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Northern Forest Center, Inc. and its Affiliates

Consolidated Financial Statements and Supplementary Information

Year Ended April 30, 2026



WIPFLI

Independent Auditor's Report

To the Board of Directors
Northern Forest Center, Inc. and its Affiliates
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. (a nonprofit organization) and its Affiliates, which comprise the consolidated statement of financial position as of April 30, 2026, and the related consolidated 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 Northern Forest Center, Inc. and its Affiliates as of April 30, 2026, 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 its Affiliates 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 Sustainable Forest Futures, Inc., 101 Main Street, Gehring House MM, LLC and Gehring House, LLC were not audited in accordance with *Government Auditing Standards*.

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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 Northern Forest Center, Inc. and its Affiliates' 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 Northern Forest Center, Inc. and its Affiliates' 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 Northern Forest Center, Inc. and its Affiliates' 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 its Affiliates' 2025 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 10, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended April 30, 2025, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2026, on our consideration of Northern Forest Center, Inc.'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 Northern Forest Center, Inc.'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 Northern Forest Center, Inc.'s internal control over financial reporting and compliance.

Wipfli LLP

Wipfli LLP

Augusta, Maine
September 30, 2026

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NORTHERN FOREST CENTER AND ITS AFFILIATES

Consolidated Statement of Financial Position

April 30, 2026 (with Comparative Totals for 2025)

ASSETS

	2026	2025
Current assets:		
Cash and cash equivalents	$ 4,821,315	$ 4,273,999
Investments, at fair value	7,191,164	6,706,295
Grants receivable	790,085	1,149,894
Contributions receivable	606,500	885,853
Notes receivable	25,306	24,560
Other receivables	11,952	3,852
Prepaid expenses	7,273	9,193
Total current assets	13,453,595	13,053,646
Property and equipment, net	21,830,639	18,794,745
Other assets:		
Designated cash	45,784	61,847
Deposits	380	380
Grants receivable, less current portion	28,650	-
Contributions receivable, less current portion	943,514	1,219,535
Notes receivable, less current portion	2,431,473	2,456,779
Beneficial interest in assets held by others	72,251	64,602
Total other assets	3,522,052	3,803,143
Total assets	$ 38,806,286	$ 35,651,534

See accompanying notes to consolidated financial statements.

NORTHERN FOREST CENTER AND ITS AFFILIATES

Consolidated Statement of Financial Position

April 30, 2026 (with Comparative Totals for 2025)

LIABILITIES AND NET ASSETS

	2026	2025
Current liabilities:		
Accounts payable	$ 373,342	$ 1,410,469
Accrued payroll and related expenses	86,404	108,577
Notes payable, current portion	1,835,394	609,497
Refundable advance liabilities	-	28,164
Deferred rent	14,075	7,825
Interest payable	185,489	143,881
Security deposits	47,175	30,300
Total current liabilities	2,541,879	2,338,713
Long-term liabilities:		
Notes payable, net of current portion and discount	19,849,838	17,406,486
Total long-term liabilities	19,849,838	17,406,486
Total liabilities	22,391,717	19,745,199
Net assets:		
Without donor restrictions:		
Attributable to Northern Forest Center and Affiliates	11,722,774	10,490,031
Attributable to noncontrolling interest	117,865	-
Subtotal without donor restrictions	11,840,639	10,490,031
With donor restrictions	4,573,930	5,416,304
Total net assets	16,414,569	15,906,335
Total liabilities and net assets	$ 38,806,286	$ 35,651,534

See accompanying notes to consolidated financial statements.

NORTHERN FOREST CENTER AND ITS AFFILIATES

Consolidated Statement of Activities

For the Year Ended April 30, 2026 (with Comparative Totals for 2025)

	Without Donor Restrictions	With Donor Restrictions	Total 2026	Total 2025
Revenues:				
Contributions	$ 1,492,694	$ 590,438	$ 2,083,132	$ 3,104,320
Corporate contributions	545,723	-	545,723	156,385
Foundation grants	242,474	494,155	736,629	1,857,220
Government grants	2,010,453	-	2,010,453	3,982,059
Programs and fees	122,035	-	122,035	118,118
Investment income	340,906	-	340,906	399,027
Rental income	554,487	-	554,487	206,160
Other support	106,081	7,650	113,731	66,952
Total revenues	5,414,853	1,092,243	6,507,096	9,890,241
Net assets released from restrictions and other reclassifications:				
For satisfaction of time restrictions	1,195,431	(1,195,431)	-	-
For satisfaction of purpose restrictions	739,186	(739,186)	-	-
Total revenues and net assets released from restrictions	7,349,470	(842,374)	6,507,096	9,890,241
Expenses:				
Program services	4,855,317	-	4,855,317	4,684,357
General and administrative	571,421	-	571,421	403,402
Fundraising	689,989	-	689,989	626,294
Total expenses	6,116,727	-	6,116,727	5,714,053
Change in net assets	1,232,743	(842,374)	390,369	4,176,188
Net assets at beginning	10,490,031	5,416,304	15,906,335	11,730,147
Contributed capital - noncontrolling interest	117,865	-	117,865	-
Net assets at end	$ 11,840,639	$ 4,573,930	$ 16,414,569	$ 15,906,335

See accompanying notes to consolidated financial statements.

NORTHERN FOREST CENTER AND ITS AFFILIATES
Consolidated Statement of Functional Expenses
For the Year Ended April 30, 2026 (with Comparative Totals for 2025)

	Program	General and Administration	Fundraising	Total 2026	Total 2025
Personnel Expenses:					
Salaries	$ 1,107,072	$ 288,059	$ 448,391	$ 1,843,522	$ 1,758,688
Benefits	123,390	66,097	49,331	238,818	222,623
Payroll taxes	84,730	21,903	34,653	141,286	131,293
	1,315,192	376,058	532,375	2,223,626	2,112,604
Non-Personnel Expenses:					
Program expenses	1,897,773	4,469	65,700	1,967,942	2,405,200
Depreciation and amortization	553,971	-	-	553,971	171,162
Occupancy	31,132	13,126	12,510	56,768	53,808
Travel	67,278	2,354	16,783	86,415	79,243
Printing and publications	1,411	673	22,902	24,987	29,738
Office equipment and supplies	3,604	8,572	4,229	16,405	14,416
Board development and meetings	-	20,577	11,596	32,173	35,103
Professional fees	76,252	76,230	3,777	156,259	115,077
Telephone	3,812	995	1,532	6,340	7,346
Staff training	5,731	24,532	7,530	37,793	20,065
Insurance	-	9,754	-	9,754	9,726
Repairs and maintenance	8,445	1,160	2,195	11,800	5,396
Building assessments	5,000	-	-	5,000	-
Meetings and seminars	6,586	330	413	7,329	9,237
Rental utilities	91,432	-	-	91,432	96,229
Rental insurance	48,808	-	-	48,808	29,107
Rental taxes	61,900	-	-	61,900	29,483
Rental cleaning and yard care	70,061	-	-	70,061	18,675
Rental expenses- other	113,962	-	-	113,962	41,934
Interest	485,878	-	-	485,878	383,901
Miscellaneous	7,087	32,590	8,446	48,123	46,603
Total functional expenses	$ 4,855,317	$ 571,421	$ 689,989	$ 6,116,727	$ 5,714,053

See accompanying notes to consolidated financial statements.

