
CONNECTICUT FOREST & PARK ASSOCIATION, INC.

Annual Financial Statements

For the Year Ended December 31, 2021

CONNECTICUT FOREST & PARK ASSOCIATION, INC.

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December 31, 2021

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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, 2021, 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, 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.

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

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

The financial statements of Connecticut Forest & Park Association were audited by other auditors, whose report dated September 29, 2021, expressed an unmodified opinion on those statements.

King, King & Associates

King, King & Associates, CPAs
Winsted, Connecticut
November 4, 2022

CONNECTICUT FOREST AND PARK ASSOCIATION, INC.

Comparative Statement of Financial Position

December 31, 2021

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS:</u>		
Cash	\$ 231,674	\$ 158,362
Contributions and grants receivable	37,000	8,150
Prepaid expenses	9,152	9,152
Inventory	<u>14,725</u>	<u>18,490</u>
TOTAL CURRENT ASSETS	<u>292,551</u>	<u>194,154</u>
<u>PROPERTY AND EQUIPMENT:</u>		
	851,281	851,281
Less: Accumulated depreciation	<u>(600,852)</u>	<u>(583,020)</u>
Cost Less Accumulated Depreciation	<u>250,429</u>	<u>268,261</u>
<u>OTHER ASSETS:</u>		
Investments	5,921,935	5,308,491
Land held for conservation	1,206,726	1,206,726
Beneficial interests in split-interest agreements	<u>248,789</u>	<u>214,915</u>
TOTAL OTHER ASSETS	<u>7,377,450</u>	<u>6,730,132</u>
<u>TOTAL ASSETS</u>	<u>\$ 7,920,430</u>	<u>\$ 7,192,547</u>
<u>LIABILITIES & EQUITY</u>		
<u>CURRENT LIABILITIES:</u>		
Accounts payable	\$ 14,893	\$ 24,724
Accrued Payroll and related	8,185	-
Accrued pension	17,634	13,086
Refundable advances	-	10,000
Sales tax payable	<u>56</u>	<u>240</u>
TOTAL CURRENT LIABILITIES	<u>40,768</u>	<u>48,050</u>
<u>LONG-TERM LIABILITIES:</u>		
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
<u>EQUITY:</u>		
Net Assets - Without Donor Restrictions	4,641,431	4,127,718
Net Assets - With Donor Restrictions	<u>3,238,231</u>	<u>3,016,779</u>
TOTAL NET EQUITY	<u>7,879,662</u>	<u>7,144,497</u>
<u>TOTAL LIABILITIES & NET ASSETS</u>	<u>\$ 7,920,430</u>	<u>\$ 7,192,547</u>

See accompanying notes to the financial statements

CONNECTICUT FOREST AND PARK ASSOCIATION, INC.
Statement of Activities and Changes in Net Assets
December 31, 2021
(With comparative totals for the year ended December 31, 2020)

	<u>2021</u>	<u>2020</u>
Net Assets Without Donor Restriction		
Revenue and Other Support:		
Donations and Bequests	\$ 543,650	\$ 1,555,491
Grants & Contracts	516,539	393,895
PPP Loan Forgiveness	95,000	-
Special events and programs	16,294	44,114
Sales of goods	23,220	
Less: Cost of Goods Sold	<u>(9,461)</u>	13,759
Publications	-	26,274
Administrative Fees and other services	-	3,497
Investment Return	432,756	649,152
Change in Value of Charitable Remainder Trust	33,874	-
Net Assets Released from Restrictions	<u>-</u>	<u>-</u>
Total Revenue and Other Support	<u>1,651,872</u>	<u>2,672,423</u>
Expenses:		
Programs	731,203	815,873
Management & General	238,164	93,520
Fundraising	173,101	103,091
Total Expenses	<u>1,142,468</u>	<u>1,012,484</u>
Changes in Net Assets from Operations	<u>509,404</u>	<u>1,659,939</u>
Non-Operating Income (Loss):		
Deferred compensation debt canceled	<u>-</u>	<u>172,798</u>
Total Non-Operating Income (Loss)	<u>-</u>	<u>172,798</u>
Changes in Net Assets without Donor Restrictions	<u>509,404</u>	<u>1,832,737</u>
Net Assets With Donor Restriction		
Investment Return	225,761	
Net Assets - Beginning	<u>7,144,497</u>	<u>5,311,760</u>
Net Assets - Ending	<u>\$ 7,879,662</u>	<u>\$ 7,144,497</u>

See accompanying notes to the financial statements

CONNECTICUT FOREST AND PARK ASSOCIATION, INC.

