
CONNECTICUT FOREST & PARK ASSOCIATION, INC.

Annual Financial Statements

For the Year Ended December 31, 2022

CONNECTICUT FOREST & PARK ASSOCIATION, INC.

Table of Contents
December 31, 2022

	Page
INDEPENDENT AUDITOR'S REPORT	1
BASIC FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statements of Cash Flow	6
Notes to the Financial Statements	7



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Connecticut Forest & Park Association, Inc.

Opinion

We have audited the accompanying financial statements of Connecticut Forest & Park Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Connecticut Forest & Park Association, Inc. as of December 31, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Connecticut Forest & Park Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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, which raise substantial doubt about Connecticut Forest & Park Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 generally accepted auditing standards 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 the internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

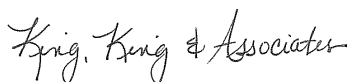
In performing an audit in accordance with generally accepted auditing standards, we:

- 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 Connecticut Forest & Park Association, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, which raise substantial doubt about Connecticut Forest & Park Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited Connecticut Forest & Park Association Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 4, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



King, King & Associates, CPAs
Winsted, Connecticut
August 10, 2023

CONNECTICUT FOREST AND PARK ASSOCIATION, INC.

Comparative Statement of Financial Position

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS:		
Cash	203,672	231,674
Grants Receivable	29,753	37,000
Contributions Receivable	462,000	-
Accounts receivable	5,052	-
Prepaid expenses	7,203	9,152
Inventory	30,004	14,725
TOTAL CURRENT ASSETS	<u>737,684</u>	<u>292,551</u>
OTHER ASSETS:		
Investments	4,923,748	5,921,935
Land held for conservation	1,206,726	1,206,726
Fixed Assets, Net	232,876	250,429
Operating Leases: Right of Use Assets, Net	20,744	-
Beneficial interests in split-interest agreements	84,892	248,789
TOTAL OTHER ASSETS	<u>6,468,986</u>	<u>7,627,879</u>
TOTAL ASSETS	<u><u>7,206,670</u></u>	<u><u>7,920,430</u></u>
LIABILITIES & EQUITY		
CURRENT LIABILITIES:		
Accounts payable	23,254	14,893
Accrued Payroll and related	10,478	8,185
Accrued pension	21,516	17,634
Operating Lease Obligations-Current Portion	6,734	-
Sales tax payable	68	56
TOTAL CURRENT LIABILITIES	<u>62,050</u>	<u>40,768</u>
LONG-TERM LIABILITIES:		
Operating Lease Obligations-Long-Term Portion	13,511	-
TOTAL LONG-TERM LIABILITIES	<u>13,511</u>	<u>-</u>
TOTAL LIABILITIES	<u>75,561</u>	<u>40,768</u>
EQUITY:		
Net Assets - Without Donor Restrictions	4,507,077	4,641,431
Net Assets - With Donor Restrictions	2,624,032	3,238,231
TOTAL NET EQUITY	<u>7,131,109</u>	<u>7,879,662</u>
TOTAL LIABILITIES & NET ASSETS	<u><u>7,206,670</u></u>	<u><u>7,920,430</u></u>

See accompanying notes to the financial statements

CONNECTICUT FOREST AND PARK ASSOCIATION, INC.
Statement of Activities and Changes in Net Assets
December 31, 2022
(With Comparative totals for the year ended December 31, 2021)

	<u>2022</u>	<u>2021</u>
Net Assets Without Donor Restriction		
Revenue and Other Support:		
Donations and Bequests	975,462	543,650
Grants & Contracts	551,102	516,539
PPP Loan Forgiveness	-	95,000
Special Events	8,231	
Less: Direct Donor Benefits	<u>(2,492)</u>	345
Programs	27,925	15,949
Sales of goods	15,322	
Less: Cost of Goods Sold	<u>(4,008)</u>	13,759
Investment Return	(668,463)	432,756
Transfer from Endowment	-	-
Change in Value of Charitable Remainder Trust	(37,138)	33,874
Net Assets Released from Restrictions	<u>280,000</u>	<u>-</u>
Total Revenue and Other Support	<u>1,145,941</u>	<u>1,651,872</u>
Expenses:		
Programs	766,314	731,203
Management & General	322,181	238,164
Fundraising	<u>191,800</u>	<u>173,101</u>
Total Expenses	<u>1,280,295</u>	<u>1,142,468</u>
Changes in Net Assets without Donor Restrictions	<u>(134,354)</u>	<u>509,404</u>
Net Assets With Donor Restriction		
Investment Return	(334,199)	225,761
Net Assets Released	<u>(280,000)</u>	<u>-</u>
Changes in Net Assets with Donor Restrictions	(614,199)	225,761
Total Change in Net Assets	<u>(748,553)</u>	<u>735,165</u>
Net Assets - Beginning	<u>7,879,662</u>	<u>7,144,497</u>
Net Assets - Ending	<u><u>7,131,109</u></u>	<u><u>7,879,662</u></u>

