

AUDITED FINANCIAL STATEMENTS

HITCHCOCK CENTER FOR THE ENVIRONMENT, INC.

Amherst, Massachusetts

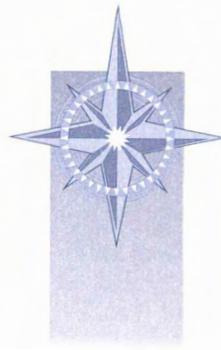
JUNE 30, 2021

Boisselle, Morton & Wolkowicz, LLP
Certified Public Accountants

Hitchcock Center for the Environment, Inc.

Table of Contents

	Page
Independent Auditors' Report	1-3
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8-18



Independent Auditors' Report

To the Board of Directors
Hitchcock Center for the Environment, Inc.
Amherst, Massachusetts

Opinion

We have audited the accompanying financial statements of Hitchcock Center for the Environment, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hitchcock Center for the Environment, Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hitchcock Center for the Environment, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Hitchcock Center for the Environment, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Hitchcock Center for the Environment, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Board of Directors
Hitchcock Center for the Environment, Inc.
Page 3

Report on Summarized Comparative Information

We have previously audited Hitchcock Center for the Environment, Inc.'s June 30, 2020, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 12, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Boisselle, Morton & Walkowicz, LLP

Hadley, Massachusetts
November 11, 2021

HITCHCOCK CENTER FOR THE ENVIRONMENT, INC.

Statement of Financial Position

June 30, 2021 (with comparative totals for June 30, 2020)

	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 720,507	\$ 471,018
Pledges receivable, net	299,771	134,749
Grants receivable	44,640	75,000
Accounts receivable	957	12,867
Prepaid expenses	4,001	5,561
Cash equivalents, endowments	29,523	29,523
Investments, Hitchcock Endowment	1,388,771	1,266,854
Property and equipment, net	<u>5,188,767</u>	<u>5,331,214</u>
Total assets	<u>\$ 7,676,937</u>	<u>\$ 7,326,786</u>
<u>Liabilities and Net Assets</u>		
Liabilities		
Accounts payable	\$ 11,550	\$ 28,850
Accrued expense	6,409	18,840
Deferred revenue	114,758	203
Notes payable	452,091	543,395
Total liabilities	<u>584,808</u>	<u>591,288</u>
Net assets		
Without donor restrictions		
Property and equipment net of note payable	4,846,376	4,897,519
Available for operations	440,876	347,301
Total without donor restrictions	<u>5,287,252</u>	<u>5,244,820</u>
With donor restrictions	1,804,877	1,490,678
Total net assets	<u>7,092,129</u>	<u>6,735,498</u>
Total liabilities and net assets	<u>\$ 7,676,937</u>	<u>\$ 7,326,786</u>

The accompanying notes are an integral part of these financial statements.

HITCHCOCK CENTER FOR THE ENVIRONMENT, INC.

Statement of Activities

Year Ended June 30, 2021

(with comparative totals for the year ended June 30, 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues, gains and other support				
Contributions	\$ 321,430	\$ 259,242	\$ 580,672	\$ 1,247,417
Program fees, net refunds	202,438		202,438	231,500
Grants	186,240		186,240	53,200
Unrealized gain on investments		129,440	129,440	
Investment income, net	550	16,703	17,253	14,779
Other income	16,521		16,521	23,375
Fundraising events, net	1,510		1,510	44,050
In-kind donations	1,080		1,080	208
Net assets released from restrictions	91,186	(91,186)		
Total revenues, gains and other support	820,955	314,199	1,135,154	1,614,529
Expenses and losses				
Programs	569,158		569,158	769,863
Management & general	94,418		94,418	68,075
Development	114,947		114,947	113,599
Total expenses	778,523		778,523	951,537
Net realized losses on sales of investments				4,563
Unrealized loss on investments				38,209
Total expenses and losses	778,523		778,523	994,309
Change in net assets	42,432	314,199	356,631	620,220
Net assets - beginning of year	5,244,820	1,490,678	6,735,498	6,115,278
Net assets - end of year	\$ 5,287,252	\$ 1,804,877	\$ 7,092,129	\$ 6,735,498

The accompanying notes are an integral part of these financial statements.

HITCHCOCK CENTER FOR THE ENVIRONMENT, INC.

