In addition, at April 30, 2023, the Forest Society had a cash balance amounting to approximately \$73,000 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.

SOCIETY FOR THE PROTECTION OF NEW HAMPSHIRE FORESTS

NOTES TO FINANCIAL STATEMENTS

Note 4. Contributions Receivable

Contributions receivable consist of the following:

April 30,	2023	2022
Promise to give expected to be collected in:		
Less than one year	\$ 2,587,142	\$ 933,600
One to five years	162,620	25,000
Beyond five years	15,000	37,500
	<u>2,764,762</u>	<u>996,100</u>
Less discount to net present value	16,513	10,442
<i>Net contributions receivable</i>	<u><u>\$ 2,748,249</u></u>	<u><u>\$ 985,658</u></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 5% was applied to determine present value for the years ended April 30, 2023 and 2022. Contributions receivable are considered to be fully collectible and, accordingly, no allowance for doubtful accounts was considered necessary at April 30, 2023 and 2022.

During the year ended April 30, 2023 the Forest Society was awarded up to \$300,000 in Community Development Investment Program Funds by the Community Development Finance Authority (“CDFA”) for construction at the Rocks location. During the year ended April 30, 2023, the CDFa accepted \$300,000 in donations from the area businesses, resulting in net tax credit proceeds to the Forest Society of \$240,000 to benefit the project. During the year ended April 30, 2023, \$112,000 of the total \$240,000 was received. The remaining balance of \$128,000 has been included in contributions receivable at April 30, 2023.

Note 5. Investments

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

	2023		2022	
	Cost	Fair Value	Cost	Fair Value
Domestic equities	\$ 5,076,894	\$ 6,109,693	\$ 4,553,162	\$ 6,107,429
International equities	3,634,459	3,650,439	3,538,446	3,609,024
Fixed income securities	4,338,375	3,829,477	4,986,827	4,525,177
Specialty equity funds	1,548,085	1,570,781	1,567,369	1,581,619
Short term investments	436,290	436,290	10,649	10,649
<i>Total investments</i>	<u><u>\$ 15,034,103</u></u>	<u><u>\$ 15,596,680</u></u>	<u><u>\$ 14,656,453</u></u>	<u><u>\$ 15,833,898</u></u>

SOCIETY FOR THE PROTECTION OF NEW HAMPSHIRE FORESTS

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Investment return is summarized as follows:

April 30,	2023	2022
Interest on temporary cash balances	\$ 118,982	\$ 22,241
Interest and dividend income	390,346	315,802
Net realized and unrealized losses	(321,142)	(1,344,227)
<i>Investment return</i>	<u>\$ 188,186</u>	<u>\$ (1,006,184)</u>

Investment management fees amounted to \$25,000 for both years ended April 30, 2023 and 2022 and have been netted against realized and unrealized 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,	2023	2022
Building and land improvements	\$ 10,660,346	\$ 7,600,002
Equipment and software	749,217	679,410
Furniture and fixtures	110,055	102,055
Vehicles	142,298	142,298
<i>Total property and equipment</i>	<u>11,661,916</u>	<u>8,523,765</u>
Less accumulated depreciation	4,961,607	4,748,591
<i>Total property and equipment, net</i>	<u>\$ 6,700,309</u>	<u>\$ 3,775,174</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.

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- 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.

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, 2023:

	Level 1	Level 2	Level 3
Assets:			
Domestic equity funds	\$ 6,109,693	\$ -	-
Fixed income equity funds	3,829,477	-	-
International equity funds	3,650,439	-	-
Specialty equity funds	1,570,781	-	-
Cash and short term investments	436,290	-	-
Contributions receivable, net	-	-	2,748,249
<i>Total</i>	<u>\$ 15,596,680</u>	<u>\$ -</u>	<u>\$ 2,748,249</u>
Liabilities:			
Annuities payable	\$ -	\$ -	110,242

Financial assets and liabilities carried at fair value on a recurring basis consisted of the following at April 30, 2022:

	Level 1	Level 2	Level 3
Assets:			
Domestic equity funds	\$ 6,107,429	\$ -	-
Fixed income equity funds	4,525,177	-	-
International equity funds	3,609,024	-	-
Specialty equity funds	1,581,619	-	-
Cash and short term investments	10,649	-	-
Contributions receivable, net	-	-	985,658
<i>Total</i>	<u>\$ 15,833,898</u>	<u>\$ -</u>	<u>\$ 985,658</u>
Liabilities:			
Annuities payable	\$ -	\$ -	106,390

