



THE
AMERICAN
CHESTNUT
FOUNDATION®

THE AMERICAN CHESTNUT FOUNDATION

Asheville, North Carolina

Financial Statements

Years Ended June 30, 2025 and 2024

THE AMERICAN CHESTNUT FOUNDATION

Board of Directors as of June 30, 2025

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Dr. John Scrivani	Vice-Chair
James Searing	Secretary/Treasurer
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THE AMERICAN CHESTNUT FOUNDATION

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301 College St. Suite 320 | Asheville NC 28801 | 828.259.9900
2101 Rexford Rd. Suite 275-E | Charlotte NC 28211 | 704.676.6335
300 North Main St. Suite 203 | Greenville SC 29601 | 864.203.8781

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The American Chestnut Foundation

Opinion

We have audited the accompanying financial statements of The American Chestnut Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years 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 The American Chestnut Foundation as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 The American Chestnut Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The American Chestnut Foundation'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 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 The American Chestnut Foundation'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 The American Chestnut Foundation'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.

CARTER, P.C.

THE AMERICAN CHESTNUT FOUNDATION

Statements of Financial Position
June 30, 2025 and 2024

	2025	2024
Assets		
Current assets:		
Cash and equivalents:		
Unrestricted	\$ 1,950,269	\$ 1,131,497
Restricted	273,494	255,052
Promises to give, current portion	50,000	220,000
Other receivables	50	95,472
Sales tax receivable		3,189
Inventory	6,828	803
Prepaid expenses	42,833	41,706
Total current assets	2,323,474	1,747,719
Promises to give, net of current portion	55,000	40,000
Investments	5,799,943	5,931,918
Operating lease right-of-use asset	44,646	89,545
Property and equipment	2,357,758	1,988,686
Intangible assets	119,583	145,793
Total assets	\$ 10,700,404	\$ 9,943,661
Liabilities and net assets		
Current liabilities:		
Current maturities of operating lease liability	\$ 45,334	\$ 44,273
Current maturities of notes payable	477	1,945
Accounts payable	260,250	160,765
Accrued expenses	198,111	173,383
Chapter escrow funds	275,788	264,008
Total current liabilities	779,960	644,374
Operating lease liability, net of current maturities		45,334
Notes payable, net of current maturities		307
Total liabilities	779,960	690,015
Net assets:		
Without donor restrictions	9,377,863	8,742,055
With donor restrictions	542,581	511,591
Total net assets	9,920,444	9,253,646
Total liabilities and net assets	\$ 10,700,404	\$ 9,943,661

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

THE AMERICAN CHESTNUT FOUNDATION

Statement of Activities
Year Ended June 30, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public support and revenues			
Contributions	\$ 1,886,387	\$ 1,226,804	\$ 3,113,191
Membership dues	454,981		454,981
Federal grants	42,978		42,978
Investment income, net	138,966		138,966
Merchandise sales	56,421		56,421
Annual meeting	33,935		33,935
Other income	51,361		51,361
Net assets released from restrictions	<u>1,202,033</u>	<u>(1,202,033)</u>	
Total public support and revenues	<u>3,867,062</u>	<u>24,771</u>	<u>3,891,833</u>
Expenses			
Program services	3,210,850		3,210,850
Supporting services	<u>682,000</u>		<u>682,000</u>
Total expenses	<u>3,892,850</u>		<u>3,892,850</u>
Increase (decrease) in net assets before other gains (losses)	<u>(25,788)</u>	<u>24,771</u>	<u>(1,017)</u>
Other gains (losses)			
Net gains on investments	672,228	6,219	678,447
Loss on sale of property and equipment	<u>(10,632)</u>		<u>(10,632)</u>
Total other gains	<u>661,596</u>	<u>6,219</u>	<u>667,815</u>
Increase in net assets	635,808	30,990	666,798
Net assets, beginning of year	<u>8,742,055</u>	<u>511,591</u>	<u>9,253,646</u>
Net assets, end of year	<u>\$ 9,377,863</u>	<u>\$ 542,581</u>	<u>\$ 9,920,444</u>