Statement of Functional Expenses

Year Ended June 30, 2021

(with comparative totals for the year ended June 30, 2020)

	2021						2020	
	Programs			Total Programs	Management & General	Development	Total	Total
	Adult	School	Children & Family					
Employee and consultant expenses								
Compensation	\$ 16,053	\$ 88,071	\$ 195,969	\$ 300,093	\$ 31,977	\$ 78,297	\$ 410,367	\$ 477,068
Payroll taxes and employee benefits	3,072	9,138	23,623	35,833	9,316	6,108	51,257	62,872
Consultants	3,100	4,079	6,221	13,400	6,360	5,756	25,516	88,080
Employee cost, other	62	343	762	1,167	327	305	1,799	1,928
Total employee and consultant expenses	<u>22,287</u>	<u>101,631</u>	<u>226,575</u>	<u>350,493</u>	<u>47,980</u>	<u>90,466</u>	<u>488,939</u>	<u>629,948</u>
Occupancy								
Building repairs and maintenance	1,100	6,041	13,440	20,581	5,561	5,181	31,323	42,034
Insurance	578	3,173	7,059	10,810	4,337	3,087	18,234	17,805
Utilities	128	710	1,579	2,417	677	631	3,725	5,001
Rent	39	216	480	735	206	192	1,133	1,100
Total occupancy	<u>1,845</u>	<u>10,140</u>	<u>22,558</u>	<u>34,543</u>	<u>10,781</u>	<u>9,091</u>	<u>54,415</u>	<u>65,940</u>
Interest					11,750		11,750	20,909
Office and program supplies	331	1,555	11,092	12,978	388	251	13,617	21,552
Bank and investment fees	717	3,939	8,763	13,419	3,759	3,501	20,679	16,844
Printing	44	412	1,040	1,496	174	3,614	5,284	8,752
Travel	2	15	72	89			89	4,637
Accounting					6,200		6,200	6,200
Telephone and internet	167	919	2,044	3,130	876	817	4,823	4,737
Equipment rental and maintenance	10	51	113	174	49	45	268	2,035
Postage	21	117	577	715	111	182	1,008	2,307
Subscriptions and dues	88	491	1,764	2,343	435	575	3,353	3,348
Professional development	14	77	249	340			340	1,411
Advertising	30	163	388	581	101	127	809	317
Bad debt expenses		1,500	500	2,000	7,200	1,200	10,400	4,700
Subtotal	<u>1,424</u>	<u>9,239</u>	<u>26,602</u>	<u>37,265</u>	<u>31,043</u>	<u>10,312</u>	<u>78,620</u>	<u>97,749</u>
Total expenses before depreciation	25,556	121,010	275,735	422,301	89,804	109,869	621,974	793,637
Depreciation	<u>7,856</u>	<u>43,103</u>	<u>95,898</u>	<u>146,857</u>	<u>4,614</u>	<u>5,078</u>	<u>156,549</u>	<u>157,900</u>
Total expenses	<u>\$ 33,412</u>	<u>\$ 164,113</u>	<u>\$ 371,633</u>	<u>\$ 569,158</u>	<u>\$ 94,418</u>	<u>\$ 114,947</u>	<u>\$ 778,523</u>	<u>\$ 951,537</u>

The accompanying notes are an integral part of these financial statements.

HITCHCOCK CENTER FOR THE ENVIRONMENT, INC.

Statement of Cash Flows

Year Ended June 30, 2021

(with comparative totals for the year ended June 30, 2020)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 356,631	\$ 620,220
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Green building project grants and contributions	(125,400)	(690,824)
Depreciation	156,549	157,900
PPP loan forgiveness	(109,700)	
Unrealized (gain) loss on investments	(129,440)	38,209
Net realized (gains) losses on sale of investments	(802)	4,563
Bad debt expenses		4,700
Other changes in assets and liabilities		
Pledges receivable, net	(165,022)	52,255
Grants receivable	30,360	5,211
Accounts receivable	11,910	3,993
Prepaid expenses	1,560	1,921
Cash equivalents, endowments		
Accounts payable	(17,300)	(5,785)
Accrued expense	(12,431)	(6,426)
Deferred revenue	<u>114,555</u>	<u>(94,077)</u>
Net cash provided by operating activities	<u>111,470</u>	<u>91,860</u>
Cash flows from investing activities		
Purchases of property and equipment	(14,102)	(27,556)
Purchases of investments	(56,210)	(702,019)
Proceeds from sale of investments	<u>64,535</u>	<u>18,943</u>
Net cash used by investing activities	<u>(5,777)</u>	<u>(710,632)</u>
Cash flows from financing activities		
Green building project grants and contributions	125,400	690,824
Proceeds from note payable	109,700	109,700
Payments on note payable	<u>(91,304)</u>	<u>(96,377)</u>
Net cash provided by financing activities	<u>143,796</u>	<u>704,147</u>
Net increase in cash and cash equivalents	249,489	85,375
Cash and cash equivalents - beginning of year	<u>471,018</u>	<u>385,643</u>
Cash and cash equivalents - end of year	\$ <u><u>720,507</u></u>	\$ <u><u>471,018</u></u>
Supplemental disclosure		
Cash paid for interest	\$ <u><u>11,750</u></u>	\$ <u><u>20,909</u></u>