See accompanying notes to the financial statements

CONNECTICUT FOREST AND PARK ASSOCIATION, INC.

Statement of Functional Expenses

For the Year Ended December 31, 2022

(With Comparative Totals for December 31, 2021)

	<u>Management</u>			<u>Total</u>	
	<u>Programs</u>	<u>& General</u>	<u>Fundraising</u>	<u>2022</u>	<u>2021</u>
Salaries	\$ 314,365	\$ 119,242	\$ 108,402	\$ 542,009	\$ 502,644
Fringe benefits	58,733	22,278	20,253	101,264	77,112
Payroll taxes	23,897	9,064	8,240	41,201	37,671
Total Salaries and Related Expenses	396,995	150,584	136,895	684,474	617,427
Maintenance - facilities	7,328	2,780	2,527	12,635	14,556
Materials and supplies	9,242	3,506	3,187	15,935	7,809
Postage and shipping	-	8,958	-	8,958	6,599
Telephone and utilities	13,394	5,080	4,619	23,093	18,521
Pass through grants	9,056	-	-	9,056	24,000
Outside services	162,929	-	-	162,929	95,488
Education expenses	15,946	-	-	15,946	9,940
Office supplies	2,789	1,058	962	4,809	3,803
Land expense	83,410	-	-	83,410	102,704
Development expenses	-	-	11,781	11,781	7,445
Printing	-	17,870	-	17,870	4,574
Professional fees	-	69,798	-	69,798	59,776
Insurance	-	22,910	-	22,910	7,542
Special events and conferences	33,920	-	6,947	40,867	46,272
Travel	-	29,658	-	29,658	14,925
Professional development	-	-	-	-	9,659
Cost of publications sold	-	-	-	-	6,010
Website expenses	3,518	1,335	1,213	6,066	24,800
Computer supplies	7,590	2,879	2,617	13,086	9,931
Bank fees	20	8	7	35	135
Dues and subscriptions	4,340	1,646	1,497	7,483	4,205
Payroll service	656	249	226	1,131	1,213
Annual Fund Expenses	-	-	15,812	15,812	17,302
Public Policy	5,000	-	-	5,000	10,000
Total Expenses Before Depreciation	756,133	318,319	188,290	1,262,742	1,124,636
Depreciation	10,181	3,862	3,510	17,553	17,832
Total Expenses	<u>\$ 766,314</u>	<u>\$ 322,181</u>	<u>\$ 191,800</u>	<u>\$ 1,280,295</u>	<u>\$ 1,142,468</u>

See accompanying notes to the financial statements

CONNECTICUT FOREST AND PARK ASSOCIATION, INC.Statement of Cash Flows
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Change in Net Assets	(748,553)	735,165
Adjustments to reconcile excess of support over expenses to net cash provided by operating activities:		
Depreciation	17,553	17,832
Amortization of Right of Use Asset reported as Expense	4,540	-
Realized and Unrealized (Gain)/Loss on Sales of Investments	1,102,700	(550,261)
(Increase)/Decrease in Assets:		
Grants receivable	7,247	(28,850)
Contributions Receivable	(462,000)	
Accounts Receivable	(5,052)	-
Prepaid Expenses	1,949	-
Inventory	(15,279)	3,765
Change in value of split-interest agreements	163,897	(33,874)
Increase/(Decrease) in Liabilities:		
Accounts Payable	8,361	(9,831)
Accrued Wages	2,293	8,185
Accrued pension	3,882	4,548
Refundable advance	-	(10,000)
Operating Lease Obligation	20,245	-
Sales tax payable	12	(184)
Total Adjustments	<u>850,348</u>	<u>(598,670)</u>
NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	<u>101,795</u>	<u>136,495</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of Right of Use Assets	(25,284)	-
Proceeds from sale of investments	120,000	45,000
Purchase of investments	<u>(224,513)</u>	<u>(108,183)</u>
NET CASH PROVIDED/(USED) BY INVESTING ACTIVITIES	<u>(129,797)</u>	<u>(63,183)</u>
CASH FLOW FROM FINANCING ACTIVITIES	-	-
Net Increase/(Decrease) in Cash	(28,002)	73,312
Cash at the Beginning of Year	<u>231,674</u>	<u>158,362</u>
Cash at the End of Year	<u>203,672</u>	<u>231,674</u>
Supplemental Information		
Income Taxes Paid	-	-
Interest Paid	-	-