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

THE AMERICAN CHESTNUT FOUNDATION

Statement of Activities
Year Ended June 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public support and revenues			
Contributions	\$ 2,214,300	\$ 361,352	\$ 2,575,652
Membership dues	526,372		526,372
Federal grants	10,765		10,765
Investment income, net	141,757		141,757
Merchandise sales	24,839		24,839
Annual meeting	9,763		9,763
Other income	11,844		11,844
Net assets released from restrictions	<u>548,621</u>	<u>(548,621)</u>	
Total public support and revenues	<u>3,488,261</u>	<u>(187,269)</u>	<u>3,300,992</u>
Expenses			
Program services	3,107,392		3,107,392
Supporting services	<u>576,369</u>		<u>576,369</u>
Total expenses	<u>3,683,761</u>		<u>3,683,761</u>
Decrease in net assets before other gains	<u>(195,500)</u>	<u>(187,269)</u>	<u>(382,769)</u>
Other gains			
Net gains on investments	913,314	3,672	916,986
Gain on sale of property and equipment	<u>66,382</u>		<u>66,382</u>
Total other gains	<u>979,696</u>	<u>3,672</u>	<u>983,368</u>
Increase (decrease) in net assets	784,196	(183,597)	600,599
Net assets, beginning of year	<u>7,957,859</u>	<u>695,188</u>	<u>8,653,047</u>
Net assets, end of year	<u>\$ 8,742,055</u>	<u>\$ 511,591</u>	<u>\$ 9,253,646</u>

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

THE AMERICAN CHESTNUT FOUNDATION

Statement of Functional Expenses Year Ended June 30, 2025

	Program Services				
	National Office Operations	Marketing & Commu- ications	Chapter & Membership	Research Farm Operation	Science & Regional Support
Salaries and wages	\$ 634,207	\$ 164,206	\$ 110,831	\$ 354,765	476,682
Payroll taxes	32,625	13,139	7,485	28,317	61,712
Employee benefits	46,301	15,493	16,708	53,078	55,315
Total salaries and related expenses	<u>713,133</u>	<u>192,838</u>	<u>135,024</u>	<u>436,160</u>	<u>593,709</u>
Grants to others					354,006
Direct program expenses		2,588	33,157	54,923	70,382
Professional and scientific					7,359
Legal and professional		3,192			73,648
Office expenses		43,686	31,374	15,099	3,406
Telephone	796			6,556	3,640
Postage and shipping		18	23,120	9,041	3,340
Insurance				9,422	
Rent					
Utilities				29,538	
Equipment rental and maintenance				29,482	18,221
Printing and publications		1,700	44,962		
Travel expenses				1,948	37,588
Conferences and meetings				1,638	1,750
Chapter dues shares			65,160		
Contract labor			4,590		
Other expenses		2,029			9,370
Total expenses before depreciation and amortization	<u>713,929</u>	<u>246,051</u>	<u>337,387</u>	<u>593,807</u>	<u>1,176,419</u>
Depreciation	12,564			104,245	
Amortization	<u>26,448</u>				
Total expenses	<u>\$ 752,941</u>	<u>\$ 246,051</u>	<u>\$ 337,387</u>	<u>\$ 698,052</u>	<u>\$ 1,176,419</u>