The accompanying notes are an integral part of these financial statements.

HITCHCOCK CENTER FOR THE ENVIRONMENT, INC.

Notes to Financial Statements

June 30, 2021

1. Summary of Significant Accounting Policies

Mission: Hitchcock Center for the Environment, Inc. (HCE) is an independent nonprofit organization, founded in 1962, whose mission is to educate and inspire action for a healthy planet. HCE's hands-on, interdisciplinary programs give people sound scientific information, critical thinking skills, creative and strategic problem-solving abilities, and inspiration to make change.

Programs: Serving children, youth and adults from rural and urban communities throughout western Massachusetts, and increasingly beyond, the HCE's programs use the best practices of environmental education. Programs are designed to use the study of science and nature, its models, systems, processes, and elements, to serve as a catalyst for change, inspiring and engaging every generation in the community to pursue a more ecologically sustainable future.

Annual Facts & Figures: Program participants begin in the earliest, most formative years and progress through a process of lifelong learning through the following program areas:

PreK-12 student participants gain greater scientific understanding through standards-based, interdisciplinary programs focused on the local environment and real-world challenges. Of the PreK-12 schools served in the fiscal year ended June 30, 2021, 52% were Title I (low-income) schools. The Youth Climate Summit participants engage in climate justice education and action.

Children, youth, and family participants engage in hands-on science and nature discovery programs designed to engage the whole child and family in greater connection and commitment to the natural world, every season, after school and during summer camp.

Professional development participants strengthen and integrate STEM education into their daily instruction through place-based and inquiry-based approaches that use the local environment for thematic study.

Adult participants gain knowledge and skills through natural history, citizen science, climate science and sustainability programs.

Volunteers from the community and local colleges provide important program, operating and development support to keep our organization strong.

745 donors support the transformative work of the Hitchcock Center for the Environment, Inc. through generous annual financial and in-kind donations.

HITCHCOCK CENTER FOR THE ENVIRONMENT, INC.

Notes to Financial Statements (Continued)

June 30, 2021

1. Summary of Significant Accounting Policies (Continued)

Basis of Accounting: The financial statements of HCE are prepared on the accrual basis.

Basis of Presentation: The net assets of HCE are reported in two classes based upon the presence or absence of donor restrictions. Net assets restricted by donors can be temporary in nature by being subject to stipulations imposed by donors and grantors or by being restricted by time of receipt of promises to give. These net assets will be released into net assets without donor restrictions when HCE carries out the donor or grantor stipulations or by the passage of time. Net assets restricted by donors are also due to endowments created by donors that restrict the corpus in perpetuity and allow only the earnings to be used by HCE. All other net assets are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of HCE.

Income Taxes: HCE is a not-for-profit corporation organized under Massachusetts General Laws Chapter 180. HCE is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, HCE qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents: Cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturity dates of three months or less.

Pledges Receivable: Pledges receivable are recorded when a donor makes a promise to give to HCE that is, in substance, unconditional. These unconditional promises to give are recorded net of an allowance for present value of future cash flows and an allowance for estimated doubtful accounts, based on a review of each pledge by management.

Grants Receivable: Grants receivable are recorded when a grant is awarded. Based on past experience, HCE considers grants receivable to be fully collectible, and accordingly, no allowance for doubtful accounts has been established.

Accounts Receivable: Accounts receivable are primarily due from schools and school systems. Based on past experience, HCE considers accounts receivable to be fully collectible, and accordingly, no allowance for doubtful accounts has been established.

HITCHCOCK CENTER FOR THE ENVIRONMENT, INC.

Notes to Financial Statements (Continued)

June 30, 2021

1. Summary of Significant Accounting Policies (Continued)

Cash Equivalents, Endowments: Cash equivalents, endowments have donor restrictions from various endowments that only allow HCE to use the earnings from these funds. These funds are not available for general operations.