NORTHERN FOREST CENTER AND ITS AFFILIATES

Consolidated Statement of Cash Flows

For the Year Ended April 30, 2026 (with Comparative Totals for 2025)

	2026	2025
Cash flows from operating activities:		
Change in net assets	$ 390,369	$ 4,176,188
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Increase in beneficial interest in assets held by others	(7,649)	(2,324)
Depreciation and amortization	553,971	171,162
Unrealized gains on investments	(66,696)	(71,097)
Imputed interest on debt issuance costs	7,126	7,126
Amortization of loan discount	89,619	86,720
Gain on sale of property	-	(64,628)
Gifts restricted for permanent capital	-	(475,000)
(Increase) decrease in:		
Grants receivable	331,159	(556,860)
Contributions receivable	555,374	246,131
Other receivables	(8,100)	(3,852)
Prepaid expenses and deposits	1,920	(4,124)
(Decrease) increase in:		
Accounts payable	(1,037,127)	214,381
Accrued payroll and related expenses	(22,173)	45,582
Refundable advance liabilities	(28,164)	(5,918)
Deferred rent	6,250	2,900
Interest payable	41,608	35,220
Security deposits	16,875	11,980
Net cash from operating activities	824,362	3,813,587
Cash flows from investing activities:		
Purchases of property and equipment	(1,089,865)	(9,629,413)
Payment received on note receivable	24,560	10,016
Proceeds from investment maturity and sales	1,581,827	19,374,428
Purchases of investments	(2,000,000)	(15,936,901)
Investment in affiliate	-	-
Net cash from investing activities	(1,483,478)	(6,181,870)
Cash flows from financing activities:		
Capital contribution from noncontrolling interest	117,865	-
Gifts restricted for permanent capital	-	475,000
Proceeds from notes payable	1,832,000	2,737,000
Discount on notes payable	-	(193,427)
Principal payments on notes payable	(759,496)	(574,736)
Net cash from financing activities	1,190,369	2,443,837
Net change in cash and cash equivalents	531,253	75,554
Cash and cash equivalents at beginning	4,335,846	4,260,292
Cash and cash equivalents at end	$ 4,867,099	$ 4,335,846
SUPPLEMENTAL INFORMATION:		
Interest paid	$ 444,270	$ 254,835

Non-cash investing activities:

Fixed asset additions of $216,129 were included in accounts payable at April 30, 2026.

During the year, the GH LLC received a building and improvements with a carrying value of $5,823,131 from SFF. In exchange, the GH LLC issued a note payable of $2,500,000 and recognized contributed capital of $3,323,131.

See accompanying notes to consolidated financial statements.

Northern Forest Center, Inc. and its Affiliates
Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Operations

The Northern Forest Center is an innovation and investment partner working across Maine, New Hampshire, Vermont, and New York. Rooted in community, forest stewardship, and economic development, we are the only nonprofit delivering integrated, cross-state solutions in our region to help rural places and people thrive.
For three decades, the Center has strengthened communities and changed lives: creating housing and jobs, attracting resources, and securing forests for public benefit. Our approach is locally grounded: first we listen, then we co-develop solutions that address each community's unique challenges and priorities. Our regional leadership and scope of work carry influence that individual states and communities alone cannot deliver — securing national funding and improving public policies for the region.
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.
- Secured and leveraged $299 million for projects that benefit the region's communities, economy, and forest stewardship.

FY26 Program Accomplishments (unaudited)

1. The Center strengthens the vitality of rural Northern Forest communities and their ability to attract new residents and entrepreneurs. During FY26, the Center invested $3.5 million in creating new housing priced to be attainable to middle-income residents of Tupper Lake, New York; St. Johnsbury, Vermont; Bethel and Millinocket, Maine; and Lancaster, New Hampshire. We continued assisting Greenville, Maine, and Elizabethtown, New York, with infrastructure improvements to allow for future housing. We launched climate readiness projects to help communities in the Northeast Kingdom of Vermont; Keene, New York; and Gorham, New Hampshire. The Center supported communities in the Northeast Kingdom of Vermont; Coos County, New Hampshire; and Oxford County, Maine, to manage for sustainable tourism and quality of life for residents through initiatives, including the continued development of a wayfinding system for Newport, Vermont. We supported the construction or improvement of 12 miles of trails in Gorham and Franconia, New Hampshire; Island Falls, Maine; and West Dover, St. Johnsbury, and South Hero, Vermont. We managed Maine West, a collaborative of diverse nonprofits in Bethel, Rumford, South Paris, and Norway, Maine, to implement projects to secure economic, education, health, and conservation benefits. We implemented the fifth year of the *Attracting New Residents Strategy* in the Adirondacks in New York 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, New York. The Center invested nearly $300,000 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 in New York. The Bike Borderlands collaborative continued to offer quality mountain biking experiences for residents and visitors in Caroga, the High Peaks, and the Upper Hudson regions of New York; Stowe, East Burke, Craftsbury, Newport, and Williston, Vermont; Gorham, Franconia, Littleton, and Mt. Washington Valley, New Hampshire; and Bethel, Carrabassett Valley and the Moosehead region of Maine; and East Hereford, Quebec, while stewarding the natural landscape and securing economic benefits for communities.

Note 1: Summary of Significant Accounting Policies (Continued)

Nature of Operations (Continued)

2. 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. During FY26, the Center supported 1,197 jobs by providing custom business and marketing assistance to 62 wood products businesses; providing seven wood products CEOs from Vermont with business coaching through the Northern Forest Board Forum; and coaching 32 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's newly launched Women in Forest Innovation Cohort supported five female wood products business entrepreneurs in Maine, Vermont and New York. The Center managed a $1.2 million grant from the U.S. Department of Labor to create and support a workforce development program serving four school districts and the Katahdin Higher Education Center in the Moosehead-Katahdin region to work one-on-one with students to help them gain meaningful work experience, test the fields of work they think they're interested in, and build relationships with mentors, community members, and potential employers. The Center managed a similar program serving four school districts in Western Maine. The Center continued to work on a recreation investment strategy to help guide development of the outdoor recreation economy in the Moosehead region of Maine. Since inception, the *Feel Good Heat* program has reduced greenhouse gas impact by 15,076 tons by substituting wood pellets for more than 2.5 million gallons of fossil fuels, generating $15 million in positive economic impact for the region.

3. 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, U.S. Forest Service, and U.S. EDA programs that serve the region. In FY26, the Center served and collaborated with communities, businesses, organizations, and partners to work toward our vision of thriving and welcoming Northern Forest region sustained by innovation and environmental stewardship. The Center held 107 in-person convenings and engaged more than 500 participants through webinars, which helped people throughout 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-weekly Northern Forest News Digest for 3,300 subscribers.