See accompanying notes to the financial statements

CONNECTICUT FOREST & PARK ASSOCIATION INC.
Notes to the Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Connecticut Forest and Park Association, Inc. (the “Association”) incorporated in 1928 was originally established as the Connecticut Forestry Association in 1895 to safeguard the state’s declining natural resources. Connecticut Forest and Park Association, Inc. has worked for a century to preserve and enhance the state’s natural environment and to provide forests, parks, and recreation areas for public use and enjoyment. Its current programs include:

Land Conservation and Trail Stewardship: The Association is instrumental in preserving, acquiring and promoting the proper management of the state’s public and private forests and open-space lands. In cooperation with public and private landowners and volunteers, the Association maintains the 825-mile Blue Blazed Hiking Trail System.

Education: Members are encouraged to participate in a series of teacher workshops, environmental lectures and other events encompassing many aspects of land and water conservation and quality. The Association publishes a variety of books and pamphlets pertaining to forest conservation.

Basis of Accounting

The financial statements of Connecticut Forest and Park Association, Inc. have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables, and other liabilities. Revenue is recognized when earned and expenditures when incurred.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Agency and changes therein are classified and reported as follows:

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

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

Cash and Cash Equivalents

Connecticut Forest and Park Association, Inc. considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Cash and cash equivalents, for purposes of the statements of cash flow, exclude cash equivalents held in long-term investment accounts.

CONNECTICUT FOREST & PARK ASSOCIATION INC.
Notes to the Financial Statements

Accounts Receivable

Trade accounts receivable are stated at the amount management expects to collect on balances outstanding at year-end. The determination of when receivables are past due, or delinquent is done by the Executive Director. Any accounts charged to bad debt expense shall be approved by the Executive Director prior to posting as a bad debt. Based on management's assessment of the credit history with clients having outstanding balances, and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

Inventory

Inventories are stated at the lower of cost or market and consist of items held for resale. Inventory includes costs in producing the Association's editions of the Connecticut Walk Book and other ancillary publications.

Investments

Investments in marketable equity securities with readily determinable fair values are stated at fair market value. Short-term investments intended to be held for long-term purposes are reported as investments. Investment income that may be donor-restricted is reported as increases in net assets without donor restrictions if the restrictions are met in the reporting period in which the revenue is recognized.

Fair Value of Financial Instruments

In accordance with ASC 820-10, Connecticut Forest and Park Association, Inc. is required to measure the fair value of its assets and liabilities under a three-level hierarchy as follows:

- Level 1 – quoted prices in active markets for identical investments
- Level 2 – other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.).
- Level 3 – significant unobservable inputs (including a fund's own assumptions in determining the fair value of investments).

The inputs or methodology used in valuing securities are not necessarily an indication of the risk associated with investing in those securities. Investments in Bonds are reported as valued under Level 2 inputs, as they do not have regular market pricing available.

Endowments

The Financial Accounting Standards Board (FASB) issued staff position No. FAS 117-1: Endowments of Not-For-Profit Organizations: Net Asset Classification of Funds Subject to a classification of donor-restricted endowment funds for a not-for-profit organization that are subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). FAS 117-1 also provides for other disclosures concerning an organization's endowment funds and whether or not the organization is subject to UPMIFA. The State of Connecticut adopted its version of UPMIFA, which became effective October 1, 2007 (CTPMIFA). Prior to the issuance of FAS 117-1, accumulated gains and income on donor restricted endowment assets were classified as unrestricted net assets. Under FAS 117-1, accumulated gains, and income on donor-restricted endowment assets of perpetual duration are classified as net assets with donor restrictions until appropriated for expenditure.

