

# Northern Forest Center, Inc. and Supporting Organizations

Consolidated Financial Statements and  
Supplementary Information

Year Ended April 30, 2025



## Independent Auditor's Report

To the Board of Directors  
Northern Forest Center, Inc. and Supporting Organizations  
Concord, New Hampshire

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of the Northern Forest Center, Inc. and its Supporting Organizations, Sustainable Forest Futures, Inc. and 101 Main Street, Inc. (nonprofit organizations collectively referred to as the "Center"), which comprise the statement of financial position as of April 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Center as of April 30, 2025, 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 ("GAAP").

#### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Northern Forest Center, Inc. and Supporting Organizations 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.

The financial statements of 101 Main Street were not audited in accordance with *Government Auditing Standards* as the entity did not obtain federal funding above the threshold.

#### ***Emphasis of Matter - Prior Period Adjustment***

As discussed in Note 15 to the financial statements, the 2024 net assets with donor restrictions have been increased and the 2024 net assets without donor restrictions have been decreased to reflect a current year change in a donor's intent for prior contributions made. Our opinion is not modified with respect to this matter.

## **Responsibilities of Management for the Consolidated Financial Statements**

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government 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 internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center'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.

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## Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

## Report on Summarized Comparative Information

We have previously audited Northern Forest Center, Inc. and Supporting Organizations' 2024 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 14, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended April 30, 2024, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived, except for the matter disclosed in Note 15.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2025, on our consideration of the Center'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 Center'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 Center's internal control over financial reporting and compliance.



Wipfli LLP

Bedford, New Hampshire

October 10, 2025

## NORTHERN FOREST CENTER AND SUPPORTING ORGANIZATIONS

### Consolidated Statement of Financial Position

*April 30, 2025 (with Comparative Totals for 2024)*

#### ASSETS

	2025	2024
Current assets:		
Cash and cash equivalents	\$ 4,273,999	\$ 4,187,869
Investments, at fair value	6,706,295	10,072,725
Grants receivable	1,149,894	554,754
Contributions receivable	885,853	804,430
Notes receivable	24,560	-
Other receivables	3,852	-
Prepaid expenses	9,193	5,069
	13,053,646	15,624,847
Property and equipment, net	18,794,745	8,811,288
Other assets:		
Designated cash	61,847	72,423
Deposits	380	380
Grants receivable, less current portion	-	38,280
Contributions receivable, less current portion	1,219,535	1,547,089
Notes receivable, less current portion	2,456,779	2,316,355
Beneficial interest in assets held by others	64,602	62,278
	3,803,143	4,036,805
Total assets	\$ 35,651,534	\$ 28,472,940

See accompanying notes to consolidated financial statements.

# NORTHERN FOREST CENTER AND SUPPORTING ORGANIZATIONS

## Consolidated Statement of Financial Position

April 30, 2025 (with Comparative Totals for 2024)

### LIABILITIES AND NET ASSETS

	<u>2025</u>	<u>2024</u>
Current liabilities:		
Accounts payable	\$ 1,410,469	\$ 560,510
Accrued payroll and related expenses	108,577	62,995
Notes payable, current portion	609,497	560,000
Refundable advance liabilities	28,164	34,082
Deferred rent	7,825	4,925
Interest payable	143,881	108,661
Security deposits	30,300	18,320
	<u>2,338,713</u>	<u>1,349,493</u>
Total current liabilities		
Long-term liabilities:		
Notes payable, net of current portion and discount	<u>17,406,486</u>	<u>15,393,300</u>
Total long-term liabilities	<u>17,406,486</u>	<u>15,393,300</u>
Total liabilities	<u>19,745,199</u>	<u>16,742,793</u>
Net assets:		
Without donor restrictions	10,490,031	6,882,804
With donor restrictions	<u>5,416,304</u>	<u>4,847,343</u>
Total net assets	<u>15,906,335</u>	<u>11,730,147</u>
Total liabilities and net assets	<u>\$ 35,651,534</u>	<u>\$ 28,472,940</u>

See accompanying notes to consolidated financial statements.

**NORTHERN FOREST AND SUPPORTING ORGANIZATIONS**  
**Consolidated Statement of Activities**

*For the Year Ended April 30, 2025 (with Comparative Totals for 2024)*

	Without Donor Restrictions	With Donor Restrictions	Total 2025	Total 2024
Revenues:				
Contributions	\$ 2,402,124	\$ 702,196	\$ 3,104,320	\$ 4,070,891
Corporate contributions	156,385	-	156,385	95,255
Foundation grants	933,732	923,488	1,857,220	1,091,798
Government grants	3,982,059	-	3,982,059	1,745,781
Programs and fees	118,118	-	118,118	236,080
Investment income	399,027	-	399,027	482,069
Rental income	206,160	-	206,160	203,553
Other support	64,628	2,324	66,952	35,960
	<u>8,262,233</u>	<u>1,628,008</u>	<u>9,890,241</u>	<u>7,961,387</u>
Total revenues				
Net assets released from restrictions and other reclassifications:				
For satisfaction of time restrictions	589,900	(589,900)	-	-
For satisfaction of purpose restrictions	469,147	(469,147)	-	-
	<u>9,321,280</u>	<u>568,961</u>	<u>9,890,241</u>	<u>7,961,387</u>
Total revenues and net assets released from restrictions				
Expenses:				
Program services	4,684,357	-	4,684,357	3,451,151
General and administrative	403,402	-	403,402	416,074
Fundraising	626,294	-	626,294	456,167
	<u>5,714,053</u>	<u>-</u>	<u>5,714,053</u>	<u>4,323,392</u>
Total expenses				
Change in net assets	3,607,227	568,961	4,176,188	3,637,995
Net assets at beginning, as restated	<u>6,882,804</u>	<u>4,847,343</u>	<u>11,730,147</u>	<u>8,092,152</u>
Net assets at end	<u>\$ 10,490,031</u>	<u>\$ 5,416,304</u>	<u>\$ 15,906,335</u>	<u>\$ 11,730,147</u>

See accompanying notes to consolidated financial statements.

**NORTHERN FOREST CENTER AND SUPPORTING ORGANIZATIONS**

**Consolidating Statement of Functional Expenses**

*For the Year Ended April 30, 2025 (with Comparative Totals for 2024)*

	Program	General and Administration	Fundraising	Total 2025	Total 2024
<b>Personnel Expenses:</b>					
Salaries	\$ 1,151,104	\$ 219,984	\$ 387,600	\$ 1,758,688	\$ 1,519,440
Benefits	181,177	(3,688)	45,134	222,623	205,436
Payroll taxes	82,917	19,025	29,351	131,293	111,803
	<u>1,415,198</u>	<u>235,321</u>	<u>462,085</u>	<u>2,112,604</u>	<u>1,836,679</u>
<b>Non-Personnel Expenses:</b>					
Program expenses	2,324,761	7,775	72,664	2,405,200	1,423,844
Depreciation and amortization	160,709	10,453	-	171,162	198,845
Occupancy	44,338	2,959	6,511	53,808	49,371
Travel	59,684	3,369	16,190	79,243	49,955
Printing and publications	680	1,041	28,017	29,738	22,012
Office equipment and supplies	6,511	6,397	1,508	14,416	10,217
Board development and meetings	-	17,025	18,078	35,103	28,359
Professional fees	41,098	67,818	6,161	115,077	71,789
Telephone	6,053	404	889	7,346	7,128
Staff training	6,833	11,536	1,696	20,065	15,409
Insurance	-	9,726	-	9,726	8,691
Repairs and maintenance	7,070	(2,322)	648	5,396	1,428
Building assessments	-	-	-	-	26,471
Meetings and seminars	7,715	284	1,238	9,237	11,054
Rental utilities	96,229	-	-	96,229	58,279
Rental insurance	29,107	-	-	29,107	35,323
Rental taxes	29,483	-	-	29,483	36,721
Rental cleaning and yard care	18,675	-	-	18,675	22,294
Rental expenses- other	41,934	-	-	41,934	64,974
Interest	383,901	-	-	383,901	309,604
Miscellaneous	4,378	31,616	10,609	46,603	34,945
	<u>\$ 4,684,357</u>	<u>\$ 403,402</u>	<u>\$ 626,294</u>	<u>\$ 5,714,053</u>	<u>\$ 4,323,392</u>

See accompanying notes to consolidated financial statements.

**NORTHERN FOREST CENTER AND SUPPORTING ORGANIZATIONS**  
**Consolidated Statement of Cash Flows**

*For the Year Ended April 30, 2025 (with Comparative Totals for 2024)*

	2025	2024
Cash flows from operating activities:		
Change in net assets	\$ 4,176,188	\$ 3,637,995
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation and amortization	171,162	198,845
Imputed interest on debt issuance costs	7,126	7,126
Amortization of loan discount	86,720	58,089
Gain on sale of property	(64,628)	(29,248)
Gifts restricted for permanent capital	(475,000)	(250,000)
(Increase) decrease in:		
Grants receivable	(556,860)	(60,850)
Contributions receivable	246,131	(1,094,680)
Other receivables	(3,852)	2,200
Prepaid expenses and deposits	(4,124)	4,140
Beneficial interest in assets held by others	(2,324)	(6,337)
(Decrease) increase in:		
Accounts payable	214,381	(144,220)
Accrued payroll and related expenses	45,582	(7,860)
Grants payable	-	(5,388)
Refundable advance liabilities	(5,918)	34,082
Deferred rent	2,900	325
Interest payable	35,220	30,163
Security deposits	11,980	(25)
<b>Net cash from operating activities</b>	<b>3,884,684</b>	<b>2,374,357</b>
Cash flows from investing activities:		
Purchases of property and equipment	(9,629,413)	(1,625,038)
Payment received on note receivable	10,016	-
Proceeds from sale of property	-	147,900
Proceeds from investment maturity and sales	19,374,428	-
Purchases of investments	(16,007,998)	(6,277,466)
<b>Net cash from investing activities</b>	<b>(6,252,967)</b>	<b>(7,754,604)</b>
Cash flows from financing activities:		
Gifts restricted for permanent capital	475,000	250,000
Proceeds from notes payable	2,737,000	1,065,000
Discount on notes payable	(193,427)	(51,484)
Principal payments on notes payable	(574,736)	(331,739)
<b>Net cash from financing activities</b>	<b>2,443,837</b>	<b>931,777</b>
<b>Net change in cash and cash equivalents</b>	<b>75,554</b>	<b>(4,448,470)</b>
Cash and cash equivalents at beginning	4,260,292	8,708,762
<b>Cash and cash equivalents at end</b>	<b>\$ 4,335,846</b>	<b>\$ 4,260,292</b>

SUPPLEMENTAL INFORMATION:

Interest paid	\$ 254,835	\$ 265,189
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Non-cash investing activities:

Fixed asset additions of \$635,878 were included in accounts payable at April 30, 2025.

During 2025, Sustainable Forest Futures sold property with a net carrying value of \$110,372 to a third party in exchange for a note receivable for \$175,000.