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

Note 1: Summary of Significant Accounting Policies (Continued)

Organization and Principles of Consolidation

Organization

Northern Forest Center, Inc. (NFC) is a not-for-profit organization that advances community and economic development and forest-based initiatives within the Northern Forest region. The accompanying consolidated financial statements include the accounts of Northern Forest Center, Inc. and its controlled affiliates, 101 Main Street (101 Main), Sustainable Forest Futures, Inc. (SFF), Gehring House MM, LLC (GHMM LLC), and Gehring House, LLC (GH LLC), collectively referred to as the "Center".

Sustainable Forest Futures, Inc. is the sole member and manager of Gehring House MM, LLC. Gehring House MM, LLC is the managing member of Gehring House, LLC, a Maine limited liability company formed to own, rehabilitate, lease, manage, and operate a historic real-estate project located in Bethel, Maine.

Principles of Consolidation

The Organization consolidates entities in which it has a controlling financial interest. Gehring House MM, LLC is consolidated because Sustainable Forest Futures, Inc. owns 100% of its membership interests and controls its management and operating activities.

Gehring House, LLC is consolidated because Gehring House MM, LLC, as managing member, has control over the entity’s management and operating activities. An unrelated tax-credit investor holds a noncontrolling membership interest in Gehring House, LLC. All significant intercompany accounts and transactions have been eliminated in consolidation.

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, 2025, 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.

Note 1: Summary of Significant Accounting Policies (Continued)

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:

April 30,	2026
Designated cash	$ 45,784
Cash and cash equivalents	4,821,315
Total cash and cash equivalents as reported in the consolidated statement of cash flows	$ 4,867,099

The designated cash consists of the fee reserve account was created as a result of the NMTC arrangement (Note 11). 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.

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, 2026.

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.

Note 1: Summary of Significant Accounting Policies (Continued)

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, 2026.

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.

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, 2026, 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.

Note 1: Summary of Significant Accounting Policies (Continued)

Property and Equipment (Continued)

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, 2026.

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, 2026 was $553,971. Amortization for the website design costs for the year ended April 30, 2026 was $0. Total depreciation and amortization was $553,971 for the year ended April 30, 2026.

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.

Note 1: Summary of Significant Accounting Policies (Continued)

Classification of Net Assets (Continued)

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.

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 $447,574 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, 2026.

At April 30, 2026, ten 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 $1,838,000.

Note 1: Summary of Significant Accounting Policies (Continued)

Revenues (Continued)

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:

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, 2025 or 2026.

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.

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.

Gehring House MM, LLC is a taxable entity wholly owned by Sustainable Forest Futures, Inc. and is taxed as a corporation. Gehring House, LLC is owned 1% by Gehring House MM, LLC and 99% by Machias Savings Bank and is taxed as a partnership.

Note 1: Summary of Significant Accounting Policies (Continued)

Tax Status (Continued)

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, 2026, 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, 101 Main Street, and to Gehring House LLC. As supporting organizations, Sustainable Forest Futures, Inc. 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, 2026, there were no amounts included in the consolidated statement of financial position representing grant funding due to Sustainable Forest Futures, 101 Main Street and Gehring House LLC from the Northern Forest Center under a sub grant agreement.

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:

April 30,	2026
Cash and cash equivalents	$ 4,821,315
Investments, at fair value	7,191,164
Grants receivable	818,735
Contributions receivable	1,550,014
Notes receivable	25,306
Other receivables	11,952
Subtotal	14,418,486
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	7,328,633
Financial assets available to meet cash needs for general expenditure within one year	$ 7,089,853

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, 2026, are summarized below:

	2026
Amounts to be received in one year or less	$ 606,500
Amounts to be received in one to five years	987,973
	1,594,473
Less: Discount to present value	(44,459)
Total	1,550,014
Less: current portion	606,500
Total long-term portion	$ 943,514

Note 4: Contributions and Grants Receivable (Continued)

Grants receivable as of April 30, 2026, are summarized below:

		2026
Amounts to be received in one year or less	$	790,085
Amounts to be received in one to five years		30,000
		820,085
Less: Discount to present value		(1,350)
Total		818,735
Less: current portion		790,085
Total long-term portion	$	28,650

Note 5: Notes Receivable

Notes receivable consist of the following:

As of April 30,		**2026**
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 11)	$	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		140,424
Total notes receivable		2,456,779
Less current portion		25,306
Total long term notes receivable	$	2,431,473

Note 6: Property and Equipment

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

As of April 30,	2026
Office equipment	$ 12,180
Buildings and improvements	15,764,601
Construction in process	7,116,193
Vehicles	43,429
Website design costs	84,248
Total property and equipment	23,020,651
Less: accumulated depreciation and amortization	1,190,012
Total property and equipment, net	$ 21,830,639

Construction-in-process consists of costs incurred for the purchase and renovation of eight properties not yet placed in service. As of April 30, 2026, the Center had outstanding construction commitments of approximately $7,116,192.

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, 2026.

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, 2026:

	Level 1	Level 2	Level 3	Total
US Treasury Bills	$ -	$ 6,472,384	$ -	$ 6,472,384
Certificates of deposit - broker issued	-	718,780	-	718,780
Total investments, at fair value	-	7,191,164	-	7,191,164
Beneficial interests in assets held by others	-	-	72,251	72,251
Totals	$ -	$ 7,191,164	$ 72,251	$ 7,263,415

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, 2026) 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, 2026) 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 $7,649 for the year ended April 30, 2026, in the consolidated statement of activities. The fair value of the funds' assets was $72,251 at April 30, 2026.

Note 9: Gehring House Historic Rehabilitation Project

During 2025, Gehring House, LLC was formed to own, rehabilitate, lease, and operate a historic building located in Bethel, Maine. The project is financed through a combination of member contributions, debt, grants, and federal and state historic rehabilitation tax-credit arrangements.

Gehring House MM, LLC serves as managing member of Gehring House, LLC. Sustainable Forest Futures, Inc. serves as developer and holds a direct membership interest in Gehring House, LLC. Machias Savings Bank serves as the federal historic tax-credit investor.

Note 9: Gehring House Historic Rehabilitation Project (Continued)

Before the contractual flip date, the membership interests in Gehring House, LLC are 1% for Gehring House MM, LLC, 98% for Machias Savings Bank, and 1% for Sustainable Forest Futures, Inc. The flip date is contractually defined as 61 months after all portions of the building are placed in service for federal income-tax purposes. On the flip date, the respective interests change to 94%, 5%, and 1%.

The Organization has consolidated Gehring House, LLC because Gehring House MM, LLC controls its management and operating activities. The ownership interest held by Machias Savings Bank is presented as a noncontrolling interest in the accompanying consolidated financial statements.