Statement of Functional Expenses

For the Year Ended December 31, 2021

(With Comparative Totals for December 31, 2020)

	<u>Management</u>			<u>Total</u>	
	<u>Programs</u>	<u>& General</u>	<u>Fundraising</u>	<u>2021</u>	<u>2020</u>
Salaries	291,534	110,582	100,529	502,644	466,226
Fringe benefits	44,725	16,965	15,422	77,112	73,525
Payroll taxes	21,849	8,288	7,534	37,671	38,027
Total Salaries and Related Expenses	358,108	135,834	123,485	617,427	577,778
Maintenance - facilities	8,442	3,202	2,912	14,556	14,333
Materials and supplies	4,529	1,718	1,562	7,809	28,402
Postage and shipping	-	6,599	-	6,599	8,131
Telephone and utilities	10,742	4,075	3,704	18,521	12,631
Pass through grants	24,000	-	-	24,000	39,000
Outside services	82,877	-	-	82,877	89,876
Education expenses	58,321	-	-	58,321	4,879
Office supplies	2,206	837	760	3,803	2,695
Land expense	66,934	-	-	66,934	20,149
Development expenses	-	-	7,445	7,445	17,480
Printing	-	4,574	-	4,574	34,161
Professional fees	-	40,336	-	40,336	23,635
Insurance	-	7,542	-	7,542	19,627
Special events and conferences	38,397	-	7,875	46,272	19,314
Travel	-	14,925	-	14,925	5,177
Professional development	-	9,659	-	9,659	1,338
Cost of publications sold	6,010	-	-	6,010	1,319
Website expenses	14,384	5,456	4,960	24,800	33,881
Copier lease	-	-	-	-	3,493
Computer supplies	5,760	2,185	1,986	9,931	5,211
Bank fees	78	30	27	135	3,393
Dues and subscriptions	2,439	925	841	4,205	2,430
Payroll service	704	267	242	1,213	857
Annual Fund Expenses	-	-	17,302	17,302	-
Public Policy	29,440	-	-	29,440	-
Deferred compensation	-	-	-	-	5,939
Total Expenses Before Depreciation	355,263	102,330	49,616	507,209	975,129
Depreciation	17,832	-	-	17,832	16,749
<u>Total Expenses</u>	<u>731,203</u>	<u>238,164</u>	<u>173,101</u>	<u>1,142,468</u>	<u>991,878</u>

See accompanying notes to the financial statements

CONNECTICUT FOREST AND PARK ASSOCIATION, INC.

Statement of Cash Flows

December 31, 2021

(With Comparative Totals for December 31, 2020)

	<u>2021</u>	<u>2020</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 509,404	\$ 1,832,737
Adjustments to reconcile excess of support over expenses to net cash provided by operating activities:		
Depreciation	17,832	16,749
Realized and Unrealized (Gain)/Loss on Sales of Investments	(550,261)	(503,575)
Change in value of split-interest agreements	(33,874)	(16,941)
Cost of publications	-	1,319
Changes in assets and liabilities:		
Increase/decrease in assets and liabilities:		
Contributions and grants receivable	(28,850)	15,022
Prepaid Expenses	-	6,561
Inventory	3,765	12,221
Accounts Payable	(9,831)	9,886
Accrued Wages	8,185	(8,816)
Deferred compensation	-	(189,769)
Refundable advance	(10,000)	10,000
Accrued pension	4,548	(845)
Sales tax payable	(184)	129
Total Adjustments	<u>(598,670)</u>	<u>(648,059)</u>
NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	<u>(89,266)</u>	<u>1,184,678</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	45,000	1,132,435
Purchase of investments	(108,173)	(2,276,631)
From (to) restricted cash	-	3,752
Capital expenditures	-	-
Net Cash Provided By (Used In) Investing Activities	<u>(63,173)</u>	<u>(1,140,444)</u>
CASH FLOW FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
Net Increase/(Decrease) in Cash	(152,439)	44,234
Cash at the Beginning of Year	158,362	114,128
Cash at the End of Year	<u>\$ 5,923</u>	<u>\$ 158,362</u>
Supplemental Information		
Income Taxes Paid	\$ -	\$ -
Interest Paid	\$ -	\$ -

See accompanying 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.

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.

CONNECTICUT FOREST & PARK ASSOCIATION, INC.

Notes to the Financial Statements

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.

Donated 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. The value of such services is reported in the Statement of Activities as donations.

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.

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.

Trade 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

CONNECTICUT FOREST & PARK ASSOCIATION, INC.

Notes to the Financial Statements

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.

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.

CONNECTICUT FOREST & PARK ASSOCIATION, INC.

Notes to 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

Depreciation expense for the year ended December 31, 2021, was \$17,832.

Expense Allocation

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. Each expenditure is examined and then classified to a particular program such as facilities, land management, and education, or to management and general, or fundraising. Initially, large expenses such as insurance are allocated to general management. In those situations, a ratio is then used to allocate to the appropriate aforementioned categories.

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, 2020, from which the summarized information was derived.

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.

CONNECTICUT FOREST & PARK ASSOCIATION, INC.

Notes to the Financial Statements

Compensated Absences

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

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, 2021, events and transactions subsequent to December 31, 2021 through June 20, 2022, 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.

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 \$4,159,093 of financial assets available within one year of the statement of financial position to meet cash needs for general expenditures, consisting of cash of \$231,674, receivables of \$37,000, and investments of \$3,890,419. 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, 2021, the carrying amount of the Connecticut Forest and Park Association, Inc.'s deposits were \$231,674, and the bank balance was \$212,161, all of which was covered by FDIC insurance.