See accompanying notes to consolidated financial statements.

# Northern Forest Center, Inc. and Supporting Organizations

## Notes to Consolidated Financial Statements

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### Note 1: Summary of Significant Accounting Policies

#### Nature of Operations

The Center is a regional innovation and investment partner creating rural vibrancy by connecting people, economy and the forested landscape across the 30-million-acre Northern Forest of northern Maine, New Hampshire, Vermont and New York. We bring collaborative leadership, new ideas, program delivery, investment and public policy expertise to renew the pride, purpose and vitality of the region's communities while advancing a forest stewardship ethic.

The Center focuses much of its programming in specific geographic areas to create the conditions that attract and retain young people and entrepreneurs. Our programs strengthen communities, enhance destination appeal for visitors and residents, drive regional innovation in key sectors of the forest-based economy, including wood products, outdoor recreation, and Modern Wood Heat, and provide regional leadership. Our integrated approach is rooted in a strong land ethic that benefits both people and place.

#### Impact and Core Beliefs

Since 2005, the Center's programs:

- Have benefited more than 10,000 jobs in the forest economy through direct business assistance and skills training;
- Helped conserve 259,219 acres of forestland for community benefit through community-based programs and financing; and
- Secured and leveraged \$288 million for projects that benefit the region's communities, economy and forest stewardship.

#### Program Accomplishments (unaudited)

I. The Center strengthens the vitality of rural Northern Forest communities and their ability to attract new residents and entrepreneurs. In FY25, the Center: invested \$10 million in creating new housing priced attainably for middle-income residents in Tupper Lake, NY, St., Johnsbury, VT, Bethel, ME, Millinocket, ME, and Lancaster, NH. We continued assisting Greenville, ME and Elizabethtown, NY, with infrastructure improvements to allow for future housing. We launched climate readiness projects to help St. Johnsbury, VT and Gorham, NH. The Center supported communities in the Northeast Kingdom of Vermont, Coos County, NH, and Oxford County, ME to manage for sustainable tourism and quality of life for residents through initiatives, including continued development of wayfinding system for Newport, VT. Supported construction or rehabilitation of 5.5 miles of trail in Lancaster, NH, to facilitate easy trail access from downtown. Managed Maine West, a collaborative of diverse non-profits in Bethel, Rumford, South Paris, and Norway, ME, to implement projects to secure economic, education, health and conservation benefits. Implemented the fourth year of the Attracting New Residents Strategy in the Adirondacks by engaging citizens on downtown revitalization, community-based recreation, community marketing, and middle-market housing, and supporting projects in Tupper Lake, Elizabethtown, Chester, and Keeseville, NY. Invested more than \$100,000 in trail and recreation improvements focused on serving community-oriented projects, reducing barriers to youth participation in outdoor recreation, and improving trail sustainability across Maine, Vermont, New Hampshire, and the Adirondacks.

# Northern Forest Center, Inc. and Supporting Organizations

## Notes to Consolidated Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Nature of Operations (Continued)

Doubled the size of the Bike Borderlands collaborative by adding locations serving Caroga, the High Peaks, and the Upper Hudson regions of NY; Stowe, Newport, and Williston, VT; Mt. Washington Valley, NH; and the Moosehead region of ME to expand quality mountain biking experiences for residents and visitors while stewarding the natural landscape and securing economic benefits for communities. The new locations join ongoing Borderlands members in Gorham, Franconia, and Littleton, NH; Bethel and Carrabassett Valley, ME; East Burke and Craftsbury, VT; and East Hereford, Quebec.

II. The Center helps create and improve jobs and build local wealth through opportunities that advance a regional land ethic and sustainable use of the forest. In FY25, the Center supported 1,653 jobs by providing custom business and marketing assistance to 49 wood products businesses; providing 9 wood products CEOs from ME and VT with business coaching throughout the year through the Northern Forest Board Forum; and coaching 34 wood product businesses to use their wood-origin stories in their marketing through the workshop series "Telling Your Forest Story" and ongoing support. The Center secured a \$1.2-million grant from the US Department of Labor to create and support a workforce development program serving 4 school districts and the Katahdin Higher Education Center in the Moosehead-Katahdin region and managed a similar program serving 4 school districts in Western Maine. Completed a recreation investment strategy to help guide development of the outdoor recreation economy in Maine's Katahdin region and launched similar project focused on Northern NH and the Northeast Kingdom of VT. Since inception, the Feel Good Heat program has reduced greenhouse gas impact by 13,648 tons by substituting wood pellets for more than 2 million gallons of fossil fuels, generating \$13.4 million in positive economic impact for the region.

III. The Center provides regional leadership and advocates for and supports thriving communities and healthy forests by increasing federal investment in the region, developing funding opportunities that meet emerging needs, and collaborating with national partners to increase attention to the needs of rural communities. The Center advocates for changes to make it easier for rural communities to access federal support, and for funding for USDA, US Forest Service, and US EDA programs that serve the region. In FY25, the Center served and collaborated with 109 communities, more than 200 businesses and organizations, and more than 250 partners to work toward our vision of thriving and welcoming Northern Forest region sustained by innovation and environmental stewardship. Through in-person convenings, webinars, and digital outreach, the Center engaged more than 1,200 people across the region to learn about forest stewardship and climate mitigation, ways to strengthen communities, and how to expand and sustain outdoor recreation opportunities. To increase connectivity, knowledge, and collaboration, the Center curated the bi-monthly Northern Forest News Digest for 3,300 subscribers.

The accompanying consolidated financial statements reflect the application of the accounting policies described in this note.

#### Principles of Consolidation

These consolidated financial statements include the accounts of the Northern Forest Center, Inc. (NFC) and its supporting organizations Sustainable Forest Futures, Inc. (SFF) and 101 Main Street, Inc. (101 Main), collectively referred to as the "Center". All material intercompany accounts and transactions have been eliminated in consolidation.

# Northern Forest Center, Inc. and Supporting Organizations

## Notes to Consolidated Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Comparative Financial Information

The consolidated financial statements of the Center 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 GAAP. Accordingly, such information should be read in conjunction with the Center's audited consolidated financial statements for the year ended April 30, 2024, from which the summarized information was derived.

#### Basis of Accounting

The consolidated financial statements of the Center have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States (GAAP). Under the accrual basis, revenues and gains are recognized when earned and losses are recognized when incurred.

#### Use of Estimates

The preparation of consolidated financial statements in conformity with 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 consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

#### Cash and Cash Equivalents

The Center considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Center has its cash accounts at various banks, and occasionally maintains balances in excess of insurance coverage limits provided by the Federal Deposit Insurance Corporation (FDIC).

Cash and cash equivalents consist of the following:

<i>April 30,</i>	2025
Designated cash	\$ 61,847
Cash and cash equivalents	4,273,999
<b>Total cash and cash equivalents as reported in the consolidated statement of cash flows</b>	<b>\$ 4,335,846</b>

The designated cash consists of the fee reserve account was created as a result of the NMTC arrangement (Note 10). The Center does not have access to the account. The Center has granted a first security interest to the CDE. The account contains the asset management fees for the next 7 years with \$16,370 to be paid annually to the CDE. Upon completion of the NMTC guaranty, the account will be released from restriction.

# Northern Forest Center, Inc. and Supporting Organizations

## Notes to Consolidated Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Grants and Contributions Receivable

The Center estimates the allowance for uncollectible grants and contributions receivable based upon specific review, current economic conditions and historical loss factors, if applicable. Grants and contributions receivable are considered to be fully collectible and, accordingly, no allowance for doubtful accounts is considered necessary at April 30, 2025.

Unconditional grants and contributions receivable are reported at net realizable value if, at the time the promise is made, payment is expected to be received in one year or less. Unconditional contributions and grants receivable that are expected to be collected in future years are initially recorded at the present value of estimated future cash flows on a discounted basis applicable to the years in which the promises were received. In subsequent years, the amortization of the discount on unconditional contributions and grants receivable is reported in contribution or grant revenue, as applicable, in the consolidated statement of activities.

#### Investments

The Center carries investments in debt securities at their fair values based on quoted market prices. Gains and losses, both realized and unrealized, resulting from increases or decreases in the fair value of investments are reflected in the consolidated statement of activities as increases or decreases in net assets without donor restrictions unless the use was restricted by explicit donor stipulations or by law.

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements.

#### Notes Receivable

The notes receivable are stated at their respective unpaid principal balances. The Center analyzes notes receivable and records an allowance for credit losses for those amounts that management will reserve for possible losses. The evaluation takes into consideration such factors as changes in the borrower's creditworthiness, evaluations of the collectability, prior loss experience, and current economic conditions. Any write-offs would be recorded against the allowance. Management has determined that no allowance for the notes receivable is necessary at April 30, 2025.

A note is considered impaired when, based on current information and events, it is probable that the Center will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due.

# Northern Forest Center, Inc. and Supporting Organizations

## Notes to Consolidated Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Notes Receivable (Continued)

At such time when a note is determined to be past due, the interest-bearing note is placed on nonaccrual status. The determination of past due notes receivable for purposes of placing on nonaccrual status is made on a case-by-case basis. Interest accrued, but not collected for a note receivable that is placed on nonaccrual status, is reversed against interest income. As of April 30, 2025, management determined that the notes receivable are not impaired.

#### Property and Equipment

Property and equipment are capitalized at cost, if purchased, or at their estimated fair value, if the assets are donated. Assets with a useful life in excess of one year and costing over \$2,500 are capitalized. Lesser amounts are charged to operations. Depreciation is provided for on the straight-line method, by charges to income in amounts estimated to amortize the cost or donated value of the assets over their estimated useful lives.

Gifts of capital assets, such as land, buildings, or equipment, are reported as net assets without donor restrictions, unless explicit donor stipulations specify how the donated assets must be used. Gifts of capital assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire capital assets are reported as net assets with donor restrictions. Absent explicit donor stipulations about how long those capital assets must be maintained, expirations of donor restrictions are reported when the donated or acquired capital assets are placed in service.

The Center periodically evaluates whether events and circumstances have occurred that may affect the carrying value of property and equipment. If such events or circumstances indicate the carrying value may not be recoverable, impairment is determined by comparing the carrying value with the estimated future net undiscounted cash flows expected to result from the use of the assets, including cash flows from disposition. Should the sum of the expected future net cash flows be less than the carrying value, the Center would recognize an impairment loss.

Property and equipment purchased with grant funds are owned by the Center while used in the program for which they were purchased or in other future authorized programs. The disposition, as well as the ownership of any proceeds therefrom, is subject to funding source regulations. Federal funds used in the purchase or improvement of property and equipment totaled approximately \$1,383,000 at April 30, 2025.

Website development costs are included in property and equipment and amortized on a straight-line method over 3 years when the asset is placed in service.

Depreciation expense for the year ended April 30, 2025 was \$164,141. Amortization for the website design costs for the year ended April 30, 2025 was \$7,021. Total depreciation and amortization was \$171,162 for the year ended April 30, 2025.