As of April 30, 2026, the consolidated financial statements include approximately $5,737,632 of assets and $2,518,740 of liabilities attributable to Gehring House, LLC. The assets of Gehring House, LLC are available primarily to satisfy its own obligations, and its liabilities generally do not constitute obligations of the Organization except to the extent of the contractual guarantees described below.

Note Noncontrolling Interest

The consolidated financial statements include a noncontrolling interest representing the ownership interest in Gehring House, LLC held by Machias Savings Bank.

The noncontrolling interest was approximately $117,865 at April 30, 2026. There was no change in consolidated net assets attributable to the noncontrolling interest for the year ending April 30, 2026.

Under the operating agreement, the Federal Investor’s ownership percentage is 98% before the contractual flip date and 5% thereafter. The attribution of consolidated net assets and changes in net assets considers the terms of the operating agreement, including capital contributions, income and loss allocations, distribution priorities, and other contractual provisions.

Note 10: Notes Payable

On July 1, 2017, Sustainable Forest Futures, Inc. 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, Inc. 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).

Note 10: Notes Payable (Continued)

On May 1, 2021, Sustainable Forest Futures, Inc. 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, Inc., 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, Inc. 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:

Lancaster Main Street Fund		
Note payable, individual, interest of 2.0% annum, payable annually beginning December 31, 2020, due May 2026.	$	25,000
Note payable, individual, interest of 2% annum, payable annually beginning December 31, 2021, due June 2028		100,000
Subtotal Lancaster Main Street Fund Offering	$	125,000

Note 10: Notes Payable (Continued)

Northern Forest Fund

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, trust, interest of .91% annum, payable annually beginning October 7, 2021, due October 2030.		500,000
Note payable, 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, foundation, interest of 1.0% annum, payable annually beginning December 31, 2021, due September 2026		500,000
Note payable, individual, interest of 2.0% annum, payable annually beginning December 31, 2021, due August 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.		600,000
Note payable, trust, interest of 2.0% annum, payable annually beginning December 31, 2021, due November 2028.		50,000
Note payable, 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.		25,000
Note payable, foundation, interest of 2.0% annum, payable annually beginning December 31, 2021, due December 2028.		150,000
Note payable, 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 December 2030		25,000

Note 10: Notes Payable (Continued)

Northern Forest Fund (Continued)

Note payable, foundation, interest of 1% annum, payable annually beginning December 31, 2022, due January 2027.	$	250,000
Note payable, foundation, interest of 2% annum, payable annually beginning December 31, 2022, due December 2028.		2,000,000
Note payable, bank, interest of 2% annum, payable annually beginning December 31, 2022, due October 2029.		1,000,000
Note payable, foundation, interest of 2% annum, payable annually beginning December 31, 2023, due March 2030.		500,000
Note payable, trust, interest of 2% annum, payable annually beginning December 31, 2022, due September 2029.		50,000
Note payable, fund, interest of 1% annum, payable annually beginning December 31, 2023, due February 2028.		400,000
Note payable, fund, interest of 2% annum, payable annually beginning December 31, 2023, due January 2029.		300,000
Note payable, foundation, interest of 1% annum, payable annually beginning December 31, 2022, due December 2027.		250,000
Note payable, foundation, interest of 1% annum, payable annually beginning December 31, 2022, due October 2027.		50,000
Note payable, 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 (2.93% 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

Note 10: Notes Payable (Continued)

Northern Forest Fund (Continued)

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 (3.2% annum with contingent interest), payable annually beginning December 31, 2023, due January 2031.		100,000
Note payable, foundation, interest of 1% annum, payable annually beginning December 31, 2022, due December 2029		100,000
Note payable, interest of 1% annum, payable annually beginning December 31, 2022, due February 2027		1,000,000
Note payable, interest of 2% annum, payable annually beginning December 31, 2023, due March 2029.		400,000
Note payable, individual, interest at applicable federal rate at time of advance (1.9% annum with contingent interest), payable annually beginning December 31, 2022, due April 2031.		150,000
Note payable, individual, interest of 2% annum, payable annually beginning December 31, 2023, due August 2029.		100,000
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

Note 10: Notes Payable (Continued)

Northern Forest Fund (Continued)

Note payable, trust, 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 December 2028		50,000
Note payable, 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, foundation, interest of 2% annum, payable annually beginning December 31, 2024, due March 2031.		100,000
Note payable, 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 March 2033.		200,000
Note payable, trust, interest of 2% annum, payable annually beginning December 31, 2024, due April 2031.		100,000
Note payable, foundation, interest of 1% annum, payable annually beginning December 31, 2025, due July 2029.		50,000
Note payable, interest of 2% annum, payable annually beginning December 31, 2025, due August 2031.		500,000
Note payable, 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 October 2029.		30,000

Note 10: Notes Payable (Continued)

Northern Forest Fund (Continued)

Note payable, individual, interest of 2% annum, payable annually beginning December 31, 2025, due October 2031.	$	50,000
Note payable, foundation, 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, 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.		425,768
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 December 2031.		100,000
Note payable, church, interest of 4.2% annum, payable annually beginning December 31, 2025, due February 2034.		50,000
Note payable, foundation, interest of 1% annum, payable annually beginning December 31, 2025, due January 2030.		50,000

Note 10: Notes Payable (Continued)

Northern Forest Fund (Continued)

Note payable, Moosehead Lake Region Economic Development, interest of 3% annum, payable annually beginning December 31, 2025, due August 2032.	150,000
Note payable, center, interest of 3% annum, payable annually beginning December 31, 2025, due September 2032.	250,000
Note payable, individual, interest of 3% annum, payable annually beginning December 31, 2025, due September 2032.	17,000
Note payable, foundation, interest of 3% annum, payable annually beginning December 31, 2025, due October 2032.	50,000
Note payable, trust, interest of 3% annum, payable annually beginning December 31, 2025, due October 2032.	50,000
Note payable, individual, interest of 3% annum, payable annually beginning December 31, 2025, due October 2032.	70,000
Note payable, trust, interest of 3% annum, payable annually beginning December 31, 2025, due November 2032.	50,000
Note payable, foundation, interest of 3% annum, payable annually beginning December 31, 2025, due November 2032.	500,000
Note payable, individual, interest of 3% annum, payable annually beginning December 31, 2025, due November 2032.	100,000
Note payable, individual, interest of 1.5% annum, payable annually beginning December 31, 2025, due November 2032.	50,000
Note payable, foundation, interest of 3% annum, payable annually beginning December 31, 2025, due November 2032.	50,000
Note payable, individual, interest of 3% annum, payable annually beginning December 31, 2025, due November 2032.	100,000
Note payable, individual, interest of 3% annum, payable annually beginning December 31, 2025, due January 2033.	90,000
Note payable, individual, interest of 1.5% annum, payable annually beginning December 31, 2025, due December 2030.	50,000

Note 10: Notes Payable (Continued)

Note payable, foundation, interest of 3% annum, payable annually beginning December 31, 2025, due December 2030.	100,000
Note payable, individual, interest of 3% annum, payable annually beginning December 31, 2025, due January 2033.	500,000
Note payable, individual, interest of 3% annum, payable annually beginning December 31, 2025, due March 2033.	2,000,000
Note payable, trust, interest of 3% annum, payable annually beginning December 31, 2025, due March 2033.	25,000
Note payable, Trustees of the Diocesan, interest of 3% annum, payable annually beginning December 31, 2025, due April 2033.	100,000
Subtotal Northern Forest Fund Offering	$ 17,941,768

Note 10: Notes Payable (Continued)

Other Notes Payable

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, 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
Total notes payable	22,190,768
Less: unamortized debt issuance costs	203,687
Less: current portion	1,835,394
Less: unamortized discount	301,849
Long-term portion of notes payable, net	$ 19,849,838

Total interest expense, including the imputed interest on debt issuance costs, was $485,877 for the year ended April 30, 2026.