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

THE AMERICAN CHESTNUT FOUNDATION

Statement of Functional Expenses (continued) Year Ended June 30, 2025

	Total Program Services	Supporting Services		Total Supporting Services	Total
		Management & General	Fundraising		
Salaries and wages	\$ 1,740,691	\$ 118,914	\$ 39,638	\$ 158,552	\$ 1,899,243
Payroll taxes	143,278	6,117	2,039	8,156	151,434
Employee benefits	186,895	8,681	2,894	11,575	198,470
Total salaries and related expenses	2,070,864	133,712	44,571	178,283	2,249,147
Grants to others	354,006				354,006
Direct program expenses	161,050				161,050
Professional and scientific	7,359				7,359
Legal and professional	76,840	114,252	2,400	116,652	193,492
Office expenses	93,565	47,805	2,544	50,349	143,914
Telephone	10,992	12,077		12,077	23,069
Postage and shipping	35,519	1,480	4,410	5,890	41,409
Insurance	9,422	3,661		3,661	13,083
Rent		64,282		64,282	64,282
Utilities	29,538	4,918		4,918	34,456
Equipment rental and maintenance	47,703				47,703
Printing and publications	46,662		7,563	7,563	54,225
Travel expenses	39,536	56,462	788	57,250	96,786
Conferences and meetings	3,388	63,350	782	64,132	67,520
Chapter dues shares	65,160				65,160
Contract labor	4,590	20,567		20,567	25,157
Other expenses	9,929	71,913	14,710	86,623	98,022
Total expenses before depreciation and amortization	3,067,593	594,479	77,768	672,247	3,739,840
Depreciation	116,809	2,356	785	3,141	119,950
Amortization	26,448	4,959	1,653	6,612	33,060
Total expenses	\$ 3,210,850	\$ 601,794	\$ 80,206	\$ 682,000	\$ 3,892,850

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

THE AMERICAN CHESTNUT FOUNDATION

Statement of Functional Expenses Year Ended June 30, 2024

	Program Services				
	National Office Operations	Marketing & Commu- nications	Chapter & Membership	Research Farm Operations	Science & Regional Support
Salaries and wages	\$ 511,363	\$ 132,618	\$ 125,579	\$ 339,212	\$ 488,673
Payroll taxes	40,705	10,650	9,595	31,551	40,595
Employee benefits	29,778	19,867	16,462	55,380	66,546
Total salaries and related expenses	<u>581,846</u>	<u>163,135</u>	<u>151,636</u>	<u>426,143</u>	<u>595,814</u>
Grants to others					
Direct program expenses		6,451	13,382	96,668	186,673
Legal and professional		37,046			241,405
Office expenses		14,563	39,818	2,615	118,863
Telephone	604			3,898	3,922
Postage and shipping		24	27,900	6,696	2,934
Insurance				3,335	3,631
Rent					
Utilities				34,756	
Equipment rental and maintenance				32,823	4,509
Printing and publications		6,275	38,219		
Travel expenses				705	50,464
Conferences and meetings				635	4,193
Chapter dues shares			70,830		
Contract labor			2,000		
Other expenses		57			186
Total expenses before depreciation and amortization	<u>582,450</u>	<u>227,551</u>	<u>343,785</u>	<u>608,274</u>	<u>1,217,706</u>
Depreciation	12,510			95,542	
Amortization	<u>19,574</u>				
Total expenses	<u>\$ 614,534</u>	<u>\$ 227,551</u>	<u>\$ 343,785</u>	<u>\$ 703,816</u>	<u>\$ 1,217,706</u>

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

THE AMERICAN CHESTNUT FOUNDATION

Statement of Functional Expenses (continued) Year Ended June 30, 2024

	Total Program Services	Supporting Services			Total
		Management & General	Fundraising	Total Supporting Services	
Salaries and wages	\$ 1,597,445	\$ 95,880	\$ 31,960	\$ 127,840	\$ 1,725,285
Payroll taxes	133,096	7,632	2,544	10,176	143,272
Employee benefits	188,033	5,583	1,861	7,444	195,477
Total salaries and related expenses	1,918,574	109,095	36,365	145,460	2,064,034
Grants to others	186,673				186,673
Direct program expenses	357,906				357,906
Professional and scientific	5,112				5,112
Legal and professional	155,909	141,385	1,200	142,585	298,494
Office expenses	60,918	22,741	1,152	23,893	84,811
Telephone	7,436	9,208		9,208	16,644
Postage and shipping	38,251	1,187	2,031	3,218	41,469
Insurance	3,335	6,254		6,254	9,589
Rent		66,562		66,562	66,562
Utilities	34,756	5,044		5,044	39,800
Equipment rental and maintenance	37,332				37,332
Printing and publications	44,494		3,828	3,828	48,322
Travel expenses	51,169	68,539	344	68,883	120,052
Conferences and meetings	4,828	45,329	159	45,488	50,316
Chapter dues shares	70,830				70,830
Contract labor	2,000	20,266		20,266	22,266
Other expenses	243	9,947	17,712	27,659	27,902
Total expenses before depreciation and amortization	2,979,766	505,557	62,791	568,348	3,548,114
Depreciation	108,052	2,346	782	3,128	111,180
Amortization	19,574	3,670	1,223	4,893	24,467
Total expenses	\$ 3,107,392	\$ 511,573	\$ 64,796	\$ 576,369	\$ 3,683,761

