

AUDITED FINANCIAL STATEMENTS

HITCHCOCK CENTER FOR THE ENVIRONMENT, INC.

Amherst, Massachusetts

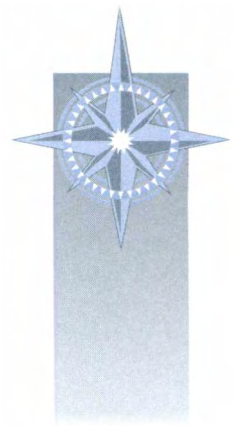
JUNE 30, 2022

Boisselle, Morton & Wolkowicz, LLP
Certified Public Accountants

Hitchcock Center for the Environment, Inc.

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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, 2022, 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, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the 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.

Report on Summarized Comparative Information

We have previously audited Hitchcock Center for the Environment, Inc.'s June 30, 2021, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 11, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Boisselle, Morton & Wolkowicz, LLP

Hadley, Massachusetts
October 13, 2022

HITCHCOCK CENTER FOR THE ENVIRONMENT, INC.

Statement of Financial Position

June 30, 2022 (with comparative totals for June 30, 2021)

	<u>2022</u>	<u>2021</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 366,048	\$ 720,507
Pledges receivable, net	217,161	299,771
Grants receivable	44,655	44,640
Accounts receivable	20,675	957
Prepaid expenses	5,902	4,001
Cash equivalents, endowments	29,523	29,523
Investments, Hitchcock Endowment	1,305,397	1,388,771
Property and equipment, net	<u>5,050,341</u>	<u>5,188,767</u>
Total assets	<u>\$ 7,039,702</u>	<u>\$ 7,676,937</u>
<u>Liabilities and Net Assets</u>		
Liabilities		
Accounts payable	\$ 4,655	\$ 11,550
Accrued expense	11,324	6,409
Deferred revenue	98,158	114,758
Notes payable	<u>251,046</u>	<u>452,091</u>
Total liabilities	<u>365,183</u>	<u>584,808</u>
Net assets		
Without donor restrictions		
Property and equipment net of note payable	4,799,295	4,846,376
Available for operations	<u>281,953</u>	<u>440,876</u>
Total without donor restrictions	<u>5,081,248</u>	<u>5,287,252</u>
With donor restrictions	<u>1,593,271</u>	<u>1,804,877</u>
Total net assets	<u>6,674,519</u>	<u>7,092,129</u>
Total liabilities and net assets	<u>\$ 7,039,702</u>	<u>\$ 7,676,937</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, 2022

(with comparative totals for the year ended June 30, 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues, gains and other support				
Program fees, net refunds	\$ 327,087		\$ 327,087	\$ 202,438
Contributions	231,099	\$ 7,800	238,899	580,672
Grants	163,200		163,200	186,240
Investment income, net	466	19,162	19,628	17,253
Other income	18,521		18,521	16,521
Fundraising events, net	8,622		8,622	1,510
In-kind donations	987		987	1,080
Unrealized gain on investments				129,440
Net assets released from restrictions	167,734	(167,734)		
Total revenues, gains and other support	<u>917,716</u>	<u>(140,772)</u>	<u>776,944</u>	<u>1,135,154</u>
Expenses and losses				
Programs	761,316		761,316	569,158
Management & general	134,701		134,701	94,418
Development	227,703		227,703	114,947
Total expenses	<u>1,123,720</u>		<u>1,123,720</u>	<u>778,523</u>
Unrealized loss on investments		70,834	70,834	
Total expenses and losses	<u>1,123,720</u>	<u>70,834</u>	<u>1,194,554</u>	<u>778,523</u>
Change in net assets	(206,004)	(211,606)	(417,610)	356,631
Net assets - beginning of year	<u>5,287,252</u>	<u>1,804,877</u>	<u>7,092,129</u>	<u>6,735,498</u>
Net assets - end of year	<u>\$ 5,081,248</u>	<u>\$ 1,593,271</u>	<u>\$ 6,674,519</u>	<u>\$ 7,092,129</u>

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, 2022

(with comparative totals for the year ended June 30, 2021)