# Northern Forest Center, Inc. and Supporting Organizations

## Notes to Consolidated Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Classification of Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported, as follows:

*Net Assets Without Donor Restrictions:* Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Net assets without donor restrictions include both undesignated and designated net assets which are revenues not restricted by outside sources and revenue designated by the Board of Directors for special purposes and their related expenses.

*Net Assets with Donor Restrictions:* Net assets subject to donor- or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Restricted contributions that are received and utilized in accordance with donor stipulations in the same year are reported as contributions without donor restrictions.

#### Deferred Debt Issuance Costs

The Center incurred financing costs related to the New Markets Tax Credit transaction. Unamortized debt issuance costs have been recorded as a reduction to the related notes payable obligation. The costs are being amortized to interest expense over the maximum term provided in the debt agreement.

#### Revenues

##### Contribution Revenue:

Contributions are recognized as revenue when cash, securities, other assets, or an unconditional promise to give is received. Conditional promises to give; that is, those with a measurable performance or other barrier and a right of return, are recognized as revenue when the barriers to entitlement are met and overcome.

##### Grant Revenue:

The Center has several agency, state and Federal grant awards. Grants awarded are evaluated for appropriate recognition as an exchange transaction or a contribution and, if a contribution, further evaluated for a barrier or a right of return to establish whether the contribution is conditional. In the event grant funds are reclaimed by the grantor, such amounts are adjusted in future periods as adjustments become known.

Grant awards that are contributions: Grant awards that are contributions are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reported as a refundable advance liability.

# Northern Forest Center, Inc. and Supporting Organizations

## Notes to Consolidated Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Revenues (Continued)

Grant awards that are exchange transactions: Exchange transactions are those in which the resource provider or grantor receives a commensurate value in exchange for goods or services transferred. Revenue is recognized when the promised goods or services are transferred to the customer (grantor). There was approximately \$298,000 in grant awards that were considered exchange transactions and recognized in accordance with the policy for programs and fees revenue during the year ended April 30, 2025.

At April 30, 2025, twenty grants had been awarded to the Center which were not yet recognized as revenue due to the barrier and right of return requirements. The total future amount of grant revenue under these grant agreements is approximately \$3,653,000.

#### Programs and Fees Revenue:

The Center follows the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), as amended, which applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition.

Programs and fees revenue consist of various revenues earned as a result of the facilitation of symposiums, strategic planning and other consulting-type engagements. The Center recognizes program and fees revenue at the amount of consideration to which the Center expects to be entitled to in exchange for providing the services to its customers. The services are considered to be one performance obligation, which is to provide consulting-type services in accordance with an agreed upon work plan. Revenue is recognized at the time the project is completed as that is considered the point at which the customer receives the benefit. The Center bills for the services provided at the end of the project and payment is due no later than 30 business days upon receipt of the invoice. There were no material receivables, contract assets or contract liabilities as of April 30, 2024 or 2025.

#### Rental Income:

As part of the Community Revitalization Program, Sustainable Forest Futures has purchased and renovated several properties that are held for rent. Rental income is recognized on a straight-line basis over the term of the lease. Rent revenue is recognized in the period in which it is earned. Any amounts received for future periods are reported as deferred rent.

#### Functional Allocation of Expenses

The cost of providing various programs and other activities has been summarized on a functional basis in the consolidated statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Certain categories of expenses are attributed to more than one program or supporting function and require allocation on a reasonable and consistent basis. The expenses that are allocated include salaries, benefits and payroll taxes which are allocated on the basis of estimates of time and effort. Rent, repairs, supplies and office expenses are allocated based on a ratio of total direct costs charged to each functional category in relation to total costs.

# Northern Forest Center, Inc. and Supporting Organizations

## Notes to Consolidated Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Tax Status

Northern Forest Center, Sustainable Forest Futures and 101 Main Street are each exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The entities must, however, pay income taxes on the net profit from its unrelated business activities, if any.

The Center recognizes the tax benefit of an uncertain tax position only if management determines that it is more likely than not that the tax position would be sustained upon examination by taxing authorities based on the technical merit of the position. Management has determined that through April 30, 2025, the Center did not take any material tax positions which do not meet the criteria for recognition.

#### Leases

For all underlying classes of assets, the Center has elected to not recognize right of use assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Center is reasonably certain to exercise. Leases containing termination clauses in which either party may terminate the lease without cause and the notice period is less than 12 months are deemed short-term leases with lease costs included in short-term lease expense. The Center recognizes short-term lease cost on a straight-line basis over the lease term.

For all underlying classes of assets, the Center separates lease and non-lease components to determine the lease payment.

#### Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. A three-tier hierarchy prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own assumptions. The asset's or liability's fair value measurement within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

### Note 2: Related Parties

The Northern Forest Center provides substantive operational, fundraising and program support to Sustainable Forest Futures and to 101 Main Street. As supporting organizations, Sustainable Forest Futures and 101 Main Street exist to support the Northern Forest Center and they are aligned strategically, programmatically, and operationally to advance the collective mission of the organizations.

Transactions among the three organizations primarily relate to pass through and/or contractual relationships for grant funding. At April 30, 2025, there were no amounts included in the consolidated statement of financial position representing grant funding due to Sustainable Forest Futures or 101 Main Street from the Northern Forest Center under a sub grant agreement.

# Northern Forest Center, Inc. and Supporting Organizations

## Notes to Consolidated Financial Statements

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### Note 3: Liquidity and 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:

<i>April 30,</i>	2025
Cash and cash equivalents	\$ 4,273,999
Investments, at fair value	6,706,295
Grants receivable	1,149,894
Contributions receivable	2,105,388
Notes receivable	24,560
Other receivables	3,852
Subtract: Donor restricted assets excluding short-term pledge receivables, beneficial interest in assets held by others, implied contributions from below-market interest rate loans, and permanent funds invested in property and equipment	(2,249,381)
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 12,014,607</u>

The Center's working capital and cash flow have seasonal variations during the year. These are attributable to the cash contributions from individuals and corporations received throughout the year, payments made on grants receivable, and grants awarded to the Center from foundations and the government. The Center considers all expenditures related to its ongoing activities to create and retain quality jobs, leverage investment and retain dollars in the region, and conserve managed forests for community benefit to be general expenditures. To manage liquidity and monitor the availability of resources to meet these operating needs, the Center produces an annual budget which outlines the anticipated financial needs to maintain the Center within the next fiscal year. The budget is analyzed and compared to actual results throughout the year to manage current cash flow needs. The Center has also implemented a policy to maintain an operating reserve of at least three months of ongoing personnel and operating expenses or \$800,000.

### Note 4: Contributions and Grants Receivable

Unconditional contributions and grants receivable expected to be received beyond one year are recognized initially at present value using a discount rate of 4%. Contributions receivable as of April 30, 2025, are summarized below:

	2025
Amounts to be received in one year or less	\$ 885,853
Amounts to be received in one to five years	1,277,000
	2,162,853
Less: Discount to present value	(57,465)
Total	2,105,388
Less: current portion	885,853
Total long-term portion	<u>\$ 1,219,535</u>

# Northern Forest Center, Inc. and Supporting Organizations

## Notes to Consolidated Financial Statements

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### Note 4: Contributions and Grants Receivable (Continued)

Grants receivable as of April 30, 2025, are summarized below:

	2025
Amounts to be received in one year or less	\$ 1,149,894
Amounts to be received in one to five years	-
	1,149,894
Less: Discount to present value	-
	1,149,894
Less: current portion	1,149,894
	-
Total long-term portion	\$ -

At April 30, 2025, 42% of grants receivable were from two grantors. At April 30, 2025, 88% of contributions receivable were from two donors.

### Note 5: Notes Receivable

Notes receivable consist of the following:

<i>As of April 30,</i>	2025
Note receivable to MHIC Leverage Lender, LLC dated November 20, 2020 with a maturity date of February 1, 2051, with a principal balance of \$2,316,355 and accrues interest at 1% (see Note 10)	\$ 2,316,355
Note receivable from Outdoor Sports Institute collateralized by property in Millinocket, Maine. The note is dated November 18, 2024, with a face amount of \$175,000 and interest accruing at 3% on only \$75,000 of the principal balance and a balloon payment of \$100,000 due November 18, 2027	164,984
Total notes receivable	2,481,339
Less current portion	24,560
	-
Total long term notes receivable	\$ 2,456,779

# Northern Forest Center, Inc. and Supporting Organizations

## Notes to Consolidated Financial Statements

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### Note 6: Property and Equipment

Property and equipment (including buildings rented to third-parties) consist of the following:

<i>As of April 30,</i>	2025
Office equipment	\$ 12,180
Buildings and improvements	4,344,698
Construction in process	14,962,983
Vehicles	43,429
Website design costs	84,248
Total property and equipment	19,447,538
Less: accumulated depreciation and amortization	652,793
Total property and equipment, net	\$ 18,794,745

Construction-in-process consists of costs incurred for the purchase and renovation of ten properties not yet placed in service. As of April 30, 2025, the Center had outstanding construction commitments of approximately \$8,210,000.

### Note 7: Investments and Fair Value Measurements

The following is a description of the valuation methodologies used for assets measured at fair value.

#### *Investment Securities*

The fair value of investment securities is the value based on quoted prices of similar assets in active markets or identical assets not in active markets.

#### *Beneficial Interests in Assets Held by Others*

The beneficial interest in assets held by others is valued at fair value using the Center's calculated share of the pooled fund and the underlying value of the funds' assets at April 30.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair value. Furthermore, while the Center believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in the valuation techniques and related inputs during the year ended April 30, 2025.

# Northern Forest Center, Inc. and Supporting Organizations

## Notes to Consolidated Financial Statements

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### Note 7: Investments and Fair Value Measurements (Continued)

The following table presents the balances of assets and liabilities measured at fair value on a recurring basis by level within the fair value hierarchy at April 30, 2025:

	Level 1	Level 2	Level 3	Total
US Treasury Bills	\$ -	\$ 5,986,032	\$ -	\$ 5,986,032
Certificates of deposit - broker issued	-	720,263	-	720,263
Total investments, at fair value	-	6,706,295	-	6,706,295
Beneficial interests in assets held by others	-	-	64,602	64,602
Totals	\$ -	\$ 6,706,295	\$ 64,602	\$ 6,770,897

### Note 8: Beneficial Interest in Assets Held by Others

The Northern Forest Center is a beneficiary of an agency endowment fund at the New Hampshire Charitable Foundation (NHCF). Pursuant to the terms of the resolution establishing the Northern Forest Center Fund, assets contributed to the NHCF are held as a separate fund designated for the benefit of the Northern Forest Center. In accordance with its spending policy, the NHCF makes distributions (4% during the year ended April 30, 2025) of the fair value of the fund each year. These distributions have been retained in the fund by NHCF for the Center.