Fixed Assets

Balances of Fixed Assets as of December 31, 2021, and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Land – Middlefield CT	\$80,000	\$80,000
Building and improvements	674,205	674,205
Computer equipment	44,078	44,078
Furniture, fixtures & equipment	<u>52,998</u>	<u>52,998</u>
Total:	851,281	851,281
Less: Accumulated depreciation	<u>600,852</u>	<u>583,020</u>
Cost less accumulated depreciation	<u>\$250,429</u>	<u>\$268,261</u>

CONNECTICUT FOREST & PARK ASSOCIATION, INC.

Notes to the Financial Statements

Net Assets with Donor Restrictions

Net Assets with donor restrictions are available for the following purposes at December 31, 2021:

	<u>2021</u>	<u>2020</u>
Permanent Endowment	\$1,263,790	\$1,263,790
Earnings on Permanent Endowment	767,715	541,954
Cash	-	4,309
Land Held for Conservation	<u>1,206,726</u>	<u>1,206,726</u>
Total	\$3,238,231	\$3,016,779

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.

NOTE 4 – FAIR VALUE INFORMATION

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

<u>Description</u>	<u>December 31,</u> <u>2021</u>	<u>Fair Value Measurements Using</u>		
		<u>Quoted Prices</u> <u>in Active</u> <u>Markets for</u> <u>Identical Assets</u> <u>(Level 1)</u>	<u>Significant</u> <u>Other</u> <u>Observable</u> <u>Inputs</u> <u>(Level 2)</u>	<u>Significant</u> <u>Unobservable</u> <u>Inputs</u> <u>(Level 3)</u>
Short-Term Investments	\$ 12,787	\$ 12,787	\$ -	\$ -
Bond Funds	1,714,714	1,714,714	-	-
Mutual Funds	4,194,423	4,194,423	-	-
Split-Interest Agreements	248,789	-	-	248,789
Total	<u>\$ 6,170,713</u>	<u>\$ 5,921,924</u>	<u>\$ -</u>	<u>\$ 248,789</u>

These amounts are reported as Investments in the financial statements.

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

CONNECTICUT FOREST & PARK ASSOCIATION, INC.

Notes to the Financial Statements

endowments to appreciate and generate on-going income or reserves to benefit the mission, 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 - 10%
Fixed Income	20 - 30%
Equities	70 - 80%

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

Connecticut Forest and Park Association, Inc. has a policy of appropriating for distribution for this year 4.5% of its endowment fund's average fair value of the prior 6 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. The spending percentage will be evaluated and adjusted annually to preserve

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Notes to the Financial Statements

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.

Endowment net asset composition as of December 31, 2021, is as follows:

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 2,031,505	\$ 2,031,505
Board-designated endowment funds	3,890,420	-	3,890,420
	<u>\$ 3,890,420</u>	<u>\$ 2,031,505</u>	<u>\$ 5,921,925</u>

Changes in endowment net assets as of December 31, 2021, are as follows:

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 3,502,757	\$ 1,805,744	5,308,501
Contributions	-	-	-
Investment Return	432,673	225,761	658,434
Amounts appropriated for expenditure	(45,000)	-	(45,000)
Endowment net assets, end of year	<u>\$ 3,890,430</u>	<u>\$ 2,031,505</u>	<u>\$ 5,921,935</u>

NOTE 6 – DONATED 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 200 volunteers contributing approximately 30,000 hours for the year ended December 31, 2021, and 2020. The donated materials are reflected as contributions in the accompanying statements at their estimated values at the date of their receipt. No amounts for volunteer assistance were recognized in the statement of activities because the criteria for recognition were not satisfied.

NOTE 7 – OPERATING LEASE

Connecticut Forest and Park Association, Inc. leases a 2021 truck that requires monthly payments of \$386 for 36 months and expires in 2024. The lease expense was \$1,898 for the year ended December 31, 2021. Future required payments are as follows:

Fiscal Year	
2022	\$4,633
2023	4,633
2024	3,861

CONNECTICUT FOREST & PARK ASSOCIATION, INC.

Notes to the Financial Statements

NOTE 8 – 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 year ended December 31, 2020, and 2021, the Organization contributed \$13,452 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 (Exhibit C), included within the "Fringe Benefits" line.

NOTE 9 – CHARITABLE REMAINDER TRUSTS

Charitable remainder trusts have been established, naming Connecticut Forest and Park Association, Inc. as a one-fourth remainder beneficiary. These charitable remainder trusts are 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 benefits. These trusts were revalued using a 1.6% AFR discount rate, an inflation rate of 4.7%, and the Joint and Last Survivor Table.

NOTE 10 – 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 11 – PRIOR PERIOD ADJUSTMENT

FAS 117-1 requires earnings on donor restricted endowments be considered as net assets with donor restrictions until those amounts are appropriated for expenditure by the Board of Directors. In prior years the earnings were not reported as net assets with donor restrictions. An adjustment was made to reclassify \$541,954 from net assets without donor restrictions reflecting cumulative earnings on the permanent endowment.