

# **National Forest Foundation**

Financial Report  
September 30, 2021

## Contents

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|                                  |      |
|----------------------------------|------|
| Independent auditor's report     | 1-2  |
| <hr/>                            |      |
| Financial statements             |      |
| Statement of financial position  | 3    |
| Statement of activities          | 4    |
| Statement of functional expenses | 5    |
| Statement of cash flows          | 6    |
| Notes to financial statements    | 7-18 |

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**Independent Auditor's Report**

RSM US LLP

Board of Directors  
National Forest Foundation

**Report on the Financial Statements**

We have audited the accompanying financial statements of National Forest Foundation (the Foundation), which comprise the statement of financial position as of September 30, 2021, the related statements of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 National Forest Foundation as of September 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited the Foundation's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 10, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 6, 2022, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

*RSM US LLP*

McLean, Virginia  
July 6, 2022

**National Forest Foundation**

**Statement of Financial Position  
September 30, 2021  
(With Comparative Totals for 2020)**

|   | 2021                 | 2020                 |
|---|----------------------|----------------------|
| <b>Assets</b>                                       |                      |                      |
| Cash and cash equivalents                           | \$ 18,141,416        | \$ 6,462,231         |
| Receivables, net                                    | 7,191,486            | 6,441,110            |
| Investments   | 20,444,211           | 19,839,097           |
| Deferred compensation plan assets                   | 141,576              | 141,576              |
| Prepaid expenses and other assets                   | 255,383              | 142,371              |
| Property, equipment and leasehold improvements, net | 358,344              | 809,186              |
|   | <u>\$ 46,532,416</u> | <u>\$ 33,835,571</u> |
| <b>Liabilities and Net Assets</b>                   |                      |                      |
| Liabilities:  |                      |                      |
| Accounts payable and accrued expenses               | \$ 4,618,897         | \$ 3,337,788         |
| Deferred revenue                                    | 6,630,929            | 4,923,361            |
| Lines of credit                                     | 2,033,671            | 899,432              |
| Refundable advance                                  | -                    | 562,300              |
| Deferred compensation plan liability                | 141,576              | 141,576              |
|   | <u>13,425,073</u>    | <u>9,864,457</u>     |
| Commitments and contingencies (Notes 8 and 9)       |                      |                      |
| Net assets:   |                      |                      |
| Without donor restrictions                          | 4,039,343            | 5,559,210            |
| With donor restrictions                             | 29,068,000           | 18,411,904           |
|   | <u>33,107,343</u>    | <u>23,971,114</u>    |
|   | <u>\$ 46,532,416</u> | <u>\$ 33,835,571</u> |

See notes to financial statements.

National Forest Foundation

Statement of Activities

Year Ended September 30, 2021

(With Comparative Totals for 2020)

|  | 2021                             |                               |                   | 2020<br>Total     |
|--|----------------------------------|-------------------------------|-------------------|-------------------|
|  | Without<br>Donor<br>Restrictions | With<br>Donor<br>Restrictions | Total             |                   |
| Support and revenue:                         |                                  |                               |                   |                   |
| Contributions:                               |                                  |                               |                   |                   |
| Foundations                                  | \$ 148,986                       | \$ 2,136,389                  | \$ 2,285,375      | \$ 4,003,501      |
| Corporations                                 | 1,492,732                        | 8,676,924                     | 10,169,656        | 7,133,923         |
| Individuals                                  | 1,756,131                        | 2,311,694                     | 4,067,825         | 2,444,811         |
| In-kind                                      | 221,775                          | -                             | 221,775           | 209,982           |
| Contract and reimbursable grant revenue      | 10,860,117                       | -                             | 10,860,117        | 7,244,686         |
| U.S. Government grants                       | 3,058,641                        | -                             | 3,058,641         | 3,023,095         |
| State and local grants                       | -                                | 2,873,368                     | 2,873,368         | 596,650           |
| Special events                               | 314,897                          | -                             | 314,897           | 3,000             |
| Other income                                 | 57,734                           | -                             | 57,734            | 17,173            |
| Investment income, net of expenses           | 261,657                          | 743,226                       | 1,004,883         | 692,669           |
| Net assets released from restrictions        | 6,085,505                        | (6,085,505)                   | -                 | -                 |
| <b>Total support and revenue</b>             | <b>24,258,175</b>                | <b>10,656,096</b>             | <b>34,914,271</b> | <b>25,369,490</b> |
| Expenses:                                    |                                  |                               |                   |                   |
| Program services:                            |                                  |                               |                   |                   |
| Conservation                                 | 20,771,107                       | -                             | 20,771,107        | 15,876,091        |
| Grants and awards                            | 2,224,999                        | -                             | 2,224,999         | 2,312,142         |
| <b>Total program services</b>                | <b>22,996,106</b>                | <b>-</b>                      | <b>22,996,106</b> | <b>18,188,233</b> |
| Supporting services:                         |                                  |                               |                   |                   |
| General and administrative                   | 1,237,282                        | -                             | 1,237,282         | 937,100           |
| Marketing, development and<br>communications | 1,544,654                        | -                             | 1,544,654         | 1,662,970         |
| <b>Total supporting services</b>             | <b>2,781,936</b>                 | <b>-</b>                      | <b>2,781,936</b>  | <b>2,600,070</b>  |
| <b>Total expenses</b>                        | <b>25,778,042</b>                | <b>-</b>                      | <b>25,778,042</b> | <b>20,788,303</b> |
| <b>Change in net assets</b>                  | <b>(1,519,867)</b>               | <b>10,656,096</b>             | <b>9,136,229</b>  | <b>4,581,187</b>  |
| Net assets:                                  |                                  |                               |                   |                   |
| Beginning                                    | 5,559,210                        | 18,411,904                    | 23,971,114        | 19,389,927        |
| Ending                                       | \$ 4,039,343                     | \$ 29,068,000                 | \$ 33,107,343     | \$ 23,971,114     |

See notes to financial statements.