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

THE AMERICAN CHESTNUT FOUNDATION

Statements of Cash Flows Years Ended June 30, 2025 and 2024

	2025	2024
Cash flows from operating activities		
Increase in net assets	\$ 666,798	\$ 600,599
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	119,950	111,180
Amortization	33,060	24,467
Amortization of right-of-use asset	44,899	63,346
Receipt of donated stock	(39,782)	(20,203)
Net gains on investments	(678,447)	(916,986)
(Gains) losses on sale of property and equipment	10,632	(66,382)
Working capital changes - sources (uses):		
Promises to give	155,000	(140,000)
Other receivables	95,422	160,263
Sales tax receivable	3,189	72
Inventory	(6,025)	3,764
Prepaid expenses	(1,127)	(36,256)
Accounts payable	99,485	78,131
Accrued expenses	24,728	30,497
Chapter escrow funds	11,780	3,127
Operating lease liability	(44,273)	(63,284)
Net cash provided (used) by operating activities	495,289	(167,665)
Cash flows from investing activities		
Proceeds from sale of investments	940,234	19,765
Proceeds from sale of property and equipment	21,846	66,382
Purchase of investments	(90,030)	(102,898)
Purchase of property and equipment	(521,500)	(356,332)
Purchase of intangible assets	(6,850)	(16,673)
Net cash provided (used) by investing activities	343,700	(389,756)
Cash flows from financing activities		
Repayments on note payable	(1,775)	(2,076)
Net increase (decrease) in cash and equivalents and restricted cash	837,214	(559,497)
Cash and equivalents and restricted cash at beginning of year	1,386,549	1,946,046
Cash and equivalents and restricted cash at end of year	\$ 2,223,763	\$ 1,386,549
Schedule of noncash investing and financing activities		
Right-of-use asset in exchange for operating lease liability	\$ _____	\$ 93,120

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

THE AMERICAN CHESTNUT FOUNDATION

Notes to Financial Statements
June 30, 2025 and 2024

Note 1 - Nature of Organization and Summary of Significant Accounting Policies

Organization

The American Chestnut Foundation (the Foundation) is a nonprofit corporation dedicated to the research and restoration of the American chestnut tree. The Foundation was originally incorporated in the District of Columbia in 1983. In 1999, the Foundation reorganized its corporate structure and reincorporated in the Commonwealth of Virginia and currently operates as a Virginia nonprofit corporation. The Foundation has continually operated under its historical charitable mission to research and develop a blight-resistant American chestnut tree for reintroduction into the forest ecosystems within the native range of the species. within the native range of this species.

Tax Status

The Foundation is recognized by the Internal Revenue Service (IRS) as exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code, as amended, and is classified by the IRS as a public charity under section 170(b)(1)(A) of the Internal Revenue Code, as amended. The Foundation is not classified as a private foundation. The Foundation received its original federal tax-exempt determination in 1984, and management believes such tax-exempt status has remained in effect through subsequent organizational changes.

Basis of Presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

- *Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of Foundation's management and Board of Directors.
- *Net assets with donor restrictions:* Net assets subject to donor-imposed time or purpose restrictions. These restrictions limit the spending options when using these resources because the Foundation has a fiduciary responsibility to follow the donors' instructions. Net assets with donor restrictions generally result from donor-restricted contributions. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation, or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Note 1 - Nature of Organization and Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

Support is recognized as an increase in net assets without donor restrictions unless the donor specifies a purpose or time restriction. Expenses are recorded as decreases in net assets without donor restrictions. When donor restrictions are satisfied - either by fulfilling the purpose or through the passage of time - the related amounts are reclassified as net assets released from restrictions. If the donor's restrictions are fulfilled within the same reporting period in which the contribution is received, the Foundation recognizes the contribution as unrestricted revenue.