CONNECTICUT FOREST & PARK ASSOCIATION INC.
Notes to the Financial Statements

Lands Held in Trust

Lands held in trust are capitalized at the cost of acquisition or the then current town assessment value when received, if donated, or at estate valuation if bequeathed. The policy of recording Lands Held in Trust is similar to that for collections, in that all items are capitalized beginning in 2002. Certain parcels acquired prior to 2002, for which cost or similar value information was readily available, are recorded in the financial statements; however, there are additional parcels for which acquisition cost or other value is not readily available and are not included in the financial statements.

Property and Equipment

Connecticut Forest and Park Association, Inc. policy is to capitalize property and equipment with an original cost, or if donated, at fair value at the date of donation, of at least \$1,500 and a useful life in excess of one year. Property and equipment are depreciated using the straight-line method over the estimated useful life of the assets as follows:

Equipment and Fixtures	5 to 10 years
Buildings and Building Improvements	20 to 40 years

Right of Use Assets and Lease Liabilities

Right to Use Lease Assets (ROU) and lease liabilities are recorded as a result of implementing ASC 842, *Leases*. The right to use assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term. Operating lease expense is recognized on a straight-line basis over the lease term. The organization does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less), and has elected to account for short-term leases by recognizing the payments on a straight-line basis over the term of the lease.

Conservation Easements

The Association has received numerous donations of conservation restrictions, development rights and easements. These restrictions and easements generally provide that the land will be maintained unimpaired in its current natural, agricultural, scenic or recreational state. Management is uncertain about the existence of any value due to the obligations inherent in ownership and a limited resale market. They have adopted a policy of not capitalizing the donations and accordingly, they are not reflected in the accompanying financial statements. The Association records conservation restrictions and easements at cost, if purchased.

Program Revenue

Revenue from customers is derived from short-term programs, consisting of one-day to one-week programs with individuals, or school-based programs that occur within the current period. Revenue is recognized when the program occurs.

Public Support and Revenue

Contributions are recognized as with or without donor restrictions. Donor restrictions, depending on the existence or nature of any donor restrictions when a promise is made, may be subject to time/purpose restrictions or not subject to appropriation or expenditure. Donor-restricted contributions are reported as increases in with donor restrictions. When a donor 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 statement of activities as net assets released from restrictions. Restricted contributions are reported as increases to net assets without donor restrictions when restrictions expire in the same reporting period that the contributions are reported as revenues.

CONNECTICUT FOREST & PARK ASSOCIATION INC.
Notes to the Financial Statements

Contributed Services

Connecticut Forest and Park Association, Inc. recognizes support from services contributed by volunteers only when such activities meet the criteria for recognition, e.g., equipment repair, legal services, other skilled services. No contributed services were reported in 2022 and 2021.

Income Tax Status

Connecticut Forest and Park Association, Inc. is organized as a Connecticut non-stock corporation and is generally exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Sources of revenue come from donations, facilities rental, and program fees.

Compensated Absences

Connecticut Forest and Park Association, Inc. does not accrue compensated absences as they are not carried over to subsequent periods.

Expense Allocation

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. Expenses such as insurance, postage, printing, professional fees, and travel are allocated to management and general. Other expenses such as development and annual fund are allocated to fundraising. Public policy and land expense are allocated specifically to program, and the remaining expenses are allocated based on management's estimate of time and effort.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenses during the reported period. Actual results could differ from those estimates.

Comparative Financial 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with Connecticut Forest & Park Association, Inc. financial statements for the year ended December 31, 2021, from which the summarized information was derived.

Review for Subsequent Events

In connection with the preparation of the financial statements of the Connecticut Forest and Park Association, Inc. as of and for the year ended December 31, 2022, events and transactions subsequent to December 31, 2022 through August 10, 2023, the date the financial statements were available to be issued, have been evaluated by Connecticut Forest and Park Association, Inc.'s management for possible adjustment and/or disclosure.