**National Forest Foundation**

**Statement of Functional Expenses  
Year Ended September 30, 2021  
(With Comparative Totals for 2020)**

|   | 2021                 |                     |                        |                            |                                |                           |                      |                      | 2020<br>Total |
|---|----------------------|---------------------|------------------------|----------------------------|--------------------------------|---------------------------|----------------------|----------------------|---------------|
|   | Program Services     |                     |                        | Supporting Services        |                                |                           |                      |                      |               |
|   | Conservation         | Grants and Awards   | Total Program Services | General and Administrative | Development and Communications | Total Supporting Services | Total                |                      |               |
| Salaries                                    | \$ 2,281,257         | \$ 5,904            | \$ 2,287,161           | \$ 475,597                 | \$ 691,927                     | \$ 1,167,524              | \$ 3,454,685         | \$ 3,135,390         |               |
| Fringe benefits                             | 513,465              | 1,315               | 514,780                | 139,322                    | 155,129                        | 294,451                   | 809,231              | 665,827              |               |
| Contract and professional fees              | 2,555,021            | -                   | 2,555,021              | 212,363                    | 252,697                        | 465,060                   | 3,020,081            | 2,299,913            |               |
| Supplies                                    | 199,372              | -                   | 199,372                | 4,880                      | 51,497                         | 56,377                    | 255,749              | 137,320              |               |
| Office expenses                             | 71,667               | 37                  | 71,704                 | 11,205                     | 145,279                        | 156,484                   | 228,188              | 222,504              |               |
| Rent and occupancy costs                    | 38,561               | 89                  | 38,650                 | 6,673                      | 28,819                         | 35,492                    | 74,142               | 86,545               |               |
| Equipment, equipment rental and maintenance | 3,903                | -                   | 3,903                  | 6,563                      | 815                            | 7,378                     | 11,281               | 25,189               |               |
| Information technology                      | 68,876               | 117                 | 68,993                 | 12,784                     | 65,150                         | 77,934                    | 146,927              | 130,672              |               |
| Depreciation                                | 166,014              | 233                 | 166,247                | 12,623                     | 19,770                         | 32,393                    | 198,640              | 415,082              |               |
| Travel                                      | 62,551               | -                   | 62,551                 | 1,347                      | 12,867                         | 14,214                    | 76,765               | 117,142              |               |
| Conferences and meetings                    | 14,111               | -                   | 14,111                 | 120                        | 14,671                         | 14,791                    | 28,902               | 69,194               |               |
| Insurance                                   | 12,265               | -                   | 12,265                 | 27,949                     | -                              | 27,949                    | 40,214               | 26,712               |               |
| Dues and staff development                  | 8,545                | -                   | 8,545                  | 1,998                      | 4,188                          | 6,186                     | 14,731               | 23,423               |               |
| Advertising                                 | 11,388               | -                   | 11,388                 | 4,195                      | 35,743                         | 39,938                    | 51,326               | 38,398               |               |
| Miscellaneous                               | 125,670              | -                   | 125,670                | 313,531                    | 672                            | 314,203                   | 439,873              | 266,620              |               |
| Grants and sub awards                       | 14,492,002           | 2,217,304           | 16,709,306             | -                          | 59,327                         | 59,327                    | 16,768,633           | 12,933,185           |               |
| In-kind goods and services                  | 146,439              | -                   | 146,439                | 6,132                      | 6,103                          | 12,235                    | 158,674              | 195,187              |               |
|   | <b>\$ 20,771,107</b> | <b>\$ 2,224,999</b> | <b>\$ 22,996,106</b>   | <b>\$ 1,237,282</b>        | <b>\$ 1,544,654</b>            | <b>\$ 2,781,936</b>       | <b>\$ 25,778,042</b> | <b>\$ 20,788,303</b> |               |

See notes to financial statements.

**National Forest Foundation**

**Statement of Cash Flows**  
**Year Ended September 30, 2021**  
**(With Comparative Totals for 2020)**

|   | 2021                 | 2020                |
|---|----------------------|---------------------|
| Cash flows from operating activities:   |                      |                     |
| Change in net assets  | \$ 9,136,229         | \$ 4,581,187        |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |                      |                     |
| Depreciation  | 198,640              | 415,082             |
| Realized and unrealized gain on investments, net  | (905,882)            | (562,541)           |
| (Decrease) increase in discount on receivables  | (19,673)             | 19,673              |
| Bad debt expense  | (269,339)            | 192,105             |
| (Gain) loss on disposal of property and equipment   | (22,500)             | 1,251               |
| Contributions restricted for endowment in perpetuity  | (1,000,000)          | (6,000)             |
| Changes in assets and liabilities:  |                      |                     |
| (Increase) decrease in:   |                      |                     |
| Receivables   | (461,364)            | (1,886,345)         |
| Prepaid expenses and other assets   | (113,012)            | (94,910)            |
| Increase (decrease) in:   |                      |                     |
| Accounts payable and accrued expenses   | 1,281,109            | 345,583             |
| Deferred revenue  | 1,707,568            | 1,287,864           |
| Refundable advance  | (562,300)            | 562,300             |
| <b>Net cash provided by operating activities</b>  | <b>8,969,476</b>     | <b>4,855,249</b>    |
| Cash flows from investing activities:   |                      |                     |
| Purchases of investments  | (129,781)            | (15,348,723)        |
| Proceeds from sales of investments  | 430,549              | 8,038,298           |
| Sale of property and equipment  | 469,999              | 90,000              |
| Purchases of property and equipment   | (195,297)            | (59,367)            |
| <b>Net cash provided by (used in) investing activities</b>                                  | <b>575,470</b>       | <b>(7,279,792)</b>  |
| Cash flows from financing activities:   |                      |                     |
| Contributions restricted for endowment perpetuity   | 1,000,000            | 6,000               |
| Draws on lines of credit  | 1,134,239            | 349,432             |
| <b>Net cash provided by financing activities</b>  | <b>2,134,239</b>     | <b>355,432</b>      |
| <b>Net increase (decrease) in cash and cash equivalents</b>                                 | <b>11,679,185</b>    | <b>(2,069,111)</b>  |
| Cash and cash equivalents:  |                      |                     |
| Beginning   | 6,462,231            | 8,531,342           |
| Ending  | <b>\$ 18,141,416</b> | <b>\$ 6,462,231</b> |

See notes to financial statements.