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, Inc. 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 $7,237,000. 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, 2026 were $6,962,272. The discount is amortized using the effective interest rate method with current year amortization of $89,619.

Note 10: 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,	
2027	$ 1,835,394
2028	917,699
2029	6,318,528
2030	1,859,977
2031	1,728,442
Thereafter	9,530,728
Total	$ 22,190,768

Note 11: 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, 2026 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.

Note 11: 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, 2026.

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 $45,784 at April 30, 2026.

Note 12: 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, 2026:

	Northern Forest Center	Sustainable Forest Futures	101 Main Street	Total
Beneficial interest in assets held by others	$ 72,251	$ -	$ -	$ 72,251
Community revitalization	319,508	-	-	319,508
Contributions receivable, time restricted	1,550,014	-	-	1,550,014
Forest economy	147,489	-	-	147,489
Permanent capital Northern Forest Fund	1,825,000	-	-	1,825,000
Implied contribution from below-market interest rate loans	-	301,849	-	301,849
Regional strategy	357,819	-	-	357,819
Totals	$ 4,272,081	$ 301,849	$ -	$ 4,573,930

Net assets released from purpose restrictions consisted of the following for the year ended April 30, 2026:

Forest economy	$ 109,591
Outdoor recreation	238,579
Community revitalization	121,448
Real estate	65,000
Philanthropic initiatives	204,568
Total	$ 739,186

Note 13: Retirement Plan

The Center has a SIMPLE retirement plan covering eligible employees. For the year ended April 30, 2026, a 3% matching contribution up to 3% of eligible salary was made to the plan. Employer contributions for the year ended April 30, 2026 totaled $48,094.

Note 14: Short-Term Leases

The Center leases various office space in New Hampshire and Maine under month-to-month arrangements. Rent expense totaled $50,525 for the year ended April 30, 2026.

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, Inc. was entered into as part of the New Markets Tax Credit deal (Note 11). Any right-of-use assets or right-of-use liabilities associated with this arrangement were eliminated in the consolidation of the entities.

Note 15: Operating Lease Income and Future Minimum Rentals

Sustainable Forest Futures, Inc. 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 $15,819,092 and $14,768,937, respectively. Lease income recognized under operating leasing arrangements with third-parties totaled $539,787 for the year ended April 30, 2026.

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

April 30,	
2027	$ 305,655
2028	64,950
2029	15,000
2030	15,000
2031	15,000
Thereafter	165,000
Total	$ 580,605

Note 16: Commitments, Guarantees, and Historic Tax Credits

Northern Forest Center, Inc., Sustainable Forest Futures, Inc., and Gehring House MM, LLC have entered into certain guarantee and indemnification arrangements in favor of the federal historic tax-credit investor. These arrangements include obligations associated with completion of the project, performance under specified project documents, and certain events that could result in a reduction, disallowance, or recapture of federal historic tax credits.

Note 16: Commitments, Guarantees, and Historic Tax Credits (Continued)

The maximum exposure under certain of these arrangements is not readily determinable because the amount, if any, is dependent on future events, including completion of the rehabilitation, qualification of project costs, continued compliance with historic tax-credit requirements, and the occurrence of a recapture event. As of April 30, 2026, management believes that no liability was required to be recognized under these guarantees.

Note 17: Subsequent Events

The Center has evaluated subsequent events through September 30, 2026, the date which the consolidated financial statements were available to be issued.

Subsequent to year-end, the Organization entered into construction and development contracts related to the Spruce Street Greenville project totaling approximately $2.3 million. The contracts provide for the purchase of construction materials and infrastructure improvements. No liability related to these contracts has been recorded in the accompanying financial statements as the commitments arose subsequent to year-end.

NORTHERN FOREST CENTER AND ITS AFFILIATES

Consolidating Schedule of Financial Position

April 30, 2026

ASSETS

	Northern Forest Center	Sustainable Forest Futures	101 Main Street	Gehring House MM, LLC	Gehring House, LLC	Elimination Entries	Consolidated 2026	Consolidated 2025
Current assets:								
Cash and cash equivalents	$ 3,978,095	$ 613,061	$ 162,200	$ 100	$ 67,859	$ -	$ 4,821,315	$ 4,273,999
Investments, at fair value	7,191,164	-	-	-	-	-	7,191,164	6,706,295
Grants receivable	790,085	-	-	-	-	-	790,085	1,149,894
Contributions receivable	606,500	-	-	-	-	-	606,500	885,853
Notes receivable	-	25,306	-	-	-	-	25,306	24,560
Other receivables	5,987	5,965	-	-	-	-	11,952	3,852
Prepaid expenses	7,273	-	-	-	-	-	7,273	9,193
Due from related party	23,126	6,421,856	-	-	-	(6,444,982)	-	-
Total current assets	12,602,230	7,066,188	162,200	100	67,859	(6,444,982)	13,453,595	13,053,646
Property and equipment, net	-	13,180,689	2,980,177	-	5,669,773	-	21,830,639	18,794,745
Other assets:								
Designated cash	-	-	45,784	-	-	-	45,784	61,847
Deposits	380	-	-	-	-	-	380	380
Grants receivable, less current portion	28,650	-	-	-	-	-	28,650	-
Contributions receivable, less current portion	943,514	-	-	-	-	-	943,514	1,219,535
Investment in affiliates	50,000	3,323,231	-	-	-	(3,373,231)	-	-
Right-of-use asset - operating lease	1,729,137	519,662	-	-	-	(2,248,799)	-	-
Notes receivable, less current portion	2,450,000	4,931,473	-	-	-	(4,950,000)	2,431,473	2,456,779
Beneficial interest in assets held by others	72,251	-	-	-	-	-	72,251	64,602
Total other assets	5,273,932	8,774,366	45,784	-	-	(10,572,030)	3,522,052	3,803,143
Total assets	$ 17,876,162	$ 29,021,243	$ 3,188,161	$ 100	$ 5,737,632	$ (17,017,012)	$ 38,806,286	$ 35,651,534