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Foundation's ongoing program services and interest and dividends earned on investments. Non-operating activities are limited to gains and losses on investments, gains and losses on sale of property and equipment, and other activities considered to be more unusual or nonrecurring in nature.

Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The carrying value of substantially all reported assets and liabilities, other than investments, operating lease right-of-use asset, operating lease liability, and notes payable, approximates fair value due to the relatively short-term nature of the financial instruments.

Fair value of investments is discussed in Note 5.

Amounts recognized for operating lease right-of-use asset and operating lease liability approximate fair value due to present value adjustment determined by the Foundation's incremental borrowing rate.

The carrying value of notes payable approximates fair value as any imputed interest would be immaterial.

Note 1 - Nature of Organization and Summary of Significant Accounting Policies (continued)

Cash and Equivalents

For purposes of the statements of cash flows, the Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Restricted cash consists of chapter funds held on behalf of chapters operating under the nonprofit status of the Foundation.

Inventory

Inventory consists of merchandise available for sale on the Foundation's website. Inventories are stated at the lower of cost or net realizable value determined by the average cost method.

Other Receivables and Credit Losses

Other receivables consist of grants and amounts due from customers for services performed before fiscal year-end. Other receivables are stated at net realizable value, which is the amount management expects to collect from outstanding balances. The Foundation has not experienced significant difficulties in collecting receivables and therefore does not assess finance charges. In reviewing aged receivables, management considers their knowledge of customers, historical losses, and past, current, and future economic conditions. No allowance for credit losses has been recorded, as management believes that all amounts will be collected based on significant judgment.

Promises to Give

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met or explicitly waived by the donor. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at the present value of their future cash flows. Management believes that any net present value adjustment on long-term promises to give would not be material to the financial statements, therefore, no such adjustment has been made. An allowance for uncollectible pledges has not been established as management believes that all amounts are collectible.

Investments

Investments are recorded at fair market value. Both unrealized gains and losses from the fluctuation of market value and realized gains and losses from the sale of investments are reflected in the statements of activities.

Investment Income and Gains

Investment income and gains that are restricted by donors are reported as increases in net assets without donor restrictions when the donor-imposed restrictions are satisfied in the same reporting period in which the income or gains are recognized. Satisfaction of restrictions may occur through the fulfillment of a specified purpose or the passage of time.

Note 1 - Nature of Organization and Summary of Significant Accounting Policies (continued)

Fair Value Measurements and Disclosures

The Foundation applies U.S. GAAP authoritative guidance for fair value measurements and disclosures, which defines fair value, establishes a framework for measuring fair value, and requires certain disclosures about fair value measurements. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Fair Value Measurements and Disclosures (continued)

Level 2 - Inputs to the valuation methodology include:

- 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.

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.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Assets and liabilities within the fair value hierarchy are based on the lowest (or least observable) input that is significant to the measurement. The Foundation's assessment of the significance of an input requires judgment, which may affect the valuation and classification within the fair value hierarchy.

Property and Equipment

Additions to property and equipment, if purchased, are recorded at cost. Major renewals and replacements are capitalized. Expenditures for repairs and maintenance that do not improve or extend the life of the asset are expensed. The Foundation has adopted an accounting policy to capitalize all property and equipment with a cost greater than \$5,000 and estimated useful life extending beyond five years. Depreciation is computed using the straight-line method over the estimated useful life of the asset, ranging from five to forty years.

Note 1 - Nature of Organization and Summary of Significant Accounting Policies (continued)

Donated Property and Equipment

Donations of property and equipment are recorded as contributions at the estimated fair value at the date of the gift. The Foundation reports gifts of property and equipment as contributions without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are recorded as net assets with donor restrictions until such assets are acquired or placed in service.

Intangible Assets

Intangible assets consist of a trademark, website design, and a documentary film and are carried at cost. The Foundation determines the useful life of identifiable assets after considering the specific facts and circumstances related to the intangible asset. Trademarks are amortized using the straight-line method over the estimated useful life of forty years. Website design services are amortized over a period of three years using the straight-line method. The documentary film is amortized over the estimated service life of five years using the straight-line method.