The Center created a nonprofit reserve fund at the Vermont Community Foundation (VCF). Pursuant to the terms of the resolution establishing the Northern Forest Center Fund, assets contributed to the VCF are held as a separate fund designated for the benefit of the Northern Forest Center. In accordance with its spending policy, the VCF makes distributions (5% for the year ended April 30, 2025) of the fair value of the fund each year. These distributions have been retained in the fund by VCF for the Center.

The estimated value of the underlying assets, as reported by the NHCF and the VCF, are included in the consolidated statement of financial position as beneficial interests in assets held by others and the Center recorded the change in value of these funds, net of fees, amounting to a gain of \$2,324 for the year ended April 30, 2025, in the consolidated statement of activities. The fair value of the funds' assets was \$64,602 at April 30, 2025.

### Note 9: Notes Payable

On July 1, 2017, Sustainable Forest Futures released a Confidential Private Placement Memorandum and Subscription Agreement to offer (the "Offering") up to \$1 million of promissory notes to certain persons or entities who are "accredited" investors to support the Millinocket Real Estate Initiative (Millinocket).

On July 1, 2018, Sustainable Forest Futures released a Confidential Private Placement Memorandum and Subscription Agreement to offer (the "Offering") up to \$1,500,000 of promissory notes to certain persons or entities who are "accredited" investors to support the Lancaster Main Street Fund (Lancaster).

# Northern Forest Center, Inc. and Supporting Organizations

## Notes to Consolidated Financial Statements

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### Note 9: Notes Payable (Continued)

On May 1, 2021, Sustainable Forest Futures released a Confidential Private Placement Memorandum and Subscription Agreement to offer (the "Offering") up to \$20,000,000 of promissory notes to certain persons or entities who are "accredited" investors to support the Northern Forest Fund (NFF).

The expiration dates of the Millinocket, Lancaster, and NFF Offerings are June 30, 2019, June 30 2023, and December 31, 2024, respectively. At the discretion of Sustainable Forest Futures, the expiration dates of the Offerings may be extended for additional 90-day periods. The Millinocket Offering was fully subscribed at \$1 million as of February of 2019 and has not been extended. Sustainable Forest Futures intends to use the net proceeds from the Offerings to pay for the needs as set forth by the Business Plans for Millinocket, Lancaster, and the Northern Forest Fund.

Details of the notes payable are as follows:

#### Millinocket Real Estate Initiative

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Note payable, individual, interest of 2% annum, payable annually beginning December 31, 2019, due November 2025.	\$ 100,000
Note payable, individual, interest of 2% annum, payable annually beginning December 31, 2019, due January 2026.	50,000
Note payable, trust, interest of 2% annum, payable annually beginning December 31, 2019, due February 2026.	100,000
<b>Subtotal Millinocket Real Estate Initiative Offering</b>	<b>\$ 250,000</b>

#### Lancaster Main Street Fund

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Note payable, individual, interest of 2.0% annum, payable annually beginning December 31, 2019, due July 2025.	\$ 150,000
Notes payable, individual, interest of 2.0% annum, payable annually beginning December 31, 2019, with \$25,000 due October 2025 and \$25,000 due February 2026.	50,000
Note payable, individual, interest of 2.0% annum, payable annually, beginning December 31, 2019, due December 2025.	100,000
Note payable, individual, interest of 2.0% annum, payable annually beginning December 31, 2020, due May 2026.	25,000
Note payable, Weeks Medical Center, interest of 2% annum, payable annually beginning December 31, 2021, due June 2028.	100,000
<b>Subtotal Lancaster Main Street Fund Offering</b>	<b>\$ 425,000</b>

# Northern Forest Center, Inc. and Supporting Organizations

## Notes to Consolidated Financial Statements

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### Note 9: Notes Payable (Continued)

#### Northern Forest Fund

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Note payable, individual, interest of 2.0% annum, payable annually beginning December 31, 2021, due August 2028.	\$	50,000
Note payable, individual, interest of 2.0% annum, payable annually beginning December 31, 2021, due August 2028.		50,000
Note payable, New Hampshire Charitable Foundation, interest of 1.0% annum, payable annually beginning December 31, 2021, due September 2026.		500,000
Noted payable, Onion Family Foundation, interest of 2.0% annum, payable annually beginning December 31, 2021, with \$250,000 due September 2028 and \$250,000 due November 2029.		500,000
Note payable, trust, interest at applicable federal rate at time of advance (0.9% annum with contingent interest), payable annually beginning December 31, 2021, due October 2030.		500,000
Note payable, individual, interest of 2.0% annum, payable annually beginning December 31, 2021, due October 2028.		100,000
Note payable, individual, interest at applicable federal rate at time of advance (0.9% annum with contingent interest), payable annually beginning December 31, 2021, due October 2030.		17,000
Note payable, private foundation, interest of 2.0% annum, payable annually beginning December 31, 2021, due November 2028.		700,000
Note payable, individual, interest of 2.0% annum, payable annually beginning December 31, 2021, due November 2028.		50,000
Note payable, Emily Landecker Foundation, interest of 2.0% annum, payable annually beginning December 31, 2021, due December 2028.		100,000
Note payable, individual, interest of 2.0% annum, payable annually beginning December 31, 2021, due December 2028.		20,000
Note payable, Adirondack Foundation, interest of 2.0% annum, payable annually beginning December 31, 2021, due December 2028.		150,000
Note payable, Adirondack Foundation, interest at applicable federal rate at time of advance (1.26% annum with contingent interest), payable annually beginning December 31, 2021, due December 2030.		150,000
Note payable, individual, interest at applicable federal rate at time of advance (1.26% annum with contingent interest), payable annually beginning December 31, 2021, due January 2031.		25,000

# Northern Forest Center, Inc. and Supporting Organizations

## Notes to Consolidated Financial Statements

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### Note 9: Notes Payable (Continued)

#### Northern Forest Fund (Continued)

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Note payable, Elliotsville Foundation, interest of 1% annum, payable annually beginning December 31, 2022, due January 2027.	\$ 250,000
Note payable, Buck Foundation, interest of 2% annum, payable annually beginning December 31, 2022, due December 2030.	2,000,000
Note payable, Bangor Savings Bank, interest of 2% annum, payable annually beginning December 31, 2022, due October 2029.	1,000,000
Note payable, Vermont Community Foundation, interest of 2% annum, payable annually beginning December 31, 2023, due March 2030.	500,000
Note payable, Peter Vandermark Trust, interest of 2% annum, payable annually beginning December 31, 2022, due September 2029.	50,000
Note payable, Ananda Fund, interest of 1% annum, payable annually beginning December 31, 2023, due February 2028.	400,000
Note payable, Betterment Fund, interest of 2% annum, payable annually beginning December 31, 2023, due April 2030.	300,000
Note payable, Elliotsville Foundation, interest of 1% annum, payable annually beginning December 31, 2022, due December 2027.	250,000
Note payable, Elliotsville Foundation, interest of 1% annum, payable annually beginning December 31, 2022, due October 2027.	50,000
Note payable, Adirondack Foundation, interest of 2% annum, payable annually beginning December 31, 2022, due October 2029.	130,000
Note payable, Individual, interest of 2% annum, payable annually beginning December 31, 2023, due April 2030.	50,000
Note payable, Individual, interest at applicable federal rate at time of advance (1.9% annum with contingent interest), payable annually beginning December 31, 2023, due April 2031.	100,000
Note payable, Individual, interest at applicable federal rate at time of advance (3.2% annum with contingent interest), payable annually beginning December 31, 2023, due June 2031.	100,000
Note payable, Individual, interest of 1% annum, payable beginning December 31, 2022, due September 2027.	100,000

# Northern Forest Center, Inc. and Supporting Organizations

## Notes to Consolidated Financial Statements

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### Note 9: Notes Payable (Continued)

#### Northern Forest Fund (Continued)

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Note payable, Individual, interest of 2% annum, payable annually beginning December 31, 2022, due November 2029.	\$	50,000
Note payable, Individual, interest at applicable federal rate at time of advance (2.5% annum with contingent interest), payable annually beginning December 31, 2022, due May 2031.		10,000
Note payable, Individual, interest of 2% annum, payable annually beginning December 31, 2022, due September 2029.		10,000
Note payable, Individual, interest of 2% annum, payable annually beginning December 31, 2022, due August 2029.		5,000
Note payable, Individual, interest at applicable federal rate at time of advance (2.9% annum with contingent interest), payable annually beginning December 31, 2023, due February 2032.		100,000
Note payable, Emily Landecker Foundation, interest of 2% annum, payable annually beginning December 31, 2023, due December 2029.		100,000
Note payable, Impact Projects, interest of 1% annum, payable annually beginning December 31, 2022, due December 2027		1,000,000
Note payable, White Mountains Capital, LLC, interest of 2% annum, payable annually beginning December 31, 2023, due February 2030.		400,000
Note payable, Emily Landecker Foundation, interest of 2% annum, payable annually beginning December 31, 2023, due December 2029.		100,000
Note payable, Individual, interest at applicable federal rate at time of advance (2% annum with contingent interest), payable annually beginning December 31, 2022, due November 2031.		150,000
Note payable, Individual, interest of 2% annum, payable annually beginning December 31, 2023, due January 2030.		75,000
Note payable, Individual, interest of 2% annum, payable annually beginning December 31, 2023, due May 2030.		100,000
Note payable, Individual, interest at applicable federal rate at time of advance (3.85% annum with contingent interest), payable annually beginning December 31, 2023, due July 2032.		50,000
Note payable, Individual, interest at applicable federal rate at time of advance (4.43% annum with contingent interest), payable annually beginning December 31, 2023, due October 2032.		100,000
Note payable, Individual, interest of 2% annum, payable annually beginning December 31, 2023, due October 2030.		50,000

# Northern Forest Center, Inc. and Supporting Organizations

## Notes to Consolidated Financial Statements

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### Note 9: Notes Payable (Continued)

#### Northern Forest Fund (Continued)

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Note payable, Individual, interest at applicable federal rate at time of advance (4.82% annum with contingent interest), payable annually beginning December 31, 2023, due November 2032.	\$ 25,000
Note payable, Individual, interest of 1% annum, payable annually beginning December 31, 2024, due January 2029.	10,000
Note payable, Individual, interest of 1% annum, payable annually beginning December 31, 2024, due January 2029	50,000
Note payable, Emily Landecker Foundation, interest of 1% annum, payable annually beginning December 31, 2024, due February 2029.	100,000
Note payable, Individual, interest of 1% annum, payable annually beginning December 31, 2024, due March 2029.	50,000
Note payable, Stifler Family Foundation, interest of 2% annum, payable annually beginning December 31, 2024, due February 2031.	100,000
Note payable, Divided Sky, LLC, interest of 2% annum, payable annually beginning December 31, 2024, due March 2031.	100,000
Note payable, Individual, interest at applicable federal rate at time of advance (4.30% annum with contingent interest), payable annually beginning December 31, 2024, due April 2033.	200,000
Note payable, Trust, interest of 2% annum, payable annually beginning December 31, 2024, due April 2031.	100,000
Note payable, Ivorybill Charitable Foundation, interest of 1% annum, payable annually beginning December 31, 2025, due July 2029.	50,000
Note payable, US Endowment, interest of 2% annum, payable annually beginning December 31, 2025, due August 2031.	500,000
Note payable, US Endowment, interest of 4% annum, payable annually beginning December 31, 2025, due August 2033.	500,000
Note payable, Individuals, interest of 2% annum, payable annually beginning December 31, 2025, due August 2031.	50,000
Note payable, Individual, interest of 1% annum, payable annually beginning December 31, 2025, due September 2029.	30,000