	2022							2021
	Programs				Management & General	Development	Total	Total
	Adult	School	Children & Family	Total Programs				
Employee and consultant expenses								
Compensation	\$ 2,814	\$ 161,668	\$ 266,258	\$ 430,740	\$ 42,097	\$ 156,197	\$ 629,034	\$ 410,367
Payroll taxes and employee benefits	437	18,071	30,058	48,566	16,132	18,766	83,464	51,257
Consultants	6,390	5,901	10,342	22,633	39,607	6,667	68,907	27,315
Total employee and consultant expenses	<u>9,641</u>	<u>185,640</u>	<u>306,658</u>	<u>501,939</u>	<u>97,836</u>	<u>181,630</u>	<u>781,405</u>	<u>488,939</u>
Occupancy								
Building repairs and maintenance	205	11,768	19,382	31,355	6,547	10,398	48,300	31,323
Insurance	84	4,765	7,848	12,697	4,208	4,981	21,886	18,234
Utilities	21	1,179	1,941	3,141	715	1,136	4,992	3,725
Rent	5	275	454	734	167	266	1,167	1,133
Total occupancy	<u>315</u>	<u>17,987</u>	<u>29,625</u>	<u>47,927</u>	<u>11,637</u>	<u>16,781</u>	<u>76,345</u>	<u>54,415</u>
Office and program supplies	552	8,004	31,281	39,837	1,002	9,729	50,568	13,617
Bank and investment fees	87	5,042	8,303	13,432	3,060	4,860	21,352	20,679
Interest					9,272		9,272	11,750
Printing	289	1,862	752	2,903	202	4,154	7,259	5,284
Accounting					6,200		6,200	6,200
Travel		2,001	3,300	5,301			5,301	89
Professional development	13	764	3,320	4,097			4,097	340
Subscriptions and dues	8	554	2,260	2,822	308	959	4,089	3,353
Telephone and internet	17	913	1,504	2,434	554	880	3,868	4,823
Postage	936	88	144	1,168	53	2,019	3,240	1,008
Advertising		50	157	207	30	48	285	809
Equipment rental and maintenance		40	66	106	18	148	272	268
Bad debt expenses								10,400
Subtotal	<u>1,902</u>	<u>19,318</u>	<u>51,087</u>	<u>72,307</u>	<u>20,699</u>	<u>22,797</u>	<u>115,803</u>	<u>78,620</u>
Total expenses before depreciation	11,858	222,945	387,370	622,173	130,172	221,208	973,553	621,974
Depreciation	<u>909</u>	<u>52,224</u>	<u>86,010</u>	<u>139,143</u>	<u>4,529</u>	<u>6,495</u>	<u>150,167</u>	<u>156,549</u>
Total expenses	<u>\$ 12,767</u>	<u>\$ 275,169</u>	<u>\$ 473,380</u>	<u>\$ 761,316</u>	<u>\$ 134,701</u>	<u>\$ 227,703</u>	<u>\$ 1,123,720</u>	<u>\$ 778,523</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, 2022

(with comparative totals for the year ended June 30, 2021)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ (417,610)	\$ 356,631
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities		
Green building project grants and contributions		(125,400)
Depreciation	150,167	156,549
PPP loan forgiveness	(109,700)	(109,700)
Unrealized loss (gain) on investments	70,834	(129,440)
Net realized losses (gains) on sale of investments	6,385	(802)
Bad debt expenses		10,400
Other changes in assets and liabilities		
Pledges receivable, net	82,610	(175,422)
Grants receivable	(15)	30,360
Accounts receivable	(19,718)	11,910
Prepaid expenses	(1,901)	1,560
Accounts payable	(6,895)	(17,300)
Accrued expense	4,915	(12,431)
Deferred revenue	(16,600)	114,555
Net cash (used) provided by operating activities	<u>(257,528)</u>	<u>111,470</u>
Cash flows from investing activities		
Purchases of property and equipment	(11,741)	(14,102)
Purchases of investments	(151,211)	(56,210)
Proceeds from sale of investments	157,366	64,535
Net cash used by investing activities	<u>(5,586)</u>	<u>(5,777)</u>
Cash flows from financing activities		
Green building project grants and contributions		125,400
Proceeds from PPP loan		109,700
Payments on note payable	(91,345)	(91,304)
Net cash (used) provided by financing activities	<u>(91,345)</u>	<u>143,796</u>
Net (decrease) increase in cash and cash equivalents	(354,459)	249,489
Cash and cash equivalents - beginning of year	<u>720,507</u>	<u>471,018</u>
Cash and cash equivalents - end of year	\$ <u><u>366,048</u></u>	\$ <u><u>720,507</u></u>
Supplemental disclosure		
Cash paid for interest	\$ <u><u>9,272</u></u>	\$ <u><u>11,750</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, 2022