Investments, Hitchcock Endowment: Investments, Hitchcock Endowment are held with one investment broker, and are reported at fair value. Only the earnings from the Hitchcock Endowment may be used and the corpus of the investments is not available for general operations.

Fair Value Measurements: Accounting standards have established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Inputs to the valuation methodology for the three levels of the fair value hierarchy are described below:

Level 1	Unadjusted quoted prices for identical assets or liabilities in active markets. Market price is generally obtained from exchange or dealer markets.
Level 2	Quoted prices for similar assets or liabilities in active markets; Quoted prices for identical or similar assets or liabilities in inactive markets; Inputs other than quoted prices that are observable for the asset or liability; Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
Level 3	Unobservable and significant to the fair value measurement.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

HITCHCOCK CENTER FOR THE ENVIRONMENT, INC.

Notes to Financial Statements (Continued)

June 30, 2021

1. Summary of Significant Accounting Policies (Continued)

Property and Equipment: Furniture, equipment and leasehold improvements are capitalized when they benefit the operation of HCE for more than one year. These acquisitions are recorded at cost, or, if donated, at their estimated fair value. Property, equipment and leasehold improvements are depreciated over the estimated useful lives of the respective assets on a straight-line basis as follows:

Living building	50 years
Trails and exhibits	10 to 15 years
Furniture and office equipment	5 to 25 years
Leasehold improvements	10 to 15 years

Deferred Revenue: Monies received prior to summer day camp or other programs are reported as a liability until the summer day camp or other programs occur.

Revenue Recognition: Contributions are recognized when received or the donor makes a promise to give to HCE that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in the net assets without restrictions class if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases net assets with donor restrictions.

Program fees are recorded as revenue when the program occurs. Grants are recorded when awarded and accounted for according to grantor restrictions. Grants with a right of return and measurable performance, or other barriers, are not recognized until the conditions on which they depend have been met. Fundraising event income, investment income, and other income are recorded when earned.

Donated Services, Materials and Space: HCE records contributed office space, professional services and materials as in-kind support. Contributed professional services are recognized if the services received create or enhance long-lived assets or required specialized skills provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Non-cash donations are recognized at fair market value when received. The amounts reflected in the financial statements as in-kind support are offset by like amounts included in expenses.

HCE receives a substantial number of services donated by volunteers and members of the staff to organize and carry on the public programs, annual fundraising campaign and other services. These services do not meet the recognition criteria described above and the value of this contributed time is not reflected in the accompanying financial statements.

HITCHCOCK CENTER FOR THE ENVIRONMENT, INC.

Notes to Financial Statements (Continued)

June 30, 2021

1. Summary of Significant Accounting Policies (Continued)

Expense Allocation: Expenses that are directly related to a specific program are charged directly to that program. All other expenses are charged to HCE's programs and support services on the basis of HCE's estimate of the staff time engaged in the various functions. Costs for specific development activities are directly charged to development. Administrative costs include those expenses that are not directly identifiable with any other specific function but allocated based upon management's estimates of the benefits derived or utilization by each function.

Advertising: HCE uses advertising to promote its programs among audiences it serves. The cost of advertising is expensed when incurred. Advertising expense was \$809 and \$317 for the years ended June 30, 2021 and 2020, respectively.

Comparative Information: The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with HCE's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

Reclassifications: Certain reclassifications have been made to the June 30, 2020, summarized comparative information to be in conformity with the current year presentation. These reclassifications had no effect on the previously reported change in net assets or ending net assets.

2. Contingencies

On January 30, 2020, the World Health Organization declared the novel coronavirus (COVID-19) a Public Health Emergency of International Concern. Later, on March 11, 2020, the World Health Organization made the assessment that COVID-19 was a global health pandemic. Measures taken by federal, state, and local officials to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of nonessential services have triggered significant disruptions to businesses, resulting in an economic slowdown.

The outbreak of COVID-19 has also caused disruption in operations for institutions of social service agencies. In an effort to minimize the spread of COVID-19 at its facilities, HCE stopped programming on March 15, 2020. HCE remained closed to the public through June 30, 2020. HCE began online programming in May and limited in-person and outside-only programming June 29, 2020.

HITCHCOCK CENTER FOR THE ENVIRONMENT, INC.