# Northern Forest Center, Inc. and Supporting Organizations

## Notes to Consolidated Financial Statements

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### Note 9: Notes Payable (Continued)

#### Northern Forest Fund (Continued)

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Note payable, Individual, interest of 2% annum, payable annually beginning December 31, 2025, due October 2031.	\$ 50,000
Note payable, Vermont Community Foundation 2, interest of 2% annum, payable annually beginning December 31, 2025, due October 2031.	100,000
Note payable, Individual, interest of 2% annum, payable annually beginning December 31, 2025, due December 2031.	50,000
Note payable, Individual, interest of 2% annum, payable annually beginning December 31, 2025, due December 2031.	27,000
Note payable, Elizabethtown Community Hospital, interest of 2% annum, payable annually beginning December 31, 2025, due December 2031.	300,000
Note payable of \$500,000 to State of Vermont, interest of 1.5% annum, payable in quarterly principal and interest payments of \$16,610 beginning March 31, 2025, due December 2032.	485,264
Note payable, NHCF Westmeadow, interest of 1% annum, payable annually beginning December 31, 2025, due January 2030.	350,000
Note payable, Individual, interest of 2% annum, payable annually beginning December 31, 2025, due March 2032.	100,000
Note payable, Protestant Episcopal Church, interest of 4.2% annum, payable annually beginning December 31, 2025, due February 2034.	50,000
Note payable, Emily Landecker Foundation, interest of 1% annum, payable annually beginning December 31, 2025, due January 2030.	50,000
Subtotal Northern Forest Fund Offering	\$ 13,819,264

# Northern Forest Center, Inc. and Supporting Organizations

## Notes to Consolidated Financial Statements

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### Note 9: Notes Payable (Continued)

#### Other Notes Payable

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Note payable dated November 20, 2020, MHIC NE CDE Subsidiary 62, LLC (Note A), interest rate of 0.713% and maturity date of December 2054. Interest is payable monthly in arrears through December 1, 2027. Monthly principal and interest payments together of approximately \$5,600 will begin January 1, 2028 through 2034 and increase to approximately \$8,600 thereafter through the maturity date. The note is secured by the mortgage on certain real and personal property located at 101 Main Street. \$ 2,316,355

Note payable dated November 20, 2020, MHIC NE CDE Subsidiary 62, LLC (Note B), interest rate of 0.713% and a maturity date of December 2054. Interest is payable monthly in arrears through December 1, 2027 at which point a principal payment of \$32,740 is due. Then monthly principal and interest payments together of approximately \$2,200 will begin in 2028 and increase to approximately \$3,400 in 2034 through the maturity date. The note is secured by the mortgage on certain real and personal property located at 101 Main Street. 957,645

Note payable dated December 10, 2021, Richard King Mellon Foundation, interest rate of 2% and a maturity date of December 2028. Interest accrues annually, with the full amount of principal and any accrued interest thereon due December 2028. 850,000

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Total notes payable	18,618,264
Less: unamortized debt issuance costs	210,813
Less: current portion	609,497
Less: unamortized discount	391,468

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Long-term portion of notes payable, net	\$ 17,406,486
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Total interest expense, including the imputed interest on debt issuance costs, was \$383,901 for the year ended April 30, 2025.

The 9-year notes in the Northern Forest Fund initiative may bear interest at 5% less the applicable federal rate due upon the expiration of the note, contingent upon Sustainable Forest Futures achieving net revenue targets, as defined, over the 9-year term of the notes.

The aggregate face amount of the loans entered into for the Northern Forest Fund which were deemed at below-market interest rates was \$7,387,000. A discount on notes payable, equal to the value of the charitable contribution received through interest rates below market, has been recorded as a reduction to the face value of the notes payable using imputed interest rates of 2.2% to 3.6%. The loans, net of discount, at April 30, 2025 were \$6,995,532. The discount is amortized using the effective interest rate method with current year amortization of \$86,720.

# Northern Forest Center, Inc. and Supporting Organizations

## Notes to Consolidated Financial Statements

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### Note 9: Notes Payable (Continued)

Approximate principal payments due on the foregoing notes and loans for the next five years and thereafter are as follows:

April 30,			
2026		\$	609,497
2027			835,394
2028			1,917,699
2029			4,763,528
2030			3,534,976
Thereafter			6,957,170
Total		\$	18,618,264

### Note 10: New Markets Tax Credit - Note Receivable and Notes Payable

On November 19, 2020, the Center entered into a financing arrangement utilizing the Federal New Markets Tax Credit ("NMTC") program administered by the U.S. Department of the Treasury to finance the purchase and renovation of the historic PJ Noyes building in Lancaster, New Hampshire.

In order to accommodate the structure of financing the project, Chase Community Equity, LLC created and owns 100% of the Chase NMTC MHIC Fund 2020 Investment Fund, LLC (the "Investment Fund"). The Investment Fund was created to own 99.99% of the established community development entity (CDE) and provide a qualified equity investment (QEI) in that CDE. The Investment Fund contributed QEI funds to MHIC NE CDE II Subsidiary 62, LLC (CDE). The CDE made two separate Qualified Low-Income Community Investments ("QLICIs") in the form of loans to 101 Main Street, the QALICB. 101 Main Street does not control or have an interest in any of the entities or in the CDE and, accordingly, none of these entities are consolidated in the Center's financial statements.

Sustainable Forest Futures was designated as a leveraged lender as part of the NMTC transaction and made a leverage loan in the form of a note receivable to MHIC Leverage Lender, LLC which then loaned the funds to the Investment Fund. The date of the note receivable was November 20, 2020, with a principal balance of \$2,316,355. The maturity date of the loan is February 1, 2051, and the note accrues interest at 1.0%. Interest payments are due starting December 14, 2020, and monthly thereafter. Total interest received and earned for the fiscal year ended April 30, 2025 was \$23,164. Monthly principal and interest payments of \$7,450 begin January 1, 2028. There is no principal due in 2020 through 2027 and \$2,316,355 is due thereafter.

The funds loaned together with other capital contributions made by unrelated parties were used by the borrower to make qualified equity contributions to the CDE and to pay a suballocation fee to Massachusetts Housing Investment Corporation during the year of inception.

# Northern Forest Center, Inc. and Supporting Organizations

## Notes to Consolidated Financial Statements

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### **Note 10: New Markets Tax Credit - Note Receivable and Notes Payable** (Continued)

101 Main Street is designated as a qualified low-income community business (QLICB). As such, the CDE provided the following qualified low-income community investment loans (QLICI) to 101 Main Street:

MHIC Note A (QLICI Loan A) - Loan date of November 20, 2020, with interest at 0.713% and a maturity date of December 11, 2054. Loan amount \$2,316,355.

MHIC Note B (QLICI Loan B) - Loan date of November 20, 2020, with interest at 0.713% and a maturity date of December 1, 2054. Loan amount of \$957,645.

The notes payable listed above are guaranteed by the Northern Forest Center and prohibited from being prepaid prior to the NMTC recapture period, which is the seven-year period beginning on November 20, 2020 and ending November 19, 2027. The notes contain restrictive requirements on the use of the property in accordance with the New Markets Tax Credit rules.

Financing fees and legal fees incurred as part of the transaction of \$242,286 were capitalized. Amortization of \$7,126 related to these fees was recognized in the year ended April 30, 2025.

An asset management fee is due and payable annually to the lender for use in paying certain fees due under the CDE fee agreement. The annual fee due in December 2021 through 2027 is \$16,370. The annual fee is included in professional fees in the consolidated statement of functional expenses.

#### Put-and-Call Option

The financing arrangement includes a put-and-call option between MHIC Leverage Lender, LLC and Chase Community Equity, LLC which allows Chase Community Equity, LLC the option to sell its membership interest in the Investment Fund to MHIC Leverage Lender, LLC for \$1,000, plus any transfer or excise taxes imposed on Chase Community Equity, LLC regarding this transfer. Chase Community Equity, LLC must deliver an election notice to MHIC Leverage Lender, LLC during the put option period (defined as 45 days after the last day of the tax credit investment period, November 20, 2027 through January 3, 2028). If Chase Community Equity, LLC does not deliver an election notice, MHIC Leverage Lender, LLC shall have the right and option, beginning with the lapse of the put option period plus 45 days, to purchase the interest at the call price (defined as the fair market value of the interest).

The Center established a reserve account, included in designated cash in the statement of financial position in which the lender has a security interest totaling \$61,847 at April 30, 2025.

# Northern Forest Center, Inc. and Supporting Organizations

## Notes to Consolidated Financial Statements

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### Note 11: Net Assets

Net assets without donor restrictions board designated:

The Board of Directors has designated net assets without donor restrictions totaling \$25,000 for program development.

Net assets with donor restrictions:

Net assets subject to donor or certain grantor restrictions consisted of gifts and other unexpended revenues available for the following purposes at April 30, 2025:

	Northern Forest Center	Sustainable Forest Futures	101 Main Street	Total
Beneficial interest in assets held by others	\$ 64,602	\$ -	\$ -	\$ 64,602
Community revitalization	582,380	-	-	582,380
Contributions receivable, time restricted	2,105,388	-	-	2,105,388
Forest economy	200,080	-	-	200,080
Permanent capital Northern Forest Fund	1,825,000	-	-	1,825,000
Implied contribution from below-market interest rate loans	-	391,468	-	391,468
Regional strategy	247,386	-	-	247,386
<b>Totals</b>	<b>\$ 5,024,836</b>	<b>\$ 391,468</b>	<b>\$ -</b>	<b>\$ 5,416,304</b>

Net assets released from purpose restrictions consisted of the following for the year ended April 30, 2025:

Forest economy	\$ 40,000
Outdoor recreation	85,439
Community revitalization	140,186
Real estate	65,000
Philanthropic initiatives	138,522
<b>Total</b>	<b>\$ 469,147</b>

# Northern Forest Center, Inc. and Supporting Organizations

## Notes to Consolidated Financial Statements

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### Note 12: Retirement Plan

The Center has a SIMPLE retirement plan covering eligible employees. For the year ended April 30, 2025, a 3% matching contribution up to 3% of eligible salary was made to the plan. Employer contributions for the year ended April 30, 2025 totaled \$44,466.