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: Here are some examples of our impact on the more than 10,000 people we reach each year in Western Massachusetts and beyond:

- Our year-round collaboration with the Holyoke YMCA is enabling youth from ages 3-13 to get inspired by experiences with living creatures in Holyoke, work on problem solving and design challenges, and see sustainable engineering concepts implemented in the real world at the Hitchcock Center.
- Teen leaders from the Western Massachusetts Youth Climate Summit (a collaboration between the Hitchcock Center and Mass Audubon) worked with Climate Action Now to create the Little Leaders Summer Climate Convention, engaging 10-12 year olds in climate action, holding their Summit in the Fall.
- Through collaboration with the Pioneer Valley Planning Commission, we are working with the statewide Municipal Vulnerability Preparedness program to engage the public in towns such as Whately and Ashfield in making their communities more resilient to climate change. And, we are exploring collaboration with the Pioneer Valley Healthy Air coalition on how to engage the next generation in improving community health and resilience.
- More than 30% of the 1,100 children, youth and families who participate in our homeschool, preschool, afterschool, vacation weeks, and summer camp programs are benefiting from increased financial access provided by our tiered fee structure and scholarship program. In addition, we offered 21 free or low-cost science and nature programs for families.
- We conducted 11 in-school science residency programs in Amherst, Northampton, Pelham, Rowe, Granby, Ware, Shutesbury, Hatfield, Gill, and Holyoke and provided free outreach programs in 9 towns via libraries and other community organizations. In combination with school outreach and field trip programs, we reached more than 9,000 students.
- We provided professional learning opportunities for college interns, pre-service and in-service teachers, and natural history programs and building tours for adults and college student groups.
- This year, 582 donors supported the transformative work of the Hitchcock Center for the Environment, through generous annual financial and in-kind donations.

HITCHCOCK CENTER FOR THE ENVIRONMENT, INC.

Notes to Financial Statements (Continued)

June 30, 2022

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, 2022

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, 2022

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, 2022

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 \$285 and \$809 for the years ended June 30, 2022 and 2021, 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, 2021, from which the summarized information was derived.

Reclassifications: Certain reclassifications have been made to the June 30, 2021, 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

The global outbreak of the COVID-19 virus has resulted in significant changes in the global economy. As a result of a potential economic downturn, any potential resulting direct or indirect negative impact to HCE cannot be determined; however, it could have a prospective material impact on HCE's business, cash flows, liquidity, and investments.

HITCHCOCK CENTER FOR THE ENVIRONMENT, INC.

Notes to Financial Statements (Continued)

June 30, 2022

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>2022</u>	<u>2021</u>
Due in one year	\$ 92,729	\$119,170
Due in two to five years	<u>132,900</u>	<u>193,725</u>
	225,629	312,895
Less: allowance for uncollectible pledges	2,500	2,500
Less: discount for present value	<u>5,968</u>	<u>10,624</u>
Total pledges receivable, net	<u>\$217,161</u>	<u>\$299,771</u>

4. Grants Receivable

Grants receivable consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
Other grants	\$37,155	\$44,640
MA Cultural Facilities Fund	<u>7,500</u>	<u>-</u>
Total grants receivable	<u>\$44,655</u>	<u>\$44,640</u>

5. Investments, Hitchcock Endowment

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

	<u>2022</u>	<u>2021</u>
Stocks	\$ 697,665	\$ 782,191
Municipal bonds	209,210	224,124
Government short-term reserves	98,176	164,887
Bond funds	125,402	27,459
Stock funds	17,551	21,256
Corporate bonds	76,873	66,130
U.S. Treasury bill	19,480	30,006
Other	<u>61,040</u>	<u>72,718</u>
Total investments, Hitchcock Endowment	<u>\$1,305,397</u>	<u>\$1,388,771</u>

HITCHCOCK CENTER FOR THE ENVIRONMENT, INC.

Notes to Financial Statements (Continued)

June 30, 2022

5. Investments, Hitchcock Endowment (Continued)

Net investment earnings were \$19,162 and \$16,703 for the years ended June 30, 2022, and 2021, respectively. Investment income on the statement of activities also includes bank interest.

Net unrealized (losses) gains in market value were \$(70,834) and \$129,440 for the years ended June 30, 2022 and 2021, respectively.

The Government short-term reserves are not considered a cash equivalents because they are included in this restricted investment for the Hitchcock Endowment.