NORTHERN FOREST CENTER AND ITS AFFILIATES

Consolidating Schedule of Financial Position

April 30, 2026

LIABILITIES AND NET ASSETS

	Northern Forest Center	Sustainable Forest Futures	101 Main Street	Gehring House MM, LLC	Gehring House LLC	Elimination Entries	Consolidated 2026	Consolidated 2025
Current liabilities:								
Accounts payable	$ 126,073	$ 225,863	$ 19,206	$ -	$ 2,200	$ -	$ 373,342	$ 1,410,469
Accrued payroll and related expenses	86,404	-	-	-	-	-	86,404	108,577
Notes payable, current portion	-	1,835,394	-	-	-	-	1,835,394	609,497
Refundable advance liabilities	-	-	-	-	-	-	-	28,164
Deferred rent	-	9,265	-	-	4,810	-	14,075	7,825
Interest payable	-	185,489	-	-	-	-	185,489	143,881
Security deposits	-	35,445	-	-	11,730	-	47,175	30,300
Right-of-use liability - operating lease, current portion	64,088	4,488	-	-	-	(68,576)	-	-
Due to related party	6,421,856	23,126	-	-	-	(6,444,982)	-	-
Total current liabilities	6,698,421	2,319,070	19,206	-	18,740	(6,513,558)	2,541,879	2,338,713
Long-term liabilities:								
Right-of-use liability - operating lease, net	1,665,049	515,174	-	-	-	(2,180,223)	-	-
Notes payable, net of current portion and discount	850,000	18,429,525	3,070,313	-	2,500,000	(5,000,000)	19,849,838	17,406,486
Total long-term liabilities	2,515,049	18,944,699	3,070,313	-	2,500,000	(7,180,223)	19,849,838	17,406,486
Total liabilities	9,213,470	21,263,769	3,089,519	-	2,518,740	(13,693,781)	22,391,717	19,745,199
Net assets:								
Without donor restrictions	4,390,611	7,455,625	98,642	100	3,101,027	(3,323,231)	11,722,774	10,490,031
Without donor restrictions - noncontrolling interest	-	-	-	-	117,865	-	117,865	-
Subtotal without donor restrictions	4,390,611	7,455,625	98,642	100	3,218,892	(3,323,231)	11,840,639	10,490,031
With donor restrictions	4,272,081	301,849	-	-	-	-	4,573,930	5,416,304
Total net assets	8,662,692	7,757,474	98,642	100	3,218,892	(3,323,231)	16,414,569	15,906,335
Total liabilities and net assets	$ 17,876,162	$ 29,021,243	$ 3,188,161	$ 100	$ 5,737,632	$ (17,017,012)	$ 38,806,286	$ 35,651,534

See independent auditor's report

NORTHERN FOREST CENTER AND ITS AFFILIATES

Consolidating Schedule of Activities

For the Year Ended April 30, 2026

	Northern Forest Center			Sustainable Forest Futures			101 Main Street			Gehring House MM, LLC	Gehring House LLC	Elimination Entries	Consolidated 2026	Consolidated 2025
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total					
Revenues:														
Contributions	$ 1,435,530	$ 590,438	$ 2,025,968	$ 1,490,752	$ -	$ 1,490,752	$ -	$ -	$ -	$ -	$ -	$ (1,433,588)	$ 2,083,132	$ 3,104,320
Corporate contributions	496,134	-	496,134	49,589	-	49,589	-	-	-	-	-		545,723	156,385
Foundation grants	224,925	494,155	719,080	17,549	-	17,549	-	-	-	-	-	-	736,629	1,857,220
Government grants	1,852,040	-	1,852,040	158,413	-	158,413	-	-	-	-	-	-	2,010,453	3,982,059
Programs and fees	122,035	-	122,035	-	-	-	-	-	-	-	-	-	122,035	118,118
Investment income	209,760	-	209,760	130,840	-	130,840	306	-	306	-	-	-	340,906	399,027
Rental income	25,060	-	25,060	400,149	-	400,149	71,600	-	71,600	-	154,338	(96,660)	554,487	206,160
Other support	25,238	7,650	32,888	80,843	-	80,843	-	-	-	-	-	-	113,731	66,952
Total revenues	4,390,722	1,092,243	5,482,965	2,328,135	-	2,328,135	71,906	-	71,906	-	154,338	(1,530,248)	6,507,096	9,890,241
Net assets released from restrictions and other reclassifications:														
For satisfaction of time restrictions	1,105,812	(1,105,812)	-	89,619	(89,619)	-	-	-	-	-	-	-	-	-
For satisfaction of purpose restrictions	739,186	(739,186)	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues and net assets released from restrictions	6,235,720	(752,755)	5,482,965	2,417,754	(89,619)	2,328,135	71,906	-	71,906	-	154,338	(1,530,248)	6,507,096	9,890,241
Expenses:														
Program services	4,853,228	-	4,853,228	979,860	-	979,860	176,035	-	176,035	-	376,442	(1,530,248)	4,855,317	4,684,357
General and administrative	571,421	-	571,421	-	-	-	-	-	-	-	-	-	571,421	403,402
Fundraising	689,989	-	689,989	-	-	-	-	-	-	-	-	-	689,989	626,294
Total expenses	6,114,638	-	6,114,638	979,860	-	979,860	176,035	-	176,035	-	376,442	(1,530,248)	6,116,727	5,714,053
Change in net assets	121,082	(752,755)	(631,673)	1,437,894	(89,619)	1,348,275	(104,129)	-	(104,129)	-	(222,104)	-	390,369	4,176,188
Change in net assets attributable to noncontrolling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net assets at beginning	4,269,529	5,024,836	9,294,365	6,017,731	391,468	6,409,199	202,771	-	202,771	-	-	-	15,906,335	11,730,147
Contributed capital	-	-	-	-	-	-	-	-	-	100	3,323,131	(3,323,231)	-	-
Contributed capital - noncontrolling interest	-	-	-	-	-	-	-	-	-	-	117,865	-	117,865	-
Net assets at end	$ 4,390,611	$ 4,272,081	$ 8,662,692	$ 7,455,625	$ 301,849	$ 7,757,474	$ 98,642	$ -	$ 98,642	$ 100	$ 3,218,892	$ -	$ 16,414,569	$ 15,906,335

See independent auditor's report.