### Note 13: Short-Term Leases

The Center leases various office space in New Hampshire and Maine under month-to-month arrangements. Rent expense totaled \$48,100 for the year ended April 30, 2025.

An arrangement for a master-lease between 101 Main Street and Northern Forest Center and a master-sublease between Northern Forest Center and Sustainable Forest Futures was entered into as part of the New Markets Tax Credit deal (Note 10). Any right-of-use assets or right-of-use liabilities associated with this arrangement were eliminated in the consolidation of the entities.

### Note 14: Lease Commitments

Sustainable Forest Futures leases its building to tenants with various one and two year leases that convert to month-to-month tenancy at will. There is commercial space in one building rented on a 20-year agreement. The cost and carrying amount for all leased buildings and improvements is approximately \$4,344,697 and \$3,832,442, respectively. Lease income recognized under operating leasing arrangements with third-parties totaled \$206,160 for the year ended April 30, 2025.

Future rent under the forgoing lease agreements by year and in the aggregate is, as follows:

April 30,	
2026	\$ 332,362
2027	60,500
2028	56,500
2029	29,700
2030	29,700
Thereafter	356,400
Total	\$ 865,162

### Note 15: Prior Period Adjustment

The financial statements as of and for the year ended April 30, 2024, have been restated to reflect a prior period adjustment. During the year ended April 30, 2025, the Center received a donation from a donor indicating that the current-year donation and the prior three donations made by that donor were for permanent capital. The Center reclassified the prior donations from net assets without donor restrictions to net assets with donor restrictions in the amount of \$750,000. This reclassification had no impact on total net assets for the Center.

# Northern Forest Center, Inc. and Supporting Organizations

## Notes to Consolidated Financial Statements

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### Note 15: Prior Period Adjustment (Continued)

April 30,	Without Donor Restrictions	With Donor Restrictions
2024 ending net assets, as previously issued	\$ 7,632,804	\$ 4,097,343
Reclassification of prior donor contributions	(750,000)	750,000
2024 ending net assets, as restated	\$ 6,882,804	\$ 4,847,343

### Note 16: Subsequent Events

The Center has evaluated subsequent events through October 10, 2025, the date which the consolidated financial statements were available to be issued.

Subsequent to year end, the acquisition and accumulated renovation costs of approximately \$6,200,000 for the Gehring House were transferred into an LLC for the purpose of obtaining a historical tax credit. This LLC is managed by Sustainable Forest Futures with a majority interest held by a third-party investor who will receive the benefit of the historical tax credit over a 5-year period. Sustainable Forest Futures issued a mortgage note payable in the amount \$2,500,000 as part of the agreement. The third-party will be contributing approximately \$500,000 in future capital contributions dependent upon the final analysis of qualified rehabilitation expenditures.

Subsequent to year end, property in Millinocket Maine with a net book value of approximately \$64,000 was sold for approximately \$145,000 resulting in a gain of \$81,000.

# NORTHERN FOREST CENTER AND SUPPORTING ORGANIZATIONS

## Consolidating Schedule of Financial Position

April 30, 2025

	<u>ASSETS</u>					
	Northern Forest Center	Sustainable Forest Futures	101 Main Street	Elimination Entries	Consolidated 2025	As Restated Consolidated 2024
<b>Current assets:</b>						
Cash and cash equivalents	\$ 3,684,053	\$ 473,807	\$ 116,139	\$ -	\$ 4,273,999	\$ 4,187,869
Investments, at fair value	6,706,295	-	-	-	6,706,295	10,072,725
Grants receivable	1,149,894	-	-	-	1,149,894	554,754
Contributions receivable	885,853	-	-	-	885,853	804,430
Notes receivable	-	24,560	-	-	24,560	-
Other receivables	445	3,407	-	-	3,852	-
Prepaid expenses	9,193	-	-	-	9,193	5,069
Due from related party	890,176	4,100,828	-	(4,991,004)	-	-
<b>Total current assets</b>	<b>13,325,909</b>	<b>4,602,602</b>	<b>116,139</b>	<b>(4,991,004)</b>	<b>13,053,646</b>	<b>15,624,847</b>
<b>Property and equipment, net</b>	<b>-</b>	<b>15,692,805</b>	<b>3,101,940</b>	<b>-</b>	<b>18,794,745</b>	<b>8,811,288</b>
<b>Other assets:</b>						
Designated cash	-	-	61,847	-	61,847	72,423
Deposits	380	-	-	-	380	380
Grants receivable, less current portion	-	-	-	-	-	38,280
Contributions receivable, less current portion	1,219,535	-	-	-	1,219,535	1,547,089
Investment in supporting organization	50,000	-	-	(50,000)	-	-
Right-of-use asset - operating lease	1,792,674	546,460	-	(2,339,134)	-	-
Notes receivable, less current portion	-	2,456,779	-	-	2,456,779	2,316,355
Beneficial interest in assets held by others	64,602	-	-	-	64,602	62,278
<b>Total other assets</b>	<b>3,127,191</b>	<b>3,003,239</b>	<b>61,847</b>	<b>(2,389,134)</b>	<b>3,803,143</b>	<b>4,036,805</b>
<b>Total assets</b>	<b>\$ 16,453,100</b>	<b>\$ 23,298,646</b>	<b>\$ 3,279,926</b>	<b>\$ (7,380,138)</b>	<b>\$ 35,651,534</b>	<b>\$ 28,472,940</b>

# NORTHERN FOREST CENTER AND SUPPORTING ORGANIZATIONS

## Consolidating Schedule of Financial Position

April 30, 2025

	<u>LIABILITIES AND NET ASSETS</u>					As Restated
	Northern Forest Center	Sustainable Forest Futures	101 Main Street	Elimination Entries	Consolidated 2025	Consolidated 2024
<b>Current liabilities:</b>						
Accounts payable	\$ 278,492	\$ 1,118,009	\$ 13,968	\$ -	\$ 1,410,469	\$ 560,510
Accrued payroll and related expenses	108,577	-	-	-	108,577	62,995
Notes payable, current portion	-	609,497	-	-	609,497	560,000
Refundable advance liabilities	28,164	-	-	-	28,164	34,082
Deferred rent	-	7,825	-	-	7,825	4,925
Interest payable	-	143,881	-	-	143,881	108,661
Security deposits	-	30,300	-	-	30,300	18,320
Right-of-use liability - operating lease, current portion	63,537	4,460	-	(67,997)	-	-
Due to related party	4,100,828	40,176	-	(4,141,004)	-	-
<b>Total current liabilities</b>	<b>4,579,598</b>	<b>1,954,148</b>	<b>13,968</b>	<b>(4,209,001)</b>	<b>2,338,713</b>	<b>1,349,493</b>
<b>Long-term liabilities:</b>						
Right-of-use liability - operating lease, net	1,729,137	542,000	-	(2,271,137)	-	-
Notes payable, net of current portion and discount	850,000	14,393,299	3,063,187	(900,000)	17,406,486	15,393,300
<b>Total long-term liabilities</b>	<b>2,579,137</b>	<b>14,935,299</b>	<b>3,063,187</b>	<b>(3,171,137)</b>	<b>17,406,486</b>	<b>15,393,300</b>
<b>Total liabilities</b>	<b>7,158,735</b>	<b>16,889,447</b>	<b>3,077,155</b>	<b>(7,380,138)</b>	<b>19,745,199</b>	<b>16,742,793</b>
<b>Net assets:</b>						
Without donor restrictions	4,269,529	6,017,731	202,771	-	10,490,031	6,882,804
With donor restrictions	5,024,836	391,468	-	-	5,416,304	4,847,343
<b>Total net assets</b>	<b>9,294,365</b>	<b>6,409,199</b>	<b>202,771</b>	<b>-</b>	<b>15,906,335</b>	<b>11,730,147</b>
<b>Total liabilities and net assets</b>	<b>\$ 16,453,100</b>	<b>\$ 23,298,646</b>	<b>\$ 3,279,926</b>	<b>\$ (7,380,138)</b>	<b>\$ 35,651,534</b>	<b>\$ 28,472,940</b>

See independent auditor's report

## NORTHERN FOREST CENTER AND SUPPORTING ORGANIZATIONS

### Consolidating Schedule of Activities

*For the Year Ended April 30, 2025*

	Northern Forest Center			Sustainable Forest Futures			101 Main Street			Elimination	Consolidated	As Restated
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Entries	2025	2024
<b>Revenues:</b>												
Contributions	\$ 2,388,129	\$ 508,769	\$ 2,896,898	\$ 3,192,382	\$ 193,427	\$ 3,385,809	\$ -	\$ -	\$ -	\$ (3,178,387)	\$ 3,104,320	\$ 4,070,891
Corporate contributions	156,385	-	156,385	-	-	-	-	-	-	-	156,385	95,255
Foundation grants	933,732	923,488	1,857,220	-	-	-	-	-	-	-	1,857,220	1,091,798
Government grants	3,716,058	-	3,716,058	266,001	-	266,001	-	-	-	-	3,982,059	1,745,781
Programs and fees	118,118	-	118,118	-	-	-	-	-	-	-	118,118	236,080
Investment income	107,773	-	107,773	290,698	-	290,698	556	-	556	-	399,027	482,069
Rental income	22,260	-	22,260	223,310	-	223,310	63,600	-	63,600	(103,010)	206,160	203,553
Other support	-	2,324	2,324	64,628	-	64,628	-	-	-	-	66,952	35,960
<b>Total revenues</b>	<b>7,442,455</b>	<b>1,434,581</b>	<b>8,877,036</b>	<b>4,037,019</b>	<b>193,427</b>	<b>4,230,446</b>	<b>64,156</b>	<b>-</b>	<b>64,156</b>	<b>(3,281,397)</b>	<b>9,890,241</b>	<b>7,961,387</b>
<b>Net assets released from restrictions and other reclassifications:</b>												
For satisfaction of time restrictions	503,180	(503,180)	-	86,720	(86,720)	-	-	-	-	-	-	-
For satisfaction of purpose restrictions	469,147	(469,147)	-	-	-	-	-	-	-	-	-	-
<b>Total revenues and net assets released from restrictions</b>	<b>8,414,782</b>	<b>462,254</b>	<b>8,877,036</b>	<b>4,123,739</b>	<b>106,707</b>	<b>4,230,446</b>	<b>64,156</b>	<b>-</b>	<b>64,156</b>	<b>(3,281,397)</b>	<b>9,890,241</b>	<b>7,961,387</b>
<b>Expenses:</b>												
Program services	7,141,925	-	7,141,925	644,884	-	644,884	178,945	-	178,945	(3,281,397)	4,684,357	3,451,151
General and administrative	403,402	-	403,402	-	-	-	-	-	-	-	403,402	416,074
Fundraising	626,294	-	626,294	-	-	-	-	-	-	-	626,294	456,167
<b>Total expenses</b>	<b>8,171,621</b>	<b>-</b>	<b>8,171,621</b>	<b>644,884</b>	<b>-</b>	<b>644,884</b>	<b>178,945</b>	<b>-</b>	<b>178,945</b>	<b>(3,281,397)</b>	<b>5,714,053</b>	<b>4,323,392</b>
<b>Change in net assets</b>	<b>243,161</b>	<b>462,254</b>	<b>705,415</b>	<b>3,478,855</b>	<b>106,707</b>	<b>3,585,562</b>	<b>(114,789)</b>	<b>-</b>	<b>(114,789)</b>	<b>-</b>	<b>4,176,188</b>	<b>3,637,995</b>
<b>Net assets at beginning, as restated</b>	<b>\$ 4,026,368</b>	<b>\$ 4,562,582</b>	<b>\$ 8,588,950</b>	<b>\$ 2,538,876</b>	<b>\$ 284,761</b>	<b>\$ 2,823,637</b>	<b>\$ 317,560</b>	<b>\$ -</b>	<b>\$ 317,560</b>	<b>\$ -</b>	<b>\$ 11,730,147</b>	<b>\$ 8,092,152</b>
<b>Net assets at end</b>	<b>\$ 4,269,529</b>	<b>\$ 5,024,836</b>	<b>\$ 9,294,365</b>	<b>\$ 6,017,731</b>	<b>\$ 391,468</b>	<b>\$ 6,409,199</b>	<b>\$ 202,771</b>	<b>\$ -</b>	<b>\$ 202,771</b>	<b>\$ -</b>	<b>\$ 15,906,335</b>	<b>\$ 11,730,147</b>