## National Forest Foundation

### Notes to Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies

**Nature of activities:** National Forest Foundation (the Foundation) was established by Congress on November 16, 1990, pursuant to the National Forest Foundation Act, as a nonprofit, charitable organization. The purpose of the Foundation is to collect gifts to be used to support the Forest Service of the U.S. Department of Agriculture (USDA) and to conduct educational and technical programs that promote a higher quality of life and further purposes of the national forests.

A summary of the Foundation's significant accounting policies follows:

**Basis of accounting:** The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby unconditional support is recognized when received, revenue is recognized when earned and expenses are recognized when incurred.

**Basis of presentation:** The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (the Codification). As required by the Not-for-Profit Entities Topics of the Codification, Balance Sheet and Income Statement, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

**Cash and cash equivalents:** For purposes of the statement of cash flows, the Foundation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash and certificates of deposit that mature within three months held in the investment portfolios are excluded from cash and cash equivalents and reported in investments.

**Financial risk:** The Foundation maintains its cash in bank deposit accounts which, at times, may exceed federally-insured limits. The Foundation has not experienced any losses in such accounts. The Foundation believes it is not exposed to any significant financial risk on cash.

The Foundation invests in professionally managed portfolios that contain various securities that are exposed to risks, such as market, interest and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near-term could materially affect investment balances and the amounts reported in the financial statements.

**Receivables:** Receivables stem from unconditional contributions and grants received by the Foundation, federal contracts and reimbursable grants. Unconditional contributions and grants to be received after one year are discounted, based on estimated future cash flows, at a discount rate commensurate with the risks involved. Amortization of the discounts is included in support and revenue. At September 30, 2021, the present value discount was \$11,184. An allowance for uncollectible receivables is provided based upon management's judgment, including such factors as prior collection history, type of contribution and nature of the fund-raising activity. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. At September 30, 2021, the allowance for doubtful accounts was \$559,713.

Conditional contributions and similar grants are not recognized as support until such times as the conditions are substantially met. The Foundation is the recipient of \$6,216,358 of conditional promises to give at September 30, 2021. The Foundation will earn and receive the conditional funds contingent upon the Foundation meeting certain milestones documented in the agreements.

## National Forest Foundation

### Notes to Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies (Continued)

**Investments:** Investments in money market funds, certificates of deposit, equities, mutual and exchange traded funds and the hedge fund are carried at fair value. Cash held within the investment portfolio is reported at cost. To adjust the carrying value, unrealized and realized gains and losses are included in the accompanying statement of activities. The hedge fund is reported at estimated fair value based on a percentage of ownership practical expedient provided by the investment manager. The Foundation believes the carrying amount of this financial instrument is a reasonable estimate of fair value. Because the hedge fund is not readily marketable, its estimated value is subject to additional uncertainty and, therefore, value realized upon disposition may vary significantly from the currently reported value.

**Property, equipment and leasehold improvements:** Property and equipment purchases and donations are capitalized and depreciated on a straight-line basis over their estimated lives, generally three to five years. Leasehold improvements are depreciated over the lesser of the life of the asset or lease. The Foundation capitalizes all equipment and improvements with a cost of \$2,500 or more.

**Support and revenue:** Unconditional contributions and unconditional state and local grants received are recorded as support with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions. Conditional contributions and grants are recognized when all conditions are realized or as qualifying expenses are incurred. Contributions and grants received with de minimis conditions are recorded as support when received.

The Foundation receives grants from federal agencies for various purposes. Federal grant awards revenue and receivable are recognized as expenses have been incurred for the purposes specified by an approved grant. The Foundation defers federal grant payments under approved awards to the extent that the payments received exceed expenses incurred for the purposes specified under the grant restrictions. Contract revenue is comprised of total contracted labor and other direct costs (ODCs). Labor revenue is recognized in accordance with total units worked for each employee multiplied by that employee's contracted hourly or daily rate. ODC revenue is recognized as qualifying expenses are incurred.

Special event revenue consists of contributions, silent auction proceeds, sponsorships and registrations. Revenue is recognized at the time of the event.

**Donated services and assets:** Contributions of services are recognized in the financial statements as in-kind contributions if the services enhance or create nonfinancial assets or require specialized skills, are provided by individuals possessing those skills and would typically be purchased if not provided by donation. These services are recorded at their estimated fair values at the date of donation and are recognized in the financial statements as in-kind contributions. Donated assets are recorded at their estimated fair values at the date of donation and are recognized in the financial statements as contributions and presented on the accompanying statement of activities based on the resource provider.

**Expense allocation:** Program and supporting services have been presented on a functional basis in the accompanying statement of activities and functional expenses. Certain costs, such as depreciation, rent and occupancy costs, and information technology have been allocated among programs, general and administrative, marketing, development and communications based on salary by department.

## National Forest Foundation

### Notes to Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies (Continued)

**Income taxes:** The Foundation is generally exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. In addition, the Foundation qualifies for charitable contribution deductions and has been classified as an organization that is not a private foundation. Income, which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. The Foundation did not have any net unrelated business income for the year ended September 30, 2021.

Management evaluated the Foundation's tax positions and concluded that the Foundation has taken no uncertain tax positions that require adjustment to the financial statements.

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

**Prior year information:** The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended September 30, 2020, from which the summarized information was derived.

**Pending accounting pronouncements:** In February 2016, the FASB issued Accounting Standards Update 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for fiscal years beginning after December 15, 2021.

**Subsequent events:** The Foundation evaluated subsequent events through July 6, 2022, which is the date the financial statements were available to be issued.

#### Note 2. Liquidity and Financial Availability

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

|   |                      |
|---|----------------------|
| Cash and cash equivalents   | \$ 18,141,416        |
| Receivables, net  | 7,191,486            |
| Investments   | 20,444,211           |
| Total liquidity   | <u>45,777,113</u>    |
| Less:   |                      |
| Investments subject to withdrawal restrictions  | 1,347,415            |
| Net assets with donor restrictions  | 29,068,000           |
| Board-designated quasi-endowment net assets*  | 1,138,082            |
|   | <u>31,553,497</u>    |
| Financial assets available to meet cash needs<br>for general expenditures within one year | <u>\$ 14,223,616</u> |

\* The Board-designated net assets can be used to meet general expenditures at the discretion of the Board of Directors.