CONNECTICUT FOREST & PARK ASSOCIATION INC.
Notes to the Financial Statements

NOTE 2 – AVAILABILITY AND LIQUIDITY INFORMATION

The Association is funded by contributions from donors that contain restrictions. Those restrictions require that resources be used in a certain manner or in a future period. Therefore, the Association must maintain adequate resources to meet those responsibilities to its donors and certain financial assets may not be available for general expenditures within one year. The Association has approximately \$3,744,919 of financial assets available within one year of the statement of financial position to meet cash needs for general expenditures, consisting of cash of \$203,672, accounts and grants receivable of \$34,805, and unrestricted investments of \$3,506,442. As part of liquidity management, the Association structures its financial assets to be available as general expenditures, liabilities and other obligations become due.

NOTE 3 – DETAIL NOTES ON ASSETS, LIABILITIES, AND NET ASSETS

Concentration of Credit Risk

At December 31, 2022, the carrying amount of the Connecticut Forest and Park Association, Inc.'s deposits were \$203,672, and the bank balance was \$201,252, all of which was covered by FDIC insurance.

Contribution Receivable

The Association was named beneficiary of an estate and is expected to receive approximately \$462,000 during the next year.

Fixed Assets

Balances of Fixed Assets as of December 31, 2022, and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Land- Middlefield CT	\$ 80,000	\$ 80,000
Building and Improvements	674,205	674,205
Computer Equipment	44,078	44,078
Furniture, Fixtures and Equipment	<u>52,998</u>	<u>52,998</u>
	851,281	851,281
Accumulated Depreciation	<u>(618,405)</u>	<u>(600,852)</u>
	<u>\$ 232,876</u>	<u>\$ 250,429</u>

Depreciation Expense was \$17,553 and \$17,832 for the years ended December 31, 2022, and 2021.

Right to Use Leased Assets – Operating Lease Payable

The Association entered into a 3-year lease agreement for a 2021 Toyota Tundra and a 5 and ½ year lease for a copier. The leases qualify as other than short-term leases under ASC 842, and therefore, have been recorded at the present value of the future minimum lease payments.

The truck lease agreement was entered into in October 2021 and requires monthly payments of \$386.07 through October 2024. The Truck lease was measured at a discount rate of 1.57% which was the U.S. Treasury rate at inception.

CONNECTICUT FOREST & PARK ASSOCIATION INC.
Notes to the Financial Statements

The copier lease was entered into October 2022 and calls for payments of \$217.45 through December 2027. The lease was measured at a discount rate of 3.76% which was the U.S. Treasury rate at inception.

As a result of the leases, the organization has reported right to use assets with a net book value of \$20,744 at December 31, 2022. Lease Expenses of \$4,633 were recognized in 2022.

The right of use assets and lease liabilities are as follows as of December 31:

	<u>2022</u>	<u>2021</u>
Operating Lease Right-of-Use Assets	\$ 20,744	\$ 12,831
Operating Lease Liabilities	20,245	25,284
Operating Lease Cost	4,633	5,039

The following table summarizes the supplemental cash flow information for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Cash paid for amounts included in the measurement of Operating Lease liabilities	\$ 5,039	\$ 1,512
Right of Use assets obtained in exchange for Operating Lease liabilities	25,284	12,831
Weighted-average remaining in lease term in years	3	3
Weighted-average discount rate For Operating Leases	3.2%	1.6%

Annual Debt Service Payments on the Association's Operating Leases are as follows:

Year	Lease Liability	Interest On Lease Liability	Total Lease Expense
2023	\$ 6,734	\$ 508	\$ 7,242
2024	6,119	353	6,472
2025	2,372	237	2,609
2026	2,463	147	2,610
2027	2,557	52	2,609
	<u>\$ 20,245</u>	<u>\$ 1,297</u>	<u>\$ 21,542</u>

Net Assets with Donor Restrictions

Net Assets with donor restrictions are available for the following purposes at December 31, 2022:

	<u>2022</u>	<u>2021</u>
Permanent Endowment	\$ 1,263,790	\$ 1,263,790
Earnings on Permanent Endowment	153,516	767,715
Land Held for Conservation	1,206,726	1,206,726
	<u>\$ 2,624,032</u>	<u>\$ 3,238,231</u>

Accumulated gains/losses and income on donor-restricted endowment assets of perpetual duration are included in net assets with donor restrictions until appropriated for expenditure.