See independent auditor's report

**NORTHERN FOREST CENTER AND SUPPORTING ORGANIZATIONS**

**Consolidating Schedule of Functional Expenses**

Year Ended April 30, 2025

	<u>Northern Forest Center</u>				<u>Sustainable Forest Futures</u>				<u>101 Main Street</u>				Elimination Entries	Consolidated 2025	Consolidated 2024
	Program	General and Administration	Fundraising	Total	Program	General and Administration	Fundraising	Total	Program	General and Administration	Fundraising	Total			
<b>Personnel Expenses:</b>															
Salaries	1,151,104	219,984	387,600	1,758,688	-	-	-	-	-	-	-	-	-	1,758,688	1,519,440
Benefits	181,177	(3,688)	45,134	222,623	-	-	-	-	-	-	-	-	-	222,623	205,436
Payroll taxes	82,917	19,025	29,351	131,293	-	-	-	-	-	-	-	-	-	131,293	111,803
	<u>1,415,198</u>	<u>235,321</u>	<u>462,085</u>	<u>2,112,604</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,112,604</u>	<u>1,836,679</u>
<b>Non-Personnel Expenses:</b>															
Program expenses	5,520,298	7,775	72,664	5,600,737	-	-	-	-	-	-	-	-	(3,195,537)	2,405,200	1,423,844
Depreciation and amortization	-	10,453	-	10,453	34,927	-	-	34,927	125,782	-	-	125,782	-	171,162	198,845
Occupancy	107,938	2,959	6,511	117,408	22,260	-	-	22,260	-	-	-	-	(85,860)	53,808	49,371
Travel	59,658	3,369	16,190	79,217	26	-	-	26	-	-	-	-	-	79,243	49,955
Printing and publications	680	1,041	28,017	29,738	-	-	-	-	-	-	-	-	-	29,738	22,012
Office equipment and supplies	6,511	6,397	1,508	14,416	-	-	-	-	-	-	-	-	-	14,416	10,217
Board development and meetings	-	17,025	18,078	35,103	-	-	-	-	-	-	-	-	-	35,103	28,359
Professional fees	43	67,818	6,161	74,022	18,362	-	-	18,362	22,693	-	-	22,693	-	115,077	71,789
Telephone	6,053	404	889	7,346	-	-	-	-	-	-	-	-	-	7,346	7,128
Staff training	6,833	11,536	1,696	20,065	-	-	-	-	-	-	-	-	-	20,065	15,409
Insurance	-	9,726	-	9,726	-	-	-	-	-	-	-	-	-	9,726	8,691
Repairs and maintenance	7,070	(2,322)	648	5,396	-	-	-	-	-	-	-	-	-	5,396	1,428
Building assessments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	26,471
Meetings and seminars	7,715	284	1,238	9,237	-	-	-	-	-	-	-	-	-	9,237	11,054
Rental utilities	-	-	-	-	96,229	-	-	96,229	-	-	-	-	-	96,229	58,279
Rental insurance	-	-	-	-	29,107	-	-	29,107	-	-	-	-	-	29,107	35,323
Rental taxes	-	-	-	-	29,483	-	-	29,483	-	-	-	-	-	29,483	36,721
Rental cleaning and yard care	-	-	-	-	18,675	-	-	18,675	-	-	-	-	-	18,675	22,294
Rental expenses- other	-	-	-	-	41,934	-	-	41,934	-	-	-	-	-	41,934	64,974
Interest	-	-	-	-	353,431	-	-	353,431	30,470	-	-	30,470	-	383,901	309,604
Miscellaneous	3,928	31,616	10,609	46,153	450	-	-	450	-	-	-	-	-	46,603	34,945
<b>Total functional expenses</b>	<u>\$ 7,141,925</u>	<u>\$ 403,402</u>	<u>\$ 626,294</u>	<u>\$ 8,171,621</u>	<u>\$ 644,884</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 644,884</u>	<u>\$ 178,945</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 178,945</u>	<u>\$ (3,281,397)</u>	<u>\$ 5,714,053</u>	<u>\$ 4,323,392</u>

See independent auditor's report

# NORTHERN FOREST CENTER AND SUPPORTING ORGANIZATIONS

## Consolidating Schedule of Cash Flows

*Year Ended April 30, 2025*

	Northern Forest Center	Sustainable Forest Futures	101 Main Street	Elimination Entries	Consolidated 2025	Consolidated 2024
Cash flows from operating activities:						
Change in net assets	\$ 705,415	\$ 3,585,562	\$ (114,789)	\$ -	\$ 4,176,188	\$ 3,637,995
Adjustments to reconcile change in net assets to net cash flow from operating activities:						
Depreciation and amortization	10,453	34,927	125,782	-	171,162	198,845
Imputed interest on debt issuance costs	-	-	7,126	-	7,126	7,126
Amortization of loan discount	-	86,720	-	-	86,720	58,089
Gain on sale of property	-	(64,628)	-	-	(64,628)	(29,248)
Gifts restricted for permanent capital	(475,000)	-	-	-	(475,000)	(250,000)
(Increase) decrease in:						
Grants receivable	(556,860)	-	-	-	(556,860)	(60,850)
Contributions receivable	246,131	-	-	-	246,131	(1,094,680)
Other receivables	(445)	(3,407)	-	-	(3,852)	2,200
Prepaid expenses and deposits	(4,124)	-	-	-	(4,124)	4,140
Due from related party	1,332,783	2,719,552	28,795	(4,081,130)	-	-
Beneficial interest in assets held by others	(2,324)	-	-	-	(2,324)	(6,337)
(Decrease) increase in:						
Accounts payable	210,854	(1,711)	5,238	-	214,381	(144,220)
Accrued payroll and related expenses	45,582	-	-	-	45,582	(7,860)
Grants payable	-	-	-	-	-	(5,388)
Refundable advance liabilities	(5,918)	-	-	-	(5,918)	34,082
Deferred rent	-	2,900	-	-	2,900	325
Interest payable	-	35,220	-	-	35,220	30,163
Security deposits	-	11,980	-	-	11,980	(25)
Due to related party	(4,096,096)	17,217	(2,251)	4,081,130	-	-
<b>Net cash from operating activities</b>	<b>(2,589,549)</b>	<b>6,424,332</b>	<b>49,901</b>	<b>-</b>	<b>3,884,684</b>	<b>2,374,357</b>
Cash flows from investing activities:						
Purchases of property and equipment	-	(9,629,413)	-	-	(9,629,413)	(1,625,038)
Payment received on note receivable	-	10,016	-	-	10,016	-
Proceeds from sale of property	-	-	-	-	-	147,900
Proceeds from investment maturity and sales	19,374,428	-	-	-	19,374,428	-
Purchases of investments	(16,007,998)	-	-	-	(16,007,998)	(6,277,466)
<b>Net cash from investing activities</b>	<b>3,366,430</b>	<b>(9,619,397)</b>	<b>-</b>	<b>-</b>	<b>(6,252,967)</b>	<b>(7,754,604)</b>

# NORTHERN FOREST CENTER AND SUPPORTING ORGANIZATIONS

## Consolidating Schedule of Cash Flows

*Year Ended April 30, 2025*

	Northern Forest Center	Sustainable Forest Futures	101 Main Street	Elimination Entries	Consolidated 2025	Consolidated 2024
Cash flows from financing activities:						
Gifts restricted for permanent capital	475,000	-	-	-	475,000	250,000
Proceeds from notes payable	-	2,737,000	-	-	2,737,000	1,065,000
Discount on notes payable	-	(193,427)	-	-	(193,427)	(51,484)
Principal payments on notes payable	-	(574,736)	-	-	(574,736)	(331,739)
Net cash from financing activities	475,000	1,968,837	-	-	2,443,837	931,777
Net change in cash and cash equivalents	1,251,881	(1,226,228)	49,901	-	75,554	(4,448,470)
Cash and cash equivalents at beginning	2,432,172	1,700,035	128,085	-	4,260,292	8,708,762
Cash and cash equivalents at end	\$ 3,684,053	\$ 473,807	\$ 177,986	\$ -	\$ 4,335,846	\$ 4,260,292
<u>SUPPLEMENTAL INFORMATION:</u>						
Interest paid	\$ -	\$ 231,491	\$ 23,344	\$ -	\$ 254,835	\$ 265,189

Non-cash investing activities:

Fixed asset additions of \$635,878 were included in accounts payable at April 30, 2025.

During 2025, Sustainable Forest Futures sold property with a net carrying value of \$110,372 to a third party in exchange for a note receivable for \$175,000.