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Assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended April 30, 2023 and 2022:

	Annuities Payable, net	Contributions Receivable, net
Balance, April 30, 2022	\$ 106,390	\$ 985,658
Payments received	-	(694,211)
New contributions	11,156	2,485,373
Contribution receivable write-offs	-	(24,503)
Change to present value	12,406	(4,068)
Payments to beneficiaries	(19,710)	-
Balance, April 30, 2023	<u>\$ 110,242</u>	<u>\$ 2,748,249</u>

	Annuities Payable, net	Contributions Receivable, net
Balance, April 30, 2021	\$ 200,421	\$ 957,564
Payments received	-	(1,044,228)
New contributions	-	1,057,043
Contribution receivable write-offs	-	(2,003)
Change to present value	(78,713)	17,282
Payments to beneficiaries	(15,318)	-
Balance, April 30, 2022	<u>\$ 106,390</u>	<u>\$ 985,658</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, 2023. Bank advances on this line of credit bear interest equal to the Wall Street Journal Prime rate which was 8.0% at April 30, 2023. The line of credit is unsecured. There was no balance on the line of credit at April 30, 2023 and 2022.

SOCIETY FOR THE PROTECTION OF NEW HAMPSHIRE FORESTS

NOTES TO FINANCIAL STATEMENTS

On July 2022, the Forest Society entered into a non-revolving line of credit to fund the construction of the Rocks location with maximum borrowings up to \$3,000,000 during an eighteen-month period. At completion of the draw period, the line of credit will convert to a 20-year term loan. Interest on borrowing is at the fixed rate of 4.35% until February 15, 2029, then the interest rate will be based on the Five-Year Federal Home Loan Bank of Boston plus 1.85%. The outstanding balance of the non-revolving line of credit amounted to \$710,554 at April 30, 2023.

Note 9. Notes Payable

April 30,	2023	2022
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.	\$ 78,750	\$ 90,000
	<u>78,750</u>	<u>90,000</u>
Portion payable within one year	11,250	11,250
<i>Long-term debt, less current maturities</i>	<u>\$ 67,500</u>	<u>\$ 78,750</u>

Principal payments on long-term obligations are as follows:

<u>Year Ending April 30,</u>		
2024	\$	11,250
2025		11,250
2026		11,250
2027		11,250
2028		11,250
Thereafter		22,500
<i>Total</i>	<u>\$</u>	<u>78,750</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, 2023 and 2022.

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 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, 2023 and 2022.

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.

SOCIETY FOR THE PROTECTION OF NEW HAMPSHIRE FORESTS

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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, 2023 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 5.8% draw on the true (permanently restricted) endowment.

Endowment net asset composition by type of fund as of April 30, 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 10,920,162	\$ 10,920,162
Board designated endowment funds	489,332	-	489,332
Unrestricted invested funds	1,643,100	-	1,643,100
<i>Total</i>	<u>\$ 2,132,432</u>	<u>\$ 10,920,162</u>	<u>\$ 13,052,594</u>

Changes in endowment net assets as of April 30, 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 2,137,148	\$ 11,139,553	\$ 13,276,701
Contributions	-	436,912	436,912
Investment return, net	11,922	31,098	43,020
Appropriation of endowment assets for expenditure	(16,638)	(687,401)	(704,039)
Endowment net assets, end of year	<u>2,132,432</u>	<u>10,920,162</u>	<u>13,052,594</u>
Other investments:			
Invested restricted funds	-	2,138,783	2,138,783
Charitable gift annuities	405,303	-	405,303
<i>Total investments</i>	<u>\$ 2,537,735</u>	<u>\$ 13,058,945</u>	<u>\$ 15,596,680</u>

SOCIETY FOR THE PROTECTION OF NEW HAMPSHIRE FORESTS

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Endowment net asset composition by type of fund as of April 30, 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 11,139,553	\$ 11,139,553
Board designated endowment funds	487,970	-	487,970
Unrestricted invested funds	1,649,178	-	1,649,178
<i>Total</i>	<u>\$ 2,137,148</u>	<u>\$ 11,139,553</u>	<u>\$ 13,276,701</u>