Leases

The Foundation determines if an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception. Operating leases are included as operating lease right-of-use (ROU) assets and operating lease liabilities in the accompanying statements of financial position.

ROU assets represent the Foundation's right to use an underlying asset for the lease term. Lease liabilities represent the obligation to make lease payments. ROU assets and lease liabilities are recognized at the commencement date based on the present value of lease payments, discounted using the Foundation's incremental borrowing rate.

Lease terms may include options to renew when it is reasonably certain the Foundation will exercise those options. Lease agreements do not contain any material residual value guarantees or restrictive covenants.

The Foundation has elected to apply the short-term lease exception to all leases with a remaining term of 12 months or less.

Donated Assets

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

Note 1 - Nature of Organization and Summary of Significant Accounting Policies (continued)

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, and are performed by people with those skills, and would otherwise be purchased by the Foundation. No amounts have been reflected in the accompanying financial statements for donated services since recognition criteria were not met.

Revenue Recognition

Contributions, federal grants, and cooperative agreements are recognized 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 of the asset or right of release of the obligation - are not recognized until the conditions on which they depend have been met.

A portion of the Foundation's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Foundation has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statements of financial position.

Membership dues are received from members who enroll in or renew an annual membership. These memberships are considered tax-deductible donations and are accordingly recognized as revenue at the time of receipt.

Revenue is also generated from charging fees to members to attend various annual meetings. Revenue is typically recognized at a single point in time as the service is provided and performance obligations are fulfilled.

The Foundation also generates revenue from the sale of products to customers on the online retail store. Those sales predominately contain a single performance obligation and revenue is recognized at a single point in time when ownership, risks, and rewards transfer to the customer. Shipping and handling costs associated with merchandise sales are included in postage and shipping on the statements of functional expenses. Shipping and handling costs reimbursed by customers are included in merchandise sales.

Advertising

The Foundation uses advertising to promote various programs. Advertising costs are not expected to extend beyond the current period and are expensed as incurred. No advertising expense was incurred for the years ended June 30, 2025 and 2024.

Note 1 - Nature of Organization and Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of providing program activities and supporting services have been summarized on a functional basis in the statements of activities and functional expenses. Certain categories of expenses are attributable to programs and supporting services. All expenses except for grants to others, direct program expenses, professional and scientific, rent, equipment rental and maintenance, and chapter dues shares are allocated on the basis of estimates of time and effort. Rent is directly attributable to supporting services. All other expenses listed above are directly attributable to program services.

Reclassification

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

Note 2 - Net Assets

Net assets are described as follows:

<u>At June 30</u>	<u>2025</u>	<u>2024</u>
Net assets without donor restrictions:		
Undesignated	<u>\$ 9,377,863</u>	<u>\$ 8,742,055</u>
Net assets with donor restrictions:		
Subject to expenditure for specified purpose or time period:		
Research	153,904	94,298
Farm support	50,369	
New England Chapter support	122,274	
Tree database	3,638	5,989
Education Program support	12,920	12,920
Greenhouse and solar arrays		34,995
Internships	28,472	25,465
Chapter support	20,657	38,796
Lancaster County Orchard support	4,047	4,047
Promises to give	<u>105,000</u>	<u>260,000</u>
Total subject to expenditure for specified purpose or time period	501,281	476,510
Not subject to spending policy or appropriation:		
Investment in perpetuity	<u>41,300</u>	<u>35,081</u>
Net assets with donor restrictions	<u>542,581</u>	<u>511,591</u>
<u>Total net assets</u>	<u>\$ 9,920,444</u>	<u>\$ 9,253,646</u>

Note 3 - Liquidity and Availability of Financial Assets

The Foundation's primary source of support is contributions, portions of which are required to be used in accordance with the purpose restrictions imposed by the donors. The Foundation manages liquidity and reserves utilizing three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets to fund near-term operating needs, and
- Monitoring expenses closely.