See independent auditor's report

**NORTHERN FOREST CENTER**  
**Schedule of Expenditures of Federal Awards**

Year Ended April 30, 2025

Federal Grantor/Cluster/Pass-Through Grantor/Program Title	AL Number	Award Number	Federal Expenditures	Passed-Through to Subrecipients
Northern Border Regional Commission:				
Direct Awards:				
Economic and Infrastructure Development Grant Program: Northern Forest Fund	90.601	NBRC20GRF03	420,618	420,618
Economic and Infrastructure Development Grant Program: Trail Development	90.601	NBRC22GNH09	14,987	-
Economic and Infrastructure Development Grant Program: Mass Timber	90.601	NBRC23GOF01	151,960	15,825
Total Northern Border Regional Commission and AL #90.601			<b>587,565</b>	<b>436,443</b>
U.S. Department of Agriculture:				
Direct Awards:				
Rural Business Development Grant: Moosehead	10.351		6,691	-
Rural Business Development Grant: New Hampshire Capacity	10.351		34,841	-
Rural Business Development Grant: Vermont Capacity	10.351		34,935	-
Rural Business Development Grant: Mahoosuc Way	10.351		26,527	-
Rural Business Development Grant: NEK Marketing	10.351		35,094	-
Rural Business Development Grant: Gorham NH	10.351		16,876	-
Total AL #10.351			154,964	-
Rural Cooperative Development Initiative: Maine West	10.446	194198027	58,477	-
Community Facilities Loans and Grants: TAT	10.766	34-007-194198027	27,927	-
U.S. Department of Agriculture - Forest Service:				
Direct Awards:				
Wood Utilization Assistance	10.674	23-DG-11132544-084	253,267	26,375
U.S. Department of Agriculture - Forest Service:				
Direct Awards:				
Community Project Funds - Congressional Directed Spending	10.730	23-DG-11094200-454	568,048	452,063
U.S. Department of Agriculture - Forest Service:				
Direct Awards:				
Community Project Funds - Congressional Directed Spending	10.723	23-DG-11094200-239	87,599	-
U.S. Department of Agriculture - National Resource Conservation Service:				
Direct Awards:				
Soil and Water Conservation: VT Mountain Bike Trails	10.902	NR231644XXXXG001	179,059	145,060
Total U.S. Department of Agriculture			<b>1,329,341</b>	<b>623,498</b>
U.S. Department of Commerce:				
Pass-through from State of Maine Department of Economic and Community Development				
Economic Development Agency: Cooperative Agreement	11.307	E18-103	23,120	-
Total economic development cluster:			<b>23,120</b>	-
National Science Foundation:				
Direct Award:				
NSF Technology, Innovation, and Partnerships	47.084	2303493	728,974	454,308
Total research and development cluster:			<b>728,974</b>	<b>454,308</b>
U.S. Department of Treasury				
Passed through Penobscot County of Maine:				
COVID-19 Coronavirus State Fiscal Recovery Fund and Coronavirus Local Recovery	21.027		174,029	174,029
Total U.S. Department of Treasury			<b>174,029</b>	<b>174,029</b>
U.S. Department of Labor - Employment And Training Administration:				
WIOA Dislocated Worker National Reserve Demonstration Grants: Katahdin/Moosehead	17.280	24A60W0000066-01-00	56,432	42,175
WIOA Dislocated Worker National Reserve Demonstration Grants: NBRC ME West	17.280	23A60W0000031-01-00	431,516	404,628
Total Department of Labor AL #17.280			<b>487,948</b>	<b>446,803</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 3,330,977</b>	<b>\$ 2,135,081</b>

# NORTHERN FOREST CENTER

## Schedule of Expenditures of Federal Awards

Year Ended April 30, 2025

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### Notes to Schedule of Expenditures of Federal Awards

#### Note 1 - Basis of Presentation

The accompanying Schedule of Federal Awards presents the federal grant expenditures of Northern Forest Center, under programs of the federal government for the year ended April 30, 2025. The information in this schedule is presented in accordance with the compliance requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

#### Note 2 - Summary of Significant Accounting Policies

Expenditures are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, Cost Principles for Non-profit Organizations, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

#### Note 3 - Indirect Cost Rate

Northern Forest Center has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

#### Note 4 - Pass-through to Subrecipients

Included in amounts passed through to subrecipients is \$1,088,807 for awards passed through to Sustainable Forest Futures, a supporting organization of the Northern Forest Center.

See Independent Auditor's Report

## **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

To the Board of Directors  
Northern Forest Center, Inc. and Supporting Organizations  
Concord, New Hampshire

We have audited, 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, the consolidated financial statements of Northern Forest Center, Inc. and Supporting Organizations, which comprise the statement of financial position as of April 30, 2025, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 10, 2025. The financial statements of 101 Main Street were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include the reporting on internal control over financial reporting or instances of reportable noncompliance associated with this entity.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered Northern Forest Center's and Sustainable Forest Futures' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Northern Forest Center's and Sustainable Forest Futures' internal control. Accordingly, we do not express an opinion on the effectiveness of Northern Forest Center's and Sustainable Forest Futures' internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control, such that there is reasonable possibility that a material misstatement of Northern Forest Center's and Sustainable Forest Futures' financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northern Forest Center's and Sustainable Forest Futures' financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Northern Forest Center's and Sustainable Forest Futures' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northern Forest Center's and Sustainable Forest Futures' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The image shows a handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

Bedford, New Hampshire

October 10, 2025

## **Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance**

To the Board of Directors  
Northern Forest Center, Inc. and Supporting Organizations  
Concord, New Hampshire

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited Northern Forest Center's and Sustainable Forest Futures' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of their major federal programs for the year ended April 30, 2025. Northern Forest Center's and Sustainable Forest Futures' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Northern Forest Center and Sustainable Forest Futures complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each major federal program for the year ended April 30, 2025.

#### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Northern Forest Center and Sustainable Forest Futures and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Northern Forest Center's and Sustainable Forest Futures' compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Northern Forest Center's and Sustainable Forest Futures' federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Northern Forest Center's and Sustainable Forest Futures' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Northern Forest Center's and Sustainable Forest Futures' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Northern Forest Center's and Sustainable Forest Futures' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Northern Forest Center's and Sustainable Forest Futures' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Northern Forest Center's and Sustainable Forest Futures' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with Uniform Guidance, and which is described in the accompanying schedule of findings and questioned costs as item 2025-001. Our opinion on each major federal program is not modified with respect to this matter.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Northern Forest Center's and Sustainable Forest Futures' response to the noncompliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. Northern Forest Center's and Sustainable Forest Futures' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

"Wipfli" is the brand name under which Wipfli LLP and Wipfli Advisory LLC and its respective subsidiary entities provide professional services. Wipfli LLP and Wipfli Advisory LLC (and its respective subsidiary entities) practice in an alternative practice structure in accordance with the AICPA Code of Professional Conduct and applicable law, regulations, and professional standards. Wipfli LLP is a licensed independent CPA firm that provides attest services to its clients, and Wipfli Advisory LLC provides tax and business consulting services to its clients. Wipfli Advisory LLC and its subsidiary entities are not licensed CPA firms.

## ***Report on Internal Control Over Compliance***

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on Northern Forest Center's and Sustainable Forest Futures' response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The Northern Forest Center's and Sustainable Forest Futures' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Wipfli LLP

Bedford, New Hampshire  
October 10, 2025

**NORTHERN FOREST CENTER**  
 Schedule of Findings and Questioned Costs  
 Year Ended April 30, 2025

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**Section I – Summary of Auditor’s Results**

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Type of auditor’s report issued on compliance for major programs: Unmodified

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes

Any audit findings disclosed that are required to be reported in accordance with the 2 CFR section 200.516(a)? Yes

Identification of major programs:

<u>Assistance Listing Number(s) (AL)</u>	<u>Name of Federal Program or Cluster</u>
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47.084	Research and Development Cluster – NSF Technology, Innovation, and Partnerships
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10.730	Community Project Funds – Congressional Directed Spending – U.S. Department of Agriculture: Forest Service
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Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes

**NORTHERN FOREST CENTER**  
Schedule of Findings and Questioned Costs  
Year Ended April 30, 2025

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**Section II – Financial Statement Findings**

None identified

**Section III – Federal Award Findings and Questioned Costs**

**Finding Number:** 2025-001

**Award Identification:**

Assistance listing program title and number: NSF Technology, Innovation, and Partnerships – 47.084

Federal award identification number: 2303493

Award Date: May 9, 2023

Name of the federal agency: National Science Foundation

**Repeat Finding:** No

**Questioned Costs:** There are no questioned costs related to this finding

**Type of Finding:** Significant Deficiency in Internal Control over Cash Management

**Criteria:** Section 2 CFR 200.305 establishes the requirements over the management of federal payments. Under this regulation, the grantee must minimize the time lapse between the draw down of federal funds and the disbursement of those funds as well as demonstrate written procedures and a system of financial management that meets control and accountability requirements.

**Condition:** While testing of internal controls over cash management it was noted that the Center did not follow the procedures in place for the draw down of federal funds.

**Cause:** The Center was guided by the NSF program manager to draw down the funds as they became available in accordance with the grant agreement as opposed to following procedures in accordance with Section 2 CFR 200.305.

**Effect:** The Center did not incur the costs in-line with the draw down of federal funds.

**Recommendation:** We recommend the Center follow cash management procedures in accordance with Section 2 CFR 200.305. These procedures should ensure that funds are drawn on a reimbursement basis, supported by actual expenditures incurred or very soon to be incurred and paid.

**View of Responsible Officials:** Management agrees with the finding and has committed to a corrective action plan.

(Continued)

**NORTHERN FOREST CENTER**  
Schedule of Findings and Questioned Costs  
Year Ended April 30, 2025

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**Section IV - Summary Schedule of Prior Year Findings and Questioned Costs**

**Finding Number:** 2024-001

**Type of Finding:** Significant Deficiency in Internal Control over Financial Reporting

**Description:** Preparation of Schedule of Expenditures of Federal Awards (SEFA)

As part of the financial statement audit, the auditee is expected to have sufficient internal controls in place and operating to prepare and fairly present the required information in the SEFA including the ability to reconcile amounts presented in the SEFA to amounts in the financial statements.

**Status:** Resolved

**Finding Number:** 2024-002

**Type of Finding:** Significant Deficiency in Internal Control over Financial Reporting

**Description:** Preparation of Schedule of Expenditures of Federal Awards

As part of the financial statement audit, the auditee is expected to have sufficient internal controls in place and operating to prepare and fairly present the required information in the SEFA including the ability to identify awards passed through to related entities.

**Status:** Resolved

**Finding Number:** 2024-003

**Type of Finding:** Significant Deficiency in Internal Control over Financial Reporting

**Description:** Revenue recognition under Generally Accepted Accounting Principles (GAAP)

Revenue recognition is a significant risk for most entities as the requirements for various revenue streams vary and are complex. Revenue for two contracts was not recognized in accordance with GAAP.

**Status:** Resolved



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northernforest.org

## Corrective Action Plan for Current Year Findings

National Science Foundation

Northern Forest Center respectfully submits the following corrective action plan for the year ended April 30, 2025.

Name and address of independent public accounting firm:

Wipfli LLP

43 Constitution Drive, Suite 100

Bedford, NH 03110

The findings from the April 30, 2025 schedule of findings and questioned costs are discussed below. The finding is numbered consistently with the number assigned in the schedule.

Type of Findings: Significant Deficiencies in Internal Control over Compliance

Finding Number: 2025-001

Condition: While testing of internal controls over cash management it was noted that the Center did not follow procedures in place for the draw down of federal funds.

Action Taken: Update grant intake process to identify draw down procedures outlined in grant agreement or agency terms and conditions. Document and follow identified procedures for all grant draw downs.

If the National Science Foundation has questions regarding this plan, please call Laurel Will at 603-491-4649.

Sincerely,

Laurel Will

VP of Finance