Notes to Financial Statements (Continued)

June 30, 2021

2. Contingencies (Continued)

The global outbreak of COVID-19 continues to rapidly evolve, and the ultimate impact of the pandemic is highly uncertain. While the company expects that the COVID-19 outbreak may adversely impact the HCE's fiscal year ended June 30, 2022 results, HCE cannot at this time accurately predict the full extent to which the COVID-19 outbreak will affect the HCE's finances and operations. Other adverse consequences of COVID-19 or any other similar outbreaks in the future may include a decline in demand for in-person programming, increased operating costs, and/or a decline in revenues and contributions resulting from fewer available programs due to social distancing mandates, as well as a decline in investment values. HCE continues to monitor developments and the directives of federal, state and local officials to determine what additional precautions and procedures need to be implemented by HCE and will continue to develop solutions and strategies for addressing these financial and operational challenges, though the outcome of these matters cannot be predicted at this time.

3. Pledges Receivable

Unconditional promises to give are included in the financial statements as "pledges receivable, net" and revenue of the appropriate net asset category. Pledges are recorded at face value less a discount for the present value of future cash flows and an allowance for uncollectible pledges. The discount rate used to calculate the present value was 3.0%. Pledges receivable consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Due in one year	\$119,170	\$ 69,044
Due in two to five years	<u>193,725</u>	<u>72,170</u>
	312,895	141,214
Less: allowance for uncollectible pledges	2,500	2,500
Less: discount for present value	<u>10,624</u>	<u>3,965</u>
Total pledges receivable, net	<u>\$299,771</u>	<u>\$134,749</u>

4. Grants Receivable

Grants receivable consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Other grants	\$44,640	
MA Cultural Facilities Fund	<u>-</u>	<u>\$75,000</u>
Total grants receivable	<u>\$44,640</u>	<u>\$75,000</u>

HITCHCOCK CENTER FOR THE ENVIRONMENT, INC.

Notes to Financial Statements (Continued)

June 30, 2021

5. Investments, Hitchcock Endowment

The fair value of investments, all Level 1, were as follows at June 30:

	<u>2021</u>	<u>2020</u>
Stocks	\$ 782,191	\$ 323,608
Municipal bonds	224,124	195,213
Government cash reserve	164,887	445,743
Bond funds	27,459	31,117
Stock funds	21,256	
Corporate bonds	66,130	32,062
U.S. Treasury bill	30,006	229,989
Other	<u>72,718</u>	<u>9,122</u>
Total investments, Hitchcock Endowment	<u>\$1,388,771</u>	<u>\$1,266,854</u>

Net investment earnings were \$16,703 and \$9,632 for the years ended June 30, 2021, and 2020, respectively.

Net unrealized gains (losses) in market value were \$129,440 and \$(38,209) for the years ended June 30, 2021 and 2020, respectively.

The Government cash reserve is not considered a cash equivalent because this is included in this restricted investment for the Hitchcock Endowment.

6. Property and Equipment

Property and equipment consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Living building	\$5,364,093	\$5,369,846
Furniture and equipment	320,216	325,911
Accessible trail improvements	27,377	27,377
Exhibits	143,972	143,972
Leasehold improvements	<u>102,446</u>	<u>96,899</u>
	5,958,104	5,964,005
Less accumulated depreciation	<u>769,337</u>	<u>632,791</u>
	<u>\$5,188,767</u>	<u>\$5,331,214</u>

Depreciation expense was \$156,549 and \$157,900 for the years ended June 30, 2021 and 2020, respectively.

HITCHCOCK CENTER FOR THE ENVIRONMENT, INC.

Notes to Financial Statements (Continued)

June 30, 2021

7. Deferred Revenue

Deferred revenue included in HCE's liabilities in the amount of \$114,758 and \$203 at June 30, 2021 and 2020, respectively, consisted of prepaid fees for summer day camp and various programs. The June 30, 2020 balance was significantly lower because of the closure of summer programs due to the pandemic.

8. Line of Credit

HCE has a line of credit agreement for \$50,000 from a bank. Any borrowings are payable with interest at the Prime Rate plus 1.50% (4.75% at June 30, 2021). Borrowings are secured by substantially all the assets of HCE. There was no outstanding balance on the line of credit at June 30, 2021 or 2020.

9. Notes Payable

HCE has a loan from a local bank, secured by a mortgage on their property in Amherst, Massachusetts. HCE owed \$342,391 and \$433,695 on the related note payable at June 30, 2021 and 2020, respectively. The note payable was amended in June 2019, requiring HCE to make quarterly payments of principal in the amount of \$24,094, plus interest at the Prime Rate less .25% (3.00% at June 30, 2021), commencing on June 19, 2019, and on the same day each quarter until December 19, 2024 (the Maturity Date), when the remaining principal sum together with any accrued but unpaid interest shall be due and payable without demand.