NORTHERN FOREST CENTER AND ITS AFFILIATES

Consolidating Schedule of Functional Expenses

Year Ended April 30, 2026

	Northern Forest Center				Sustainable Forest Futures				101 Main Street				Gehring House, LLC						
	Program	General and Administration	Fundraising	Total	Program	General and Administration	Fundraising	Total	Program	General and Administration	Fundraising	Total	Program	General and Administration	Fundraising	Total	Elimination Entries	Consolidated 2026	Consolidated 2025
Personnel Expenses:																			
Salaries	1,107,072	288,059	448,391	1,843,522	-	-	-	-	-	-	-	-	-	-	-	-	-	1,843,522	1,758,688
Benefits	123,390	66,097	49,331	238,818	-	-	-	-	-	-	-	-	-	-	-	-	-	238,818	222,623
Payroll taxes	84,730	21,903	34,653	141,286	-	-	-	-	-	-	-	-	-	-	-	-	-	141,286	131,293
	1,315,192	376,058	532,375	2,223,626	-	-	-	-	-	-	-	-	-	-	-	-	-	2,223,626	2,112,604
Non-Personnel Expenses:																			
Program expenses	3,331,361	4,469	65,700	3,401,530	-	-	-	-	-	-	-	-	-	-	-	-	(1,433,588)	1,967,942	2,405,200
Depreciation and amortization	(0)	-	-	-	227,611	-	-	227,611	121,763	-	-	121,763	204,597	-	-	204,597	-	553,971	171,162
Occupancy	102,732	13,126	12,510	128,368	25,060	-	-	25,060	-	-	-	-	-	-	-	-	(96,660)	56,768	53,808
Travel	67,278	2,354	16,783	86,415	-	-	-	-	-	-	-	-	-	-	-	-	-	86,415	79,243
Printing and publications	1,411	673	22,902	24,987	-	-	-	-	-	-	-	-	-	-	-	-	-	24,987	29,738
Office equipment and supplies	3,604	8,572	4,229	16,405	-	-	-	-	-	-	-	-	-	-	-	-	-	16,405	14,416
Board development and meetings	-	20,577	11,596	32,173	-	-	-	-	-	-	-	-	-	-	-	-	-	32,173	35,103
Professional fees	85	76,230	3,777	80,092	25,011	-	-	25,011	18,564	-	-	18,564	32,592	-	-	32,592	-	156,259	115,077
Telephone	3,812	995	1,532	6,340	-	-	-	-	-	-	-	-	-	-	-	-	-	6,340	7,346
Staff development and trainings	5,731	24,532	7,530	37,793	-	-	-	-	-	-	-	-	-	-	-	-	-	37,793	20,065
Insurance	-	9,754	-	9,754	-	-	-	-	-	-	-	-	-	-	-	-	-	9,754	9,726
Repairs and maintenance	8,445	1,160	2,195	11,800	-	-	-	-	-	-	-	-	-	-	-	-	-	11,800	5,396
Building assessments	-	-	-	-	5,000	-	-	5,000	-	-	-	-	-	-	-	-	-	5,000	-
Meetings and seminars	6,586	330	413	7,329	-	-	-	-	-	-	-	-	-	-	-	-	-	7,329	9,237
Rental utilities	(0)	-	-	(0)	65,322	-	-	65,322	-	-	-	-	26,110	-	-	26,110	-	91,432	96,229
Rental insurance	(0)	-	-	(0)	21,277	-	-	21,277	-	-	-	-	27,531	-	-	27,531	-	48,808	29,107
Rental taxes	-	-	-	-	44,335	-	-	44,335	-	-	-	-	17,565	-	-	17,565	-	61,900	29,483
Rental cleaning and yard care	0	-	-	0	49,596	-	-	49,596	-	-	-	-	20,465	-	-	20,465	-	70,061	18,675
Rental expenses- other	-	-	-	-	66,392	-	-	66,392	-	-	-	-	47,570	-	-	47,570	-	113,962	41,934
Interest	(0.00)	-	-	(0)	450,170	-	-	450,170	35,708	-	-	35,708	-	-	-	-	-	485,878	383,901
Miscellaneous	6,989	32,590	8,446	48,025	86	-	-	86	-	-	-	-	12	-	-	12	-	48,123	46,603
Total functional expenses	$ 4,853,228	$ 571,421	$ 689,989	$ 6,114,638	$ 979,860	$ -	$ -	$ 979,860	$ 176,035	$ -	$ -	$ 176,035	$ 376,442	$ -	$ -	$ 376,442	$ (1,530,248)	$ 6,116,727	$ 5,714,053

See independent auditor's report

NORTHERN FOREST CENTER AND ITS AFFILIATES

Consolidating Schedule of Cash Flows

Year Ended April 30, 2026

	Northern Forest Center	Sustainable Forest Futures	101 Main Street	Gehring House MM, LLC	Gehring House, LLC	Elimination Entries	Consolidated 2026	Consolidated 2025
Cash flows from operating activities:								
Change in net assets	$ (631,673)	$ 1,348,275	$ (104,129)	$ -	$ (222,104)	$ -	$ 390,369	$ 4,176,188
Adjustments to reconcile change in net assets to net cash flow from operating activities:								
Increase in beneficial interest in assets held by others	(7,649)	-	-	-	-	-	(7,649)	(2,324)
Depreciation and amortization	-	227,611	121,763	-	204,597	-	553,971	171,162
Unrealized gains on investments	(66,696)	-	-	-	-	-	(66,696)	(71,097)
Imputed interest on debt issuance costs	-	-	7,126	-	-	-	7,126	7,126
Amortization of loan discount	-	89,619	-	-	-	-	89,619	86,720
Contributed capital	-	-	-	100	-	(100)	-	-
Investment in affiliate	-	(100)	-	-	-	100	-	-
Gain on sale of property	-	-	-	-	-	-	-	(64,628)
Gifts restricted for permanent capital	-	-	-	-	-	-	-	(475,000)
Noncash lease expense	63,537	26,798	-	-	-	(90,335)	-	-
(Increase) decrease in:								
Grants receivable	331,159	-	-	-	-	-	331,159	(556,860)
Contributions receivable	555,374	-	-	-	-	-	555,374	246,131
Other receivables	(5,542)	(2,558)	-	-	-	-	(8,100)	(3,852)
Prepaid expenses and deposits	1,920	-	-	-	-		1,920	(4,124)
Due from related party	17,050	(2,321,028)	-	-	-	2,303,978	-	-
(Decrease) increase in:								
Accounts payable	(152,419)	(892,146)	5,238	-	2,200	-	(1,037,127)	214,381
Accrued payroll and related expenses	(22,173)	-	-	-	-	-	(22,173)	45,582
Refundable advance liabilities	(28,164)	-	-	-	-	-	(28,164)	(5,918)
Deferred rent	-	1,440	-	-	4,810	-	6,250	2,900
Interest payable	-	41,608	-	-	-	-	41,608	35,220
Security deposits	-	5,145	-	-	11,730	-	16,875	11,980
Operating lease liability	(63,537)	(26,798)	-	-	-	90,335	-	-
Due to related party	2,321,028	(17,050)	-	-	-	(2,303,978)	-	-
Net cash from operating activities	2,312,215	(1,519,184)	29,998	100	1,233	-	824,362	3,813,587
Cash flows from investing activities:								
Purchases of property and equipment	-	(1,038,626)	-	-	(51,239)	-	(1,089,865)	(9,629,413)
Payments received on note receivable	-	24,560	-	-	-	-	24,560	10,016
Note receivable issued	(1,600,000)	-	-	-	-	1,600,000	-	-
Proceeds from investment maturity and sales	1,581,827	-	-	-	-	-	1,581,827	19,374,428
Purchases of investments	(2,000,000)	-	-	-	-	-	(2,000,000)	(15,936,901)
Investment in affiliate	-	-	-	-	-	-	-	-
Net cash from investing activities	(2,018,173)	(1,014,066)	-	-	(51,239)	1,600,000	(1,483,478)	(6,181,870)