CONNECTICUT FOREST & PARK ASSOCIATION INC.
Notes to the Financial Statements

NOTE 4 – FAIR VALUE INFORMATION

The following is a summary of assets measured at fair value on a recurring basis.

<u>Description</u>	<u>Fair Value Measurements Using</u>				<u>December 31, 2021</u>
	<u>December 31, 2022</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	
Short-Term Investments	\$ 20,413	\$ 20,413	\$ -	\$ -	\$ 12,787
Bond Funds	1,578,247	1,578,247	-	-	1,714,714
Mutual Funds	3,325,089	3,325,089	-	-	4,194,423
Split-Interest Agreements	84,892	-	-	84,892	248,789
Total	<u>\$ 5,008,641</u>	<u>\$ 4,923,749</u>	<u>\$ -</u>	<u>\$ 84,892</u>	<u>\$ 5,921,924</u>

Investments are reported on the Balance Sheet as:

Investments	\$ 4,923,748
Beneficial Interest in Split-Interest Agreements	<u>84,892</u>
	<u>\$ 5,008,640</u>

Assets measured at Fair Value on a Recurring Basis Using Significant Unobservable Inputs (Level 3): The following is a summary of the changes in the balances of assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs:

	<u>Trusts</u>
Balance, beginning of year	\$ 248,789
Total gains or losses (realized and unrealized) included in the change in net assets	(37,258)
Sales	-
Purchases	-
Transfers in and/or out of Level 3	<u>(126,639)</u>
Balance, end of year	<u>\$ 84,892</u>
The Amount Reported as Change in Value of Split-Interest Agreements Relating to Assets Held at Year-End	(37,258)

NOTE 5 – ENDOWMENT FUNDS

Connecticut Forest and Park Association, Inc.'s endowment consists of two categories of funds, and each category may require different investment objectives and direction regarding liquidity, income generation, safety of principal, and asset allocation. Its endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. The Current Operating and Project Funds are donations, grants, revenue generated from programs, rental income, and current interest earnings received that are needed for near-term expenditures and are generally expected to be used within twelve months. This fund category is managed for liquidity, preservation of capital and purchasing power, and current income. The Long-Term Funds are donations, grants and other assets that are restricted by Board action, or by the written direction from donors, grantors, or other entities, which are intended to be held as long-term endowments to appreciate and generate on-going income or reserves to benefit the mission,

CONNECTICUT FOREST & PARK ASSOCIATION INC.
Notes to the Financial Statements

programs or specific projects of Connecticut Forest and Park Association, Inc. The Board shall approve the policies or guidelines governing the use and periodic disbursement from these funds. This fund category is managed in order to maintain a prudent balance between preservation of capital and long-term growth; and sufficient liquidity to provide for periodic disbursements as budgeted or otherwise approved for each restricted fund. Over time, the Long-Term endowment funds should be invested to seek a real total return in the range of at least 4% annually, to provide a predictable level of funding for disbursement without consuming capital.

Investment Return Objectives, Risk Parameters, and Strategies

Connecticut Forest and Park Association, Inc. has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long term. To achieve the investment management objectives of each fund, the Finance Committee will develop flexible guidelines for investments made by Connecticut Forest and Park Association, Inc. or investment advisors engaged on its behalf. Investment decisions shall ensure a reasonable mix and diversification of assets, based on the Finance Committee's understanding of current market conditions.

Currently, the guidelines for asset allocation of endowment funds are as follows:

Cash	0 - 20%
Fixed Income	15 - 45%
Equities	30 - 90%

Asset allocation will be diversified both by asset class (domestic equities, foreign equities, fixed income (foreign and domestic) and appropriate alternative investments) and within each asset class (growth vs. value, large cap vs. small cap, vs. mid cap) and by economic sector and industry.

Unless otherwise approved by the Board or specifically required by terms of a grant or contract, the allocation of distributed interest and dividends from Connecticut Forest & Park Association, Inc. accounts shall occur as follows.

- For accounts designated as restricted endowment funds, distributions of interest/dividends shall be reinvested in those respective funds.
- For accounts designated as current operating or project funds, all distributed interest/dividends shall be retained by or transferred to the Operating Account to support the on-going work of the organization.