HCE received a United States Small Business Administration Paycheck Protection Plan (PPP) Loan on April 13, 2020 in the amount of \$109,700. The full amount of this loan was forgiven by the Small Business Administration on January 19, 2021, and was recognized as grant income on that date.

HCE received a second United States Small Business Administration Paycheck Protection Plan (PPP) Loan on during the year ended June 30, 2021, in the amount of \$109,700. The full amount of this loan was forgiven by the Small Business Administration on September 24, 2021, and will be recognized as grant income in the year ended June 30, 2022.

The future principal maturities are as follows for the years ending June 30:

2022	\$ 96,377
2023	96,377
2024	96,377
2025	<u>53,260</u>
	342,391
PPP loan	<u>109,700</u>
	<u>\$452,091</u>

HITCHCOCK CENTER FOR THE ENVIRONMENT, INC.

Notes to Financial Statements (Continued)

June 30, 2021

10. Net Assets With Donor Restrictions

Net assets restricted by donors consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Purpose and time restrictions:		
Green Building fund	\$ 125,400	\$ 7,384
Other restricted funds	66,188	64,476
Annual fund pledges	<u>194,995</u>	<u>122,441</u>
Total purpose and time restrictions	<u>386,583</u>	<u>194,301</u>
Endowments:		
Hitchcock Endowment	1,388,771	1,266,854
Other endowments	<u>29,523</u>	<u>29,523</u>
Total endowments	<u>1,418,294</u>	<u>1,296,377</u>
Total net assets with donor restrictions	<u>\$1,804,877</u>	<u>\$1,490,678</u>

Spending Policy: HCE spends the interest income from these endowments on direct program expenses, the camp program, and camp scholarships per the donor restrictions.

Changes in donor-designated endowment net assets were as follows as of June 30:

	<u>2021</u>	<u>2020</u>
Endowments, beginning of year	\$1,296,377	\$ 656,073
Investment income, net	16,703	9,632
Unrealized market gains (losses), net	129,440	(38,209)
Amounts contributed		687,824
Less: amounts expended	<u>(24,226)</u>	<u>(18,943)</u>
Endowments, end of year	<u>\$1,418,294</u>	<u>\$1,296,377</u>

11. Long-Term Lease

Commencing July 1, 2015, HCE entered into a 95-year ground lease with Hampshire College that requires an annual lease payment based on 5% of the assessed value of the land, with annual rent increases of 3%. Rent expense was \$1,133 and \$1,100, for the years ended June 30, 2021 and 2020, respectively.

HITCHCOCK CENTER FOR THE ENVIRONMENT, INC.

Notes to Financial Statements (Continued)

June 30, 2021

12. In-Kind Donations

In-kind services that met the criteria described in Note 1, and are recorded as revenue and expense were the following at June 30:

	<u>2021</u>	<u>2020</u>
Professional fees	\$1,080	
Supplies	-	\$208
Total	<u>\$1,080</u>	<u>\$208</u>

13. Available Resources and Liquidity

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 at June 30:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 720,507	\$ 471,018
Pledges receivable, net	299,771	134,749
Grants receivable	44,640	75,000
Accounts receivable	957	12,867
Less: Green Building pledges and grant	(125,400)	(7,384)
Less: Other pledges due in more than one year	(112,525)	
Less: Other restricted fund	<u>(66,188)</u>	<u>(64,476)</u>
Total financials assets available for general expenditures within one year	<u>\$ 761,762</u>	<u>\$ 621,774</u>

These financial assets are available to pay liabilities due within one year of the statement of financial position date of the following at June 30:

	<u>2021</u>	<u>2020</u>
Accounts payable	\$ 11,550	\$ 28,850
Accrued expense	6,409	18,840
Deferred revenue	114,758	203
Note payable, current portion	<u>96,377</u>	<u>206,077</u>
Total liabilities due within one year	<u>\$229,094</u>	<u>\$253,970</u>

As part of the HCE's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

HCE also has a \$50,000 line of credit available for short-term liquidity needs.

HITCHCOCK CENTER FOR THE ENVIRONMENT, INC.

Notes to Financial Statements (Continued)

June 30, 2021

14. Subsequent Events

Management has evaluated subsequent events after the statement of financial position date of June 30, 2021, through November 11, 2021, the date on which the financial statements were available to be issued, and concluded that no additional disclosures were required.