6. Property and Equipment

Property and equipment consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
Living building	\$5,364,093	\$5,364,093
Furniture and equipment	318,713	320,216
Accessible trail improvements	27,377	27,377
Exhibits	151,345	143,972
Leasehold improvements	<u>106,814</u>	<u>102,446</u>
	5,968,342	5,958,104
Less accumulated depreciation	<u>918,001</u>	<u>769,337</u>
	<u>\$5,050,341</u>	<u>\$5,188,767</u>

Depreciation expense was \$150,167 and \$156,549 for the years ended June 30, 2022 and 2021, respectively.

HCE disposed of a \$1,503 fully-depreciated computer during they year ended June 30, 2022.

7. Deferred Revenue

Deferred revenue included in HCE's liabilities in the amount of \$98,158 and \$114,758 at June 30, 2022 and 2021, respectively, consisted of prepaid fees for summer day camp and various programs.

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% (6.25% at June 30, 2022). Borrowings are secured by substantially all the assets of HCE. There was no outstanding balance on the line of credit at June 30, 2022 or 2021.

HITCHCOCK CENTER FOR THE ENVIRONMENT, INC.

Notes to Financial Statements (Continued)

June 30, 2022

9. Notes Payable

HCE has a loan from a local bank, secured by a mortgage on their property in Amherst, Massachusetts. HCE owed \$251,046 and \$342,391 on the related note payable at June 30, 2022 and 2021, respectively. The note payable requires HCE to make quarterly payments of principal in the amount of \$22,826, plus interest at the Prime Rate less .25% (5.00% at June 30, 2022) 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 in the year ended June 30, 2021.

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 was recognized as grant income in the year ended June 30, 2022.

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

2023	\$ 96,377
2024	96,377
2025	<u>58,292</u>
	<u>\$251,046</u>

10. Net Assets With Donor Restrictions

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

	<u>2022</u>	<u>2021</u>
Purpose and time restrictions:		
Green Building fund	\$ 110,400	\$ 125,400
Other restricted funds	22,222	66,188
Annual fund pledges	<u>125,729</u>	<u>194,995</u>
Total purpose and time restrictions	<u>258,351</u>	<u>386,583</u>
Endowments:		
Hitchcock Endowment	1,305,397	1,388,771
Other endowments	<u>29,523</u>	<u>29,523</u>
Total endowments	<u>1,334,920</u>	<u>1,418,294</u>
Total net assets with donor restrictions	<u>\$1,593,271</u>	<u>\$1,804,877</u>

HITCHCOCK CENTER FOR THE ENVIRONMENT, INC.

Notes to Financial Statements (Continued)

June 30, 2022

10. Net Assets With Donor Restrictions (Continued)

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>2022</u>	<u>2021</u>
Endowments, beginning of year	\$1,418,294	\$1,296,377
Investment income, net	19,162	16,703
Unrealized market gains (losses), net	(70,834)	129,440
Less: amounts expended	<u>(31,702)</u>	<u>(24,226)</u>
Endowments, end of year	<u>\$1,334,920</u>	<u>\$1,418,294</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 \$1,167 and \$1,133, for the years ended June 30, 2022 and 2021, respectively.

12. In-Kind Donations

In-kind services that met the criteria described in Note 1, and are recorded as revenue and expense were for professional fees of \$987 and \$1,080 for the years ended June 30, 2022 and 2021, respectively.

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>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 366,048	\$ 720,507
Pledges receivable, net	217,161	299,771
Grants receivable	44,655	44,640
Accounts receivable	20,675	957
Less: Green Building pledges and grant	(110,400)	(125,400)
Less: Other pledges due in more than one year	(57,700)	(112,525)
Less: Other restricted fund	<u>(22,222)</u>	<u>(66,188)</u>
Total financials assets available		
for general expenditures within one year	<u>\$ 458,217</u>	<u>\$ 761,762</u>

HITCHCOCK CENTER FOR THE ENVIRONMENT, INC.

Notes to Financial Statements (Continued)

June 30, 2022

13. Available Resources and Liquidity (Continued)

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>2022</u>	<u>2021</u>
Accounts payable	\$ 4,655	\$ 11,550
Accrued expense	11,324	6,409
Deferred revenue	98,158	114,758
Note payable, current portion	<u>96,377</u>	<u>96,377</u>
Total liabilities due within one year	<u>\$210,514</u>	<u>\$229,094</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.

14. Subsequent Events

Management has evaluated subsequent events after the statement of financial position date of June 30, 2022, through October 13, 2022, the date on which the financial statements were available to be issued, and concluded that no additional disclosures were required.