The following reflects the liquidity and availability of the Foundation's financial assets:

<u>At June 30</u>	<u>2025</u>	<u>2024</u>
Financial assets:		
Cash and equivalents	\$ 2,223,763	\$ 1,386,549
Promises to give	105,000	260,000
Other receivables	50	95,472
Sales tax receivable		3,189
Investments	<u>5,799,943</u>	<u>5,931,918</u>
Total financial assets	<u>8,128,756</u>	<u>7,677,128</u>
Amounts not available for general expenditure:		
Net assets with donor restrictions	(542,581)	(511,591)
Add back: promises to give, current portion	<u>50,000</u>	<u>220,000</u>
Total amounts not available for general expenditure	<u>(492,581)</u>	<u>(291,591)</u>
Net financial assets available to meet cash needs for <u>general expenditures within one year</u>	<u>\$ 7,636,175</u>	<u>\$ 7,385,537</u>

Line of Credit

The Foundation maintained a line of credit with a local bank to meet short-term working capital needs. Maximum borrowings are \$300,000 with interest charged at the prime rate, with a floor of 3.25%. The line of credit matured in January 2024 and was not renewed. There was no outstanding balance on the line of credit at June 30, 2024.

Note 4 - Contract Assets and Liabilities

Other receivables and promises to give represent the Foundation's contract assets with an unconditional right to receive consideration from customers or donors. Other receivables are recorded at invoiced amounts or amounts expected to be receivable based on contractual terms without conditions. Promises to give are recorded at net realizable value.

Note 4 - Contract Assets and Liabilities (continued)

The following table provides information about contract assets:

<u>At June 30</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Promises to give:			
Due in less than one year	\$ 50,000	\$ 220,000	\$ 40,000
One to five years	<u>55,000</u>	<u>40,000</u>	<u>80,000</u>
Promises to give	105,000	260,000	120,000
Other receivables	<u>50</u>	<u>95,472</u>	<u>255,735</u>
<u>Total contract assets</u>	<u>\$ 105,050</u>	<u>\$ 355,472</u>	<u>\$ 375,735</u>

Contract liabilities are recorded when a customer pays consideration, or the Foundation has a right to an amount of consideration that is unconditional, before the transfer of a good or performance of a service to the customer. Thus, the Foundation has an obligation to transfer the good or service to the customer at a future date. The Foundation's contract liabilities consist of chapter escrow funds.

The Foundation acts as an administrator for several state chapters in which they collect and hold membership fees in escrow accounts on the Statement of Financial Position. The funds are held in separate checking accounts and distributed monthly to the umbrella chapters. Accordingly, the receipts and disbursements are not included in the accompanying Statements of Activities as the Foundation acts as an agent in administering the membership dues and does not retain a processing fee related to the services provided.

Significant changes in contract liabilities from contracts with customers are as follows:

<u>At June 30</u>	<u>2025</u>	<u>2024</u>
Chapter escrow funds, beginning of year	264,008	260,881
Cash received from members during the year	117,870	112,489
Escrow funds disbursed to umbrella chapters during the year	<u>(106,090)</u>	<u>(109,362)</u>
Chapter escrow funds, end of year	<u>275,788</u>	<u>264,008</u>
<u>Total contract liabilities</u>	<u>\$ 275,788</u>	<u>\$ 264,008</u>

Note 5 - Fair Value Measurements

Investments are reported in the accompanying financial statements at estimated fair value in accordance with the fair value hierarchy. The following is a description of the valuation methodologies used for assets measured at fair value.

Equity Investments

Equity investments consist of corporate stocks and daily traded mutual funds. These investments are generally valued based on quoted market prices in active markets obtained from exchange or dealer markets for identical assets, and are categorized as Level 1, with no valuation adjustments applied.

The fair values of investments were as follows:

<u>At June 30</u>	<u>2025</u>	<u>2024</u>
Equity investments:		
Mutual funds - equity index	\$ 4,987,229	\$ 5,171,095
Mutual funds - bond index	771,414	725,742
Common stock	<u>41,300</u>	<u>35,081</u>
<u>Investments</u>	<u>\$ 5,799,943</u>	<u>\$ 5,931,918</u>

The Foundation's investments in the above schedule are reported at fair value according to Level 1 inputs. No Level 2 or 3 inputs are present.