Spending Policy

For 2022, the Finance Committee and the Board voted to take an annual transfer from the endowment equal to 4% of the previous three-year rolling average endowment. The spending percentage will be evaluated and adjusted annually to preserve the long-term purchasing power of Connecticut Forest and Park Association, Inc.'s investments. The percentage will be adjusted to an amount that is equal or less than expected long-term portfolio return, net of fees.

CONNECTICUT FOREST & PARK ASSOCIATION INC.
Notes to the Financial Statements

Endowment net asset composition as of December 31, 2022, is as follows:

	<u>Without donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Endowment Assets</u>
Board-Designated Endowment Funds	\$ 3,506,442	\$ -	\$ 3,506,442
Donor Restricted	-	1,417,306	1,417,306
Total Funds	<u>\$ 3,506,442</u>	<u>\$ 1,417,306</u>	<u>\$ 4,923,748</u>

Changes in Endowment Assets as of December 31, 2022 are as follows:

	<u>Without Donor Restrictions</u>	<u>With donor Restrictions</u>	<u>Total Endowment Assets</u>
Endowment Assets, beginning of year	\$ 3,890,420	\$ 2,031,505	\$ 5,921,925
Contributions	126,759	102	126,861
Investment Return, Net	(670,737)	(334,301)	(1,005,038)
Transfers	280,000	(280,000)	-
Amounts Appropriated for Expenditure	<u>(120,000)</u>	<u>-</u>	<u>(120,000)</u>
Endowment Assets, End of Year	<u>\$ 3,506,442</u>	<u>\$ 1,417,306</u>	<u>\$ 4,923,748</u>

NOTE 6 – CONTRIBUTED MATERIALS AND SERVICE

Connecticut Forest and Park Association, Inc. receives at times, donated materials, and volunteer assistance from various sources. The Association receives donated services from a variety of unpaid volunteers assisting the Association in the preservation and upkeep of hiking trails and other programs. There were approximately 166 volunteers contributing approximately 7,309 hours for the year ended December 31, 2022. During 2021, approximately 200 volunteers contributed 30,000 hours.

When the criteria for recognition are met, donated materials are reported as Non-cash contributions at their estimated values at the date of their receipt.

No amounts for volunteer assistance or non-cash contributions were recognized in the statement of activities for 2022 and 2021 because the criteria for recognition were not satisfied.

NOTE 7 – RETIREMENT PLAN

The Organization established a 403(b)-retirement plan, effective November 1, 2002. Eligible participants include full-time and part-time employees who have completed employment requirements. For the years ended December 31, 2022, and 2021, the Organization contributed \$22,554 and \$17,634, respectively, to qualified employees based on a percentage of the respective employee's annual compensation. These plan contributions are in the Statement of Functional Expenses within the "Fringe Benefits" line.

CONNECTICUT FOREST & PARK ASSOCIATION INC.
Notes to the Financial Statements

NOTE 8 – CHARITABLE REMAINDER TRUSTS

A Charitable remainder trust has been established, naming Connecticut Forest and Park Association, Inc. as a one-fourth remainder beneficiary. The charitable remainder trust is administered by a third-party trustee. A charitable remainder trust provides income for the payment of distributions to the designated beneficiaries over the trust's term (the beneficiaries' lifetime). At the end of the trust's term, the remaining assets are distributed among the remainder beneficiaries. An asset is reported in the Statement of Financial Position, representing the present value of the expected future benefit. The trust was revalued using a 5.2% AFR discount rate, an inflation rate of 8.0%, and the Joint and Last Survivor Table.

During 2022, the Association received a \$126,639 distribution from a second Charitable remainder trust that was held last year.

NOTE 9 – FISCAL SPONSOR

The Connecticut Forest and Park Association serves as the 501(c)3 fiscal sponsor for the Friends of Goodwin Forest (FGF). The financial statement totals for assets, liabilities, revenues, and expenses reflect funds held in furtherance of CFPA's mission for purposes of the FGF.

NOTE 10 – NEW ACCOUNTING STANDARD

As discussed in Note 1, ASC 842 *Leases* was implemented during 2022. The effects of this implementation have been applied as of the beginning of 2022. As a result, the Association recorded Right of Use Assets and a Lease Liability of \$25,284.

NOTE 11– RECLASSIFICATIONS

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current -year financial statements.