NORTHERN FOREST CENTER AND ITS AFFILIATES

Consolidating Schedule of Cash Flows

Year Ended April 30, 2026

	Northern Forest Center	Sustainable Forest Futures	101 Main Street	Gehring House MM, LLC	Gehring House, LLC	Elimination Entries	Consolidated 2026	Consolidated 2025
Cash flows from financing activities:								
Capital contribution from noncontrolling interest	-	-	-	-	117,865	-	117,865	-
Gifts restricted for permanent capital	-	-	-	-	-	-	-	475,000
Proceeds from notes payable	-	3,432,000	-	-	-	(1,600,000)	1,832,000	2,737,000
Discount on notes payable	-	-	-	-	-	-	-	(193,427)
Principal payments on notes payable	-	(759,496)	-	-	-	-	(759,496)	(574,736)
Net cash from financing activities	-	2,672,504	-	-	117,865	(1,600,000)	1,190,369	2,443,837
Net change in cash and cash equivalents	294,042	139,254	29,998	100	67,859	-	531,253	75,554
Cash and cash equivalents at beginning	3,684,053	473,807	177,986	-	-	-	4,335,846	4,260,292
Cash and cash equivalents at end	$ 3,978,095	$ 613,061	$ 207,984	$ 100	$ 67,859	$ -	$ 4,867,099	$ 4,335,846
SUPPLEMENTAL INFORMATION:								
Interest paid	$ -	$ 408,562	$ 35,708	$ -	$ -	$ -	$ 444,270	$ 254,835

Non-cash investing and financing activities:
Fixed asset additions of $216,129 were included in accounts payable at April 30, 2026.

During the year, the GH LLC received a building and improvements with a carrying value of $5,823,131 from SFF. In exchange, the GH LLC issued a note payable of $2,500,000 and recognized contributed capital of $3,323,131.

See independent auditor's report

NORTHERN FOREST CENTER

Schedule of Expenditures of Federal Awards

Year Ended April 30, 2026

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	NBRC23GRF09	9,217	-
Economic and Infrastructure Development Grant Program: Trail Development	90.601	NBRC22GNH09	48,794	39,411
Economic and Infrastructure Development Grant Program: Mass Timber	90.601	NBRC23GOF01	105,205	-
Total Northern Border Regional Commission and AL #90.601			**163,216**	**39,411**
U.S. Department of Agriculture:				
Direct Awards:				
Rural Business Development Grant: Moosehead	10.351		25,586	-
Rural Business Development Grant: New Hampshire Capacity	10.351		14,821	-
Rural Business Development Grant: Vermont Capacity	10.351		14,727	-
Rural Business Development Grant: Mahoosuc Way	10.351		3,431	-
Rural Business Development Grant: Gorham NH	10.351		23,715	-
Total AL #10.351			82,280	**-**
Rural Cooperative Development Initiative: Maine West	10.446	194198027	4,137	-
Community Facilities Loans and Grants: TAT	10.766	34-007-194198027	40,383	**-**
U.S. Department of Agriculture - Forest Service:				
Direct Awards:				
Wood Utilization Assistance	10.674	23-DG-11132544-084	208,937	50,044
U.S. Department of Agriculture - Forest Service:				
Direct Awards:				
Community Project Funds - Congressional Directed Spending	10.730	23-DG-11094200-454	87,952	-
U.S. Department of Agriculture - Forest Service:				
Direct Awards:				
Community Project Funds - Congressional Directed Spending	10.723	23-DG-11094200-239	48,354	-
U.S. Department of Agriculture - Natural Resource Conservation Service:				
Direct Awards:				
Soil and Water Conservation: VT Mountain Bike Trails	10.902	NR231644XXXXG001	99,622	79,505
Total U.S. Department of Agriculture			**571,665**	**129,549**
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	86,880	-
Total economic development cluster:			**86,880**	**-**
National Science Foundation:				
Direct Award:				
NSF Technology, Innovation, and Partnerships	47.084	2303493	53,164	-
Total research and development cluster:			**53,164**	**-**
U.S. Department of Labor - Employment And Training Administration:				
WIOA Dislocated Worker National Reserve Demonstration Grants: Katahdin/Moosehead	17.280	24A60WO000066-01-00	257,939	222,117
WIOA Dislocated Worker National Reserve Demonstration Grants: NBRC ME West	17.280	23A60WO00031-01-00	517,212	487,446
Total Department of Labor AL #17.280			**775,151**	**709,563**
TOTAL EXPENDITURES OF FEDERAL AWARDS			**$ 1,650,076**	**$ 878,523**

NORTHERN FOREST CENTER

Schedule of Expenditures of Federal Awards

Year Ended April 30, 2026

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, 2026. 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 de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4 - Pass-through to Subrecipients

Included in expenditures passed through to subrecipients was $73,750 passed through to Sustainable Forest Futures, Inc., a supporting organization of Northern Forest Center.

See Independent Auditor's Report

WIPFLI

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 its Affiliates
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 its Affiliates, which comprise the statement of financial position as of April 30, 2026, 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 September 30, 2026. The financial statements of Sustainable Forest Futures, Inc., 101 Main Street, GH MM, LLC and GH, LLC 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 these entities.

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 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 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. Given these limitations, during our audit 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.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northern Forest Center's 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 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 internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wipfli LLP

Wipfli LLP

Augusta, Maine
September 30, 2026

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WIPFLI

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 its Affiliates
Concord, New Hampshire

Report on Compliance for the Major Federal Program

Opinion on the 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 its major federal program for the year ended April 30, 2026. Northern Forest Center's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Northern Forest Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended April 30, 2026.

Basis for Opinion on the 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; 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 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 the major federal program. Our audit does not provide a legal determination of Northern Forest Center's 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 federal programs.

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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 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 compliance with the requirements of the 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 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 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 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.

Report on Internal Control Over Compliance

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.

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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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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
Wipfli LLP

Augusta, Maine
September 30, 2026

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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)?	None reported
Any audit findings disclosed that are required to be reported in accordance with the 2 CFR section 200.516(a)?	No

Identification of major programs:

Assistance Listing Number(s) (AL)	Name of Federal Program or Cluster
17.280	WIOA Dislocated Worker National Reserve Demonstration Grants

Dollar threshold used to distinguish between type A and type B programs:	$1,000,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

None identified

Section III – Federal Award Findings and Questioned Costs

None identified

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

Finding Number: 2025-001
Type of Finding: Significant Deficiency in Internal Control over Cash Management

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.

Status: Resolved