Note 6 - Property and Equipment

A description of property and equipment is as follows:

<u>At June 30</u>	<u>2025</u>	<u>2024</u>
Land	\$ 636,756	\$ 636,756
Land improvements	288,169	288,169
Farm equipment	808,708	672,452
Farm buildings	1,545,502	963,147
Office equipment	82,288	124,470
Leasehold improvements	32,563	32,564
CIP - Greenhouse and solar arrays	<u> </u>	<u>235,005</u>
	3,393,986	2,952,563
Less, accumulated depreciation	<u>(1,036,228)</u>	<u>(963,877)</u>
<u>Property and equipment</u>	<u>\$ 2,357,758</u>	<u>\$ 1,988,686</u>

Depreciation expense for the years ended June 30, 2025 and 2024, was \$119,950 and \$111,180, respectively.

Note 7 - Intangible Assets

Intangible assets consist of a trademark, website design, and documentary film purchased by the Foundation at a cost of \$187,962 and \$181,112, as of June 30, 2025 and 2024. Accumulated amortization as of June 30, 2025 and 2024, was \$68,379 and \$35,319, respectively. Amortization expense was \$33,060 and \$24,467, for the years ended June 30, 2025 and 2024, respectively.

Future amortization expense is as follows:

<u>Years Ending June 30</u>	
2026	\$ 33,032
2027	33,032
2028	29,018
2029	9,021
2030	456
Thereafter	<u>16,979</u>
<u>Total future amortization expense</u>	<u>\$ 119,583</u>

Note 8 - Notes Payable

Notes payable is described as follows:

<u>At June 30</u>	<u>2025</u>	<u>2024</u>
Noninterest bearing note payable due in 60 monthly installments of \$162 through September 2025, secured by office equipment.	\$ 477	\$ 2,252
Less, current maturities	<u>(477)</u>	<u>(1,945)</u>
<u>Notes payable, less current maturities</u>	<u>\$</u>	<u>\$ 307</u>

Principal repayments on notes payable are as follows:

<u>Years Ending June 30</u>	
2026	\$ 477
2027	
2028	
2029	
2030	<u></u>
<u>Total principal repayments</u>	<u>\$ 477</u>

Note 9 - Leases

The Foundation has an operating lease for office space expiring in May 2026. The lease agreement includes variable payments based on usage rates which are not determinable at lease commencement and are not included in the measurement of lease assets and liabilities.

The following summarizes the line items in the accompanying statements of financial position which includes amounts for leases.

<u>At June 30</u>	<u>2025</u>	<u>2024</u>
Operating lease		
Operating lease right-of-use asset	\$ <u>44,646</u>	\$ <u>89,545</u>
Operating lease liability	\$ <u>45,334</u>	\$ <u>89,607</u>

The following summarizes the weighted average remaining lease term and discount rate on lease obligations:

<u>At June 30</u>	<u>2025</u>	<u>2024</u>
Weighted Average Remaining Lease Term		
Operating leases	0.9 years	1.9 years
Weighted Average Discount Rate		
Operating leases	8.50%	8.50%

Future minimum payments under the lease agreements are as follows:

<u>Years Ending June 30</u>	
2025	\$ 46,951
2026	
2027	
2028	
2029	
Total payments	<u>46,951</u>
Less, imputed interest	<u>(1,617)</u>
Total lease obligation	<u>\$ 45,334</u>

Note 9 - Leases (continued)

The Foundation also leases office equipment. Leases with a remaining term of 12 months or less at lease inception, or those that are considered immaterial, are not recorded in the statements of financial position. Management has determined all remaining operating leases meet this criterion and has not recognized operating lease agreements as operating lease liabilities. Lease expense is recognized for these leases on a straight-line basis over the lease term. The remaining lease term is on a month-to-month basis.

The following summarize the line items in the accompanying statements of functional expenses which include the components of lease costs:

<u>Years Ended June 30</u>	<u>2025</u>	<u>2024</u>
Short-term and immaterial operating leases included in postage and