Changes in endowment net assets as of April 30, 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 2,299,839	\$ 12,356,872	\$ 14,656,711
Contributions	150,000	164,235	314,235
Investment return, net	(273,414)	(751,270)	(1,024,684)
Appropriation of endowment assets for expenditure	(39,277)	(630,284)	(669,561)
Endowment net assets, end of year	<u>2,137,148</u>	<u>11,139,553</u>	<u>13,276,701</u>
Other investments:			
Invested restricted funds	-	2,133,367	2,133,367
Charitable gift annuities	423,830	-	423,830
<i>Total investments</i>	<u>\$ 2,560,978</u>	<u>\$ 13,272,920</u>	<u>\$ 15,833,898</u>

Note 12. Net Assets with Donor Restrictions

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

April 30,	2023	2022
Subject to expenditure for specified purpose or period:		
Land protection	\$ 6,001,093	\$ 4,671,848
Reservation stewardship	2,447,965	3,016,743
Education	108,380	118,519
Policy	37,309	37,309
Communications outreach	25,434	28,689
Easement stewardship	6,272	5,751
Administration	1,600	31,600
<i>Total subject to expenditure for specified purpose or period</i>	<u>8,628,053</u>	<u>7,910,459</u>

SOCIETY FOR THE PROTECTION OF NEW HAMPSHIRE FORESTS

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Endowments subject to the Forest Society's spending policy and appropriation:

Investments in perpetuity (original amounts of \$10,114,838 in 2023 and \$9,716,291 in 2022), which one appropriated, is expendable to support activities of the Forest Society

	10,920,162	11,139,553
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Not subject to appropriation or expenditure:

Permanent land holdings

	66,410,508	65,117,954
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Total net assets with donor restrictions

	\$ 85,958,723	\$ 84,167,966
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Note 13. Net Assets without Donor Restrictions

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

April 30,	2023	2022
Undesignated	\$ 4,222,510	\$ 5,026,694
Undesignated - invested in land, property and equipment	7,554,845	4,629,710
Board designated for endowment	489,332	487,970
Unrestricted invested funds	1,643,100	1,649,178
<i>Total net assets without donor restrictions</i>	\$ 13,909,787	\$ 11,793,552

Note 14. Liquidity and Availability of Resources

The following reflects the Forest Society's financial assets as of the statements of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statements of financial position 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 statements of financial position date have not been subtracted as unavailable.

April 30,	2023	2022
Cash	\$ 2,028,973	\$ 9,744,283
US Treasury bills	6,850,101	-
Investments	15,596,680	15,833,898
Contributions receivable	2,748,249	985,658
Accounts receivable	6,224	5,619
<i>Financial assets, at year-end</i>	27,230,227	26,569,458

SOCIETY FOR THE PROTECTION OF NEW HAMPSHIRE FORESTS

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Less those unavailable for general expenditures within one year, due to:

Contractual or donor-imposed restrictions:

Restricted by donors with purpose restrictions	(7,665,076)	(6,173,807)
Restricted by donors in perpetuity	(10,345,105)	(10,568,021)
Investments held in annuity trust	(405,303)	(423,830)
Board designations	(508,819)	(729,811)
Unrestricted invested funds	(1,558,053)	(1,516,488)

*Financial assets available to meet cash needs for
general expenditures within one year*

\$ 6,747,871 \$ 7,157,501

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 \$489,332 and unrestricted investments of \$1,643,100. 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.

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, 2023 and 2022, the Forest Society's contribution to the plan totaled \$76,240 and \$75,746, respectively.

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.

SOCIETY FOR THE PROTECTION OF NEW HAMPSHIRE FORESTS

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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. For the year ended April 30, 2023, there was construction in progress at the Rocks of \$3,540,000 included in building and land improvements in Note 6.

Note 17. Paycheck Protection Program

In January 2021, the Forest Society received \$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, 2022, the Forest Society had met conditions and incurred expenses in the amount of the loan and the \$537,330 was recorded as revenue in the statements of activities and changes in net assets.

Note 18. Subsequent Events

The Forest Society has evaluated subsequent events through August 21, 2023, the date which the financial statements were available to be issued and have not evaluated subsequent events after that date. There were no subsequent events identified that would require disclosure in the financial statements for the year ended April 30, 2023.