## National Forest Foundation

### Notes to Financial Statements

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#### Note 2. Liquidity and Financial Availability (Continued)

The Foundation regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. The foundation has \$2,064,329 available line of credit to draw down on if needed.

#### Note 3. Property, Equipment, and Leasehold Improvements

|                               |    |                |
|-------------------------------|----|----------------|
| Vehicles                      | \$ | 360,000        |
| Furniture and equipment       |    | 403,452        |
| Land                          |    | 30,000         |
| Leasehold improvements        |    | 11,210         |
|                               |    | <hr/>          |
|                               |    | 804,662        |
| Less accumulated depreciation |    | 446,318        |
|                               |    | <hr/>          |
|                               | \$ | <u>358,344</u> |

#### Note 4. Related Party Transactions

During the year ended September 30, 2021, the Foundation received approximately \$175,000 of contribution support from Board members and their affiliated organizations.

#### Note 5. Fair Value Measurements and Investments

The Foundation follows the Codification Topic, Fair Value Measurement. The topic applies to all assets and liabilities that are being measured and reported on a fair value basis. The topic establishes a framework for measuring fair value in accordance with U.S. GAAP and expands disclosure about fair value measurements. The topic enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The topic requires that assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

**Level 1:** Quoted market prices in active markets for identical assets or liabilities

**Level 2:** Observable market-based inputs or unobservable inputs corroborated by market data

**Level 3:** Unobservable inputs that are not corroborated by market data

In determining the appropriate levels, the Foundation performs a detailed analysis of the assets and liabilities that are subject to the topic, Fair Value Measurement.

## National Forest Foundation

### Notes to Financial Statements

#### Note 5. Fair Value Measurements and Investments (Continued)

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis by level within the hierarchy at September 30, 2021:

|   | Level 1      | Level 2       | Total         |
|---|--------------|---------------|---------------|
| Assets:   |              |               |               |
| Investments:  |              |               |               |
| Certificates of deposit                                   | \$ -         | \$ 15,317,524 | \$ 15,317,524 |
| Equities:   |              |               |               |
| Basic materials   | 36,349       | -             | 36,349        |
| Communication services                                    | 18,461       | -             | 18,461        |
| Consumer cyclical   | 51,665       | -             | 51,665        |
| Consumer defensive  | 24,390       | -             | 24,390        |
| Consumer goods  | 20,596       | -             | 20,596        |
| Diversified emerging markets                              | 258,780      | -             | 258,780       |
| Energy  | 13,166       | -             | 13,166        |
| Financial   | 72,055       | -             | 72,055        |
| Financial services  | 32,962       | -             | 32,962        |
| Foreign large blend                                       | 320,172      | -             | 320,172       |
| Foreign large growth                                      | 255,210      | -             | 255,210       |
| Foreign large value                                       | 44,680       | -             | 44,680        |
| Foreign small/mid blend                                   | 39,259       | -             | 39,259        |
| Health  | 35,866       | -             | 35,866        |
| Healthcare  | 96,682       | -             | 96,682        |
| Industrial goods  | 6,868        | -             | 6,868         |
| Industrials   | 53,831       | -             | 53,831        |
| Infrastructure  | 32,218       | -             | 32,218        |
| Large blend   | 102,204      | -             | 102,204       |
| Large cap   | 208,270      | -             | 208,270       |
| Large growth  | 93,180       | -             | 93,180        |
| Large value   | 188,906      | -             | 188,906       |
| Managed futures   | 105,413      | -             | 105,413       |
| Mid-cap growth  | 225,161      | -             | 225,161       |
| Real estate   | 84,073       | -             | 84,073        |
| Robo global   | 30,208       | -             | 30,208        |
| Services  | 46,649       | -             | 46,649        |
| Small growth  | 121,596      | -             | 121,596       |
| Small value   | 78,003       | -             | 78,003        |
| Technology  | 192,002      | -             | 192,002       |
| Utilities   | 12,427       | -             | 12,427        |
| Total equities  | 2,901,302    | -             | 2,901,302     |
| Fixed income mutual funds and exchange traded funds:      |              |               |               |
| Corporate bond  | 178,891      | -             | 178,891       |
| High yield bond   | 20,411       | -             | 20,411        |
| Inflation-protected bond                                  | 50,514       | -             | 50,514        |
| Intermediate government                                   | 89,846       | -             | 89,846        |
| Intermediate-term bond                                    | 213,421      | -             | 213,421       |
| Multialternative  | 90,696       | -             | 90,696        |
| Multisector bond  | 70,755       | -             | 70,755        |
| Ultrashort bond   | 107,121      | -             | 107,121       |
| Total fixed income mutual funds and exchange traded funds | 821,655      | -             | 821,655       |
|   | 3,722,957    | 15,317,524    | 19,040,481    |
| Hedge fund measured using a practical expedient           |              |               | 1,347,415     |
| Total investments at fair value                           |              |               | 20,387,896    |
| Plus cash held at cost                                    |              |               | 56,315        |
| Total investments   |              |               | \$ 20,444,211 |
| Investments in deferred compensation plan:                |              |               |               |
| Money market funds  | 141,576      | -             | \$ 141,576    |
| Total investments in deferred compensation plan           | 141,576      | -             | 141,576       |
| Total assets at fair value                                | \$ 3,864,533 | \$ 15,317,524 | \$ 20,529,472 |
| Liabilities:  |              |               |               |
| Investments in deferred compensation plan                 | \$ -         | \$ 141,576    | \$ 141,576    |
| Total liabilities at fair value                           | \$ -         | \$ 141,576    | \$ 141,576    |

## National Forest Foundation

### Notes to Financial Statements

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#### **Note 5. Fair Value Measurements and Investments (Continued)**

The money market funds, equities and mutual and exchange traded funds are classified as Level 1 instruments as they are actively traded on public exchanges with identical assets.

Certificates of deposit are classified as Level 2 instruments as there are not quoted market prices in active markets for identical assets. Their value is determined using models and other valuation methodologies, which are corroborated by market data.

The deferred compensation plan liability is based on the fair market value of the deferred compensation plan assets, which are observable inputs; however, the liability is not publicly traded and are, therefore, considered a Level 2 item.

The Foundation's hedge fund, valued using a practical expedient, totaled \$1,347,415 at September 30, 2021. At September 30, 2021, there are no unfunded commitments. The amount invested is subject to rolling three-year lock-up periods, and the current one will expire during the fiscal year ended September 30, 2024. There is a 90-day notice period for withdrawal before the current lock up period ends. The fund invests the majority of its assets in common and preferred stocks in companies based in the United States and internationally.

## National Forest Foundation

### Notes to Financial Statements

#### Note 6. Net Assets With Donor Restrictions

Net assets with donor restrictions at September 30, 2021, and changes in net assets with donor restrictions during the year ended September 30, 2021, are as follows:

|  | Balance<br>September 30,<br>2020 | Additions    | Released       | Balance<br>September 30,<br>2021 |
|--|----------------------------------|--------------|----------------|----------------------------------|
| Tree Planting                                  | \$ 6,818,569                     | \$ 4,777,247 | \$ (1,197,591) | \$ 10,398,225                    |
| Bill Williams Steep Slope Thinning             | -                                | 2,000,000    | (62,578)       | 1,937,422                        |
| Tehachapi Renewable Transmission Project       | 1,794,365                        | -            | (144,506)      | 1,649,859                        |
| Ski Conservation Fund                          | 559,945                          | 1,577,333    | (518,867)      | 1,618,411                        |
| Midwin National Tallgrass Prairie              | 481,811                          | 348,724      | (105,484)      | 725,051                          |
| Restoring our Western Forests                  | -                                | 750,000      | (38,886)       | 711,114                          |
| Mount Baker-Snoqualmie National Forest         | 207                              | 595,330      | (89,322)       | 506,215                          |
| Northern Arizona Forest Fund                   | 352,893                          | 252,184      | (195,875)      | 409,202                          |
| Angeles National Forest                        | 509,382                          | -            | (147,503)      | 361,879                          |
| Eastern Field Office                           | 360,422                          | -            | -              | 360,422                          |
| California Forest Health & Wildfire Resilience | -                                | 350,000      | -              | 350,000                          |
| San Juan National Forest                       | 285,802                          | -            | (460)          | 285,342                          |
| Four Forests Restoration Initiative            | -                                | 300,000      | (22,500)       | 277,500                          |
| Boat Replacements                              | -                                | 266,484      | -              | 266,484                          |
| Upper Arkansas Forest Fund                     | -                                | 230,000      | -              | 230,000                          |
| Tongass National Forest Boat Replacements      | -                                | 266,484      | (60,230)       | 206,254                          |
| General Springs Restoration Project            | -                                | 179,210      | -              | 179,210                          |
| Wildfire Resilience & Post-Fire Restoration    | -                                | 350,000      | (196,549)      | 153,451                          |
| North Yuba River Watershed Tahoe NF            | -                                | 150,000      | -              | 150,000                          |
| San Gabriel National Monument                  | 248,874                          | 45           | (112,492)      | 136,427                          |
| Conservation Corps                             | -                                | 145,000      | (23,357)       | 121,643                          |
| Forest Stewardship                             | 57,794                           | 114,838      | (51,274)       | 121,358                          |
| Adam's Gulch Project, Sawtooth National Forest | -                                | 115,000      | (11)           | 114,989                          |
| Sawtooth General                               | -                                | 121,050      | (14,502)       | 106,548                          |
| Caribou-Targhee National Forest                | 115,969                          | -            | (9,776)        | 106,193                          |
| Granite Basin Forest Restoration               | 118,756                          | -            | (12,827)       | 105,929                          |
| Eagle Creek Fire Restoration                   | 99,427                           | 4,069        | (473)          | 103,023                          |
| Clackamas, Douglas, Linn and Mario Counties    | -                                | 101,181      | -              | 101,181                          |
| Camp Hale Project                              | 47,039                           | 50,000       | (382)          | 96,657                           |
| Arizona Highline Recreation                    | -                                | 90,000       | -              | 90,000                           |
| STOR Corps                                     | -                                | 105,240      | (19,815)       | 85,425                           |

(Continued)

## National Forest Foundation

### Notes to Financial Statements

#### Note 6. Net Assets With Donor Restrictions (Continued)

|  | Balance<br>September 30, |            |             | Balance<br>September 30, |
|--|--------------------------|------------|-------------|--------------------------|
|  | 2020                     | Additions  | Released    | 2021                     |
| California National Forests Restoration  | \$ -                     | \$ 100,000 | \$ (15,000) | \$ 85,000                |
| Water Balance Project  | 85,000                   | -          | (1,623)     | 83,377                   |
| White River National Forest  | 41,271                   | 77,972     | (36,180)    | 83,063                   |
| Carbon Capital Fund  | 80,061                   | -          | -           | 80,061                   |
| Bill Williams Mountain Restoration   | 476,971                  | -          | (402,560)   | 74,411                   |
| Mount Elbert Collaborative Stewardship Project   | 123,154                  | -          | (55,691)    | 67,463                   |
| Treasured Landscapes   | 87,992                   | -          | (27,152)    | 60,840                   |
| White Mountain National Forest   | 60,568                   | 125        | (995)       | 59,698                   |
| Bald Mountain  | -                        | 58,843     | -           | 58,843                   |
| Colorado Front Range Trail Stewardship Strike Team   | 272,121                  | -          | (215,173)   | 56,948                   |
| Ocala National Forest  | 57,883                   | 50,050     | (51,037)    | 56,896                   |
| Highline Trail   | -                        | 44,500     | -           | 44,500                   |
| Trail Improvements   | -                        | 44,500     | -           | 44,500                   |
| California Wildfire Restoration  | 37,850                   | 5,492      | (162)       | 43,180                   |
| CSKT Youth Corps   | -                        | 54,500     | (12,589)    | 41,911                   |
| Sabino Canyon Invasive Species Project   | 34,625                   | 20,000     | (13,190)    | 41,435                   |
| Idaho Panhandle National Forest  | 37,256                   | 10,000     | (8,219)     | 39,037                   |
| Comanche Creek - Carson National Forest  | 35,244                   | -          | -           | 35,244                   |
| Pacific Northwest Recreation Enhancement   | 35,000                   | -          | -           | 35,000                   |
| International Forestry Fellows Program   | 30,435                   | -          | -           | 30,435                   |
| General Operating Support - California   | 30,000                   | -          | -           | 30,000                   |
| Colorado Projects  | 1,568                    | 35,682     | (7,965)     | 29,285                   |
| Alaska Forest Fund   | 28,341                   | 100,000    | (100,330)   | 28,011                   |
| Grizzly Creek Fire Restoration Fund  | 10,000                   | 20,000     | (3,000)     | 27,000                   |
| Southern Arizona Forest Fund   | 3,608                    | 29,432     | (6,969)     | 26,071                   |
| Mount Hood National Forest   | 75,606                   | 75         | (49,694)    | 25,987                   |
| Coronado NF Adjacent Community   | -                        | 23,000     | -           | 23,000                   |
| GMUG National Forest   | -                        | 30,000     | (8,356)     | 21,644                   |
| Timber Security Deposit  | -                        | 21,548     | -           | 21,548                   |
| 5BRC   | 43,200                   | 2,000      | (23,796)    | 21,404                   |
| Bighorn Fire Restoration   | 60,220                   | 10,000     | (49,040)    | 21,180                   |
| Taylor Creek Visitor Center  | -                        | 48,604     | (27,547)    | 21,057                   |
| Iron Mountain Project  | -                        | 105,000    | (85,000)    | 20,000                   |
| Mount Baker-Snoqualmie Trail Ambassador Program  | -                        | 20,000     | -           | 20,000                   |
| Lookout Tower Funds  | -                        | -          | 18,211      | 18,211                   |
| Hendricks  | 47,371                   | -          | (30,000)    | 17,371                   |
| SoCal Forest Fund  | 3,650                    | 15,766     | (2,544)     | 16,872                   |
| Dolly Copp Campground  | 584,804                  | -          | (568,602)   | 16,202                   |
| Rivers to Peaks Treasured Landscapes Site  | -                        | 50,000     | (34,438)    | 15,562                   |
| Angoon Youth Conservation Corps  | 12,750                   | 15,000     | (12,750)    | 15,000                   |
| Arizona Sonora Desert Museum   | 5,000                    | 10,000     | -           | 15,000                   |
| Junior Field Rangers - Southern California   | -                        | 15,000     | -           | 15,000                   |
| Stillaguamish Youth Engagement   | 14,460                   | -          | -           | 14,460                   |
| Beacon Checkers - Vail Pass  | 500                      | 20,283     | (6,841)     | 13,942                   |
| Sam Houston National Forest  | 21,250                   | -          | (7,985)     | 13,265                   |
| Wildfire Assistance Fund   | 99,514                   | -          | (86,897)    | 12,617                   |
| Grand Mesa Uncompahgre & Gunnison National Forest  | 37,000                   | -          | (25,645)    | 11,355                   |
| Rim Fire Recovery Fund   | 11,102                   | -          | -           | 11,102                   |
| Restoration in Northern Arizona, Tree Planting on Mt. Elden<br>and Engaging Tribal Communities and youth | -                        | 12,500     | (1,875)     | 10,625                   |
| Coconino National Forest   | 10,274                   | -          | -           | 10,274                   |

(Continued)



## National Forest Foundation

### Notes to Financial Statements

#### Note 6. Net Assets With Donor Restrictions (Continued)

|   | Balance<br>September 30, |           | Balance<br>September 30, |           |
|---|--------------------------|-----------|--------------------------|-----------|
|   | 2020                     | Additions | Released                 | 2021      |
| Arundo Removal  | \$ 10,000                | \$ -      | \$ -                     | \$ 10,000 |
| Backwoods Fellowship  | -                        | 10,000    | -                        | 10,000    |
| Ladybug Project   | -                        | 10,000    | -                        | 10,000    |
| Lynx Habitat Mitigation Fund  | -                        | 10,000    | -                        | 10,000    |
| Projects on the National Forest System                                  | -                        | 10,000    | -                        | 10,000    |
| Chippewa Soo Line Bridge  | 25,000                   | -         | (15,285)                 | 9,715     |
| El Yunque Projects  | 9,481                    | 145       | (23)                     | 9,603     |
| Midewin Outdoor Education Programs                                      | -                        | 9,564     | -                        | 9,564     |
| Find Your Fourteeners   | 9,892                    | -         | (815)                    | 9,077     |
| Lower Salt River Riparian Restoration                                   | 105,809                  | -         | (96,755)                 | 9,054     |
| Western Headlands Waterways   | 8,500                    | -         | -                        | 8,500     |
| Railroad Bridge Habitat Improvement, Pike-San Isabel<br>National Forest | -                        | 10,000    | (1,500)                  | 8,500     |
| Southern California Forest Fund   | -                        | 8,950     | (1,342)                  | 7,608     |
| Price of Wales Sustainable Recreation Project                           | -                        | 54,000    | (46,438)                 | 7,562     |
| Open the National Forests   | 7,350                    | -         | -                        | 7,350     |
| SoCal Post-Fire Restoration   | 4,500                    | 2,833     | (50)                     | 7,283     |
| Tahoe National Forest   | 5,900                    | 5,585     | (4,323)                  | 7,162     |
| Conjejos Peak District, Rio Grande National Forest                      | 6,828                    | -         | -                        | 6,828     |
| Tahoe Headwaters  | 7,785                    | -         | (1,500)                  | 6,285     |
| Northern Rockies Position   | 59,857                   | 41,000    | (94,777)                 | 6,080     |
| Green Drone Project   | -                        | 5,000     | -                        | 5,000     |
| Med-Bow Routt NF  | -                        | 5,000     | -                        | 5,000     |
| Cathedral Ledge Access  | 7,081                    | -         | (2,443)                  | 4,638     |
| Oak Creek Canyon Trail Restoration                                      | -                        | 4,000     | -                        | 4,000     |
| Chippewa Soo Line Trail   | 8,099                    | -         | (4,126)                  | 3,973     |
| Youth Engagement  | 12,731                   | -         | (8,930)                  | 3,801     |
| Cocconino & Kaibab National Forests                                     | 9,763                    | -         | (6,187)                  | 3,576     |
| River Intern Stewardship Program  | 5,025                    | -         | (1,466)                  | 3,559     |
| Tongass National Forest   | 39,461                   | -         | (36,355)                 | 3,106     |
| Mokelumne Fund  | 3,014                    | -         | -                        | 3,014     |
| Central Idaho Dark Sky Reserve Project                                  | -                        | 2,500     | -                        | 2,500     |
| San Antonio Creek   | 20,386                   | -         | (18,065)                 | 2,321     |
| Penny Lake Platform   | 2,250                    | -         | -                        | 2,250     |
| Big Jack East Project   | -                        | 2,411     | (259)                    | 2,152     |
| Gunnison Stewardship Fund   | 6,244                    | -         | (4,250)                  | 1,994     |
| Lolo National Forest  | 39                       | 1,770     | -                        | 1,809     |
| Chugach NF Turnagain Pass   | 1,427                    | -         | -                        | 1,427     |
| Sangre de Cristo Stewardship Crew - South Colony Lakes Basin            | -                        | 9,000     | (7,675)                  | 1,325     |
| Lake Tahoe West   | 1,542                    | -         | (303)                    | 1,239     |
| Washington Okanogan-Wenatchee National Forest                           | 1,132                    | 100       | -                        | 1,232     |
| Wisconsin Projects  | -                        | 1,190     | -                        | 1,190     |
| White River National Forest Reforestation                               | -                        | 1,350     | (203)                    | 1,147     |
| Mountain Pine Beetle Response Project                                   | 2,043                    | -         | (1,024)                  | 1,019     |
| Nantahala Pisgah  | 576                      | 520       | (78)                     | 1,018     |
| Halliburton Volunteer Event   | 9,886                    | -         | (9,172)                  | 714       |
| Restoring Florida' Longleaf Pine Forest                                 | 1,158                    | -         | (462)                    | 696       |
| Iditarod Trailwork  | 594                      | -         | -                        | 594       |
| Mission Mountains Youth Crew  | 10,000                   | -         | (9,450)                  | 550       |
| Environmental Program Support   | 7,500                    | -         | (7,000)                  | 500       |

(Continued)

## National Forest Foundation

### Notes to Financial Statements

#### Note 6. Net Assets With Donor Restrictions (Continued)

|   | Balance<br>September 30, |                      |                       | Balance<br>September 30, |
|---|--------------------------|----------------------|-----------------------|--------------------------|
|   | 2020                     | Additions            | Released              | 2021                     |
| Wildfire Relief   | \$ -                     | \$ 3,319             | \$ (3,035)            | \$ 284                   |
| Elizabeth Lake  | -                        | 24,500               | (24,235)              | 265                      |
| OW Methow National Forest Projects  | 200                      | -                    | -                     | 200                      |
| Bald Mountain Stewardship Project   | 18,343                   | 250                  | (18,398)              | 195                      |
| Daniel Boone National Forest  | -                        | 125                  | -                     | 125                      |
| Southern Idaho Forest Fund  | -                        | 10,000               | (9,890)               | 110                      |
| El Yunque Restoration   | -                        | 100                  | -                     | 100                      |
| Tonto National Forest   | -                        | 100                  | (15)                  | 85                       |
| Wood for Life - Tribal Fuelwood Initiative                                | -                        | 945                  | (895)                 | 50                       |
| Youth Programs  | -                        | 40                   | -                     | 40                       |
| Post-Fire Restoration Cleveland National Forest                           | 25                       | -                    | -                     | 25                       |
| Boot Spur Trail Bridge  | 129                      | -                    | (122)                 | 7                        |
| Conservation/Restoration  | 1,709                    | -                    | (1,708)               | 1                        |
| Mount Elbert Trail Improvement & Restoration Project                      | 865                      | -                    | (865)                 | -                        |
| Holding Account   | -                        | 184,016              | (184,016)             | -                        |
| Trail Restoration   | 70,301                   | -                    | (70,301)              | -                        |
| Monument Peak Lookout Tower   | 232                      | -                    | (232)                 | -                        |
| Flathead Youth Corp   | 21,250                   | -                    | (21,250)              | -                        |
| Conservation Connect Fellow Program                                       | 13,194                   | -                    | (13,194)              | -                        |
| North Mountain Fire Lookout Restoration                                   | 5,229                    | -                    | (5,229)               | -                        |
| Trailhead Improvement   | 2,953                    | -                    | (2,953)               | -                        |
| Nature Ambassadors  | 1,592                    | -                    | (1,592)               | -                        |
| Flathead National Forest  | 1,500                    | -                    | (1,500)               | -                        |
| Idaho Forest Restoration Partnership Facilitation                         | 1,289                    | -                    | (1,289)               | -                        |
| Southern Colorado & Northern New Mexico National Forests                  | 800                      | -                    | (800)                 | -                        |
| Post-Fire Community Engagement & Citizen Science                          | 349                      | -                    | (349)                 | -                        |
| Beaverhead Deerlodge Working Group  | -                        | 900                  | (900)                 | -                        |
| Bridger Teton National Forest - Vault Toilets                             | -                        | 2,500                | (2,500)               | -                        |
| Cedar Bench Mastication & Hand Thinning Project,<br>Tonto National Forest | -                        | 38,000               | (38,000)              | -                        |
| Connecting Diverse Youth to Local National Forests                        | -                        | 10,000               | (10,000)              | -                        |
| Continental Divide Trail  | -                        | 44,500               | (44,500)              | -                        |
| Devil's Playground Project  | -                        | 43,171               | (43,171)              | -                        |
| Meredith Jacobson Fellowship  | -                        | 5,000                | (5,000)               | -                        |
| Montana Forest Fund   | -                        | 100                  | (100)                 | -                        |
| Mountain Loop Highway, Mt. Baker Snoqualmie National Forest               | -                        | 15,000               | (15,000)              | -                        |
| North Fork Campground Hazard Tree Removal Project                         | -                        | 15,000               | (15,000)              | -                        |
| Suntop Lookout Tower  | -                        | 15,000               | (15,000)              | -                        |
| White River Stewardship Coordinator                                       | -                        | 70,000               | (70,000)              | -                        |
| Wilder-Highlands Mountain Pine Beetle                                     | -                        | 21,600               | (21,600)              | -                        |
| Navajo & Hope Fuelwood Supply Initiative                                  | 13,043                   | -                    | (13,043)              | -                        |
| Schultz Fire Community Restoration  | 10,791                   | -                    | (10,791)              | -                        |
| Med-Bow Routt National Forest Water Replenishment                         | 52,882                   | -                    | (52,882)              | -                        |
| Net assets with donor restrictions before endowment                       | 15,074,433               | 14,998,375           | (6,085,505)           | 23,987,303               |
| Endowment   | 3,337,471                | 1,743,226            | -                     | 5,080,697                |
|   | <u>\$ 18,411,904</u>     | <u>\$ 16,741,601</u> | <u>\$ (6,085,505)</u> | <u>\$ 29,068,000</u>     |

## National Forest Foundation

### Notes to Financial Statements

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#### Note 6. Net Assets With Donor Restrictions (Continued)

Management has interpreted the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) as requiring the preservation of the fair value of original donor-restricted contributions as of the date of the gift, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions: (a) the original value of cash contributions to donor-restricted permanent endowment and (b) the discounted value of future cash contributions to donor-restricted permanent endowment, net of allowance for uncollectible pledges. The remaining portion of donor-restricted cash contributions are classified as net assets with donor restrictions until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted cash contributions:

- The purposes of the Foundation and donor-restricted endowment fund
- The duration and preservation of the fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other available financial resources
- Investment policies

**Investment policy:** The Foundation has adopted an investment policy for endowment net assets that attempts to provide both preservation and appreciation.

**Spending policy:** Earnings for the endowment are reflected in endowment net assets, until appropriated for expenditure in a prudent manner by the Board of Directors.

The endowment net asset composition by type of fund as of September 30, 2021, is as follows:

|                                   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               |
|-----------------------------------|-------------------------------|----------------------------|---------------------|
| Board-designated endowment funds  | \$ 1,138,082                  | \$ -                       | \$ 1,138,082        |
| Donor-restricted endowment funds: |                               |                            |                     |
| Coley Burke                       | -                             | 5,080,697                  | 5,080,697           |
|                                   | <u>\$ 1,138,082</u>           | <u>\$ 5,080,697</u>        | <u>\$ 6,218,779</u> |

For the year ended September 30, 2021, the Foundation had the following endowment-related activities:

|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               |
|---|-------------------------------|----------------------------|---------------------|
| Endowment net assets, beginning of year | \$ 876,354                    | \$ 3,337,471               | \$ 4,213,825        |
| Additions                               | 100,000                       | 1,000,000                  | 1,100,000           |
| Net investment gain                     | 161,728                       | 743,226                    | 904,954             |
| Endowment net assets, end of year       | <u>\$ 1,138,082</u>           | <u>\$ 5,080,697</u>        | <u>\$ 6,218,779</u> |

## National Forest Foundation

### Notes to Financial Statements

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#### Note 6. Net Assets With Donor Restrictions (Continued)

**Funds with deficiencies:** 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 Foundation to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with donor restrictions. As of September 30, 2021, there were no such deficiencies.

**Board designated endowment:** Net assets not subject to donor-imposed restrictions (without donor restrictions), but designated as part of the quasi-endowment fund by the Board of Directors.

#### Note 7. Retirement Plans

The Foundation sponsors a 403(b) defined contribution pension plan covering all of its eligible full-time employees. To be eligible, an employee must have completed one year of service and must be an active contributor to the plan. The plan is administered by an outside agent. Employee participation is voluntary, and contribution amounts are determined by the participants. Under the guidelines for 501(c)(3) nonprofit corporations, the contribution amounts are payroll-deducted on a pre-tax basis. After meeting eligibility requirements and completing one year of service, the Foundation contributes up to 5% of the participant's salary to the plan. The Foundation's contribution was approximately \$130,000 for the year ended September 30, 2021.

The Foundation also sponsors a 457(b) deferred compensation plan for its former President. The Foundation made no contributions to the plan during the year ended September 30, 2021.

#### Note 8. Lines of Credit

The Foundation has a \$1,500,000 line of credit that will expire on August 14, 2022. The line of credit accrues interest at the prime lending rate and is secured by the assets of the Foundation. The outstanding balance on the line of credit was \$1,000,000 at September 30, 2021.

The Foundation has an agreement with a private funder that allows for the Foundation to borrow a maximum of \$2,598,000, with minimum borrowings of \$100,000, to fund specific forest restoration activities in connection with the project located in the North Yuba River Watershed of the Tahoe National Forest in California. The agreement matures on November 1, 2023. The outstanding principal balance was \$1,033,671 at September 30, 2021, and bears no interest.

#### Note 9. Contingencies

**Federal awards:** The Foundation participates in a number of federally-assisted grant programs that are subject to financial and compliance audits by the federal government or its representatives. As such, there exists a contingent liability for potential questioned costs that may result from such audits. Management does not anticipate any significant adjustments as a result of such audits.

**COVID-19 Pandemic:** On January 30, 2020, The World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus included travel restrictions, quarantines in certain areas and forced closures for certain types of public places and business. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, include the geographical area in which the Foundation operates. Management is continually monitoring the potential impact of the pandemic on the Foundation. Management will review and adjust planned expenditures should it determine the outbreak will significantly impact the financial position and activities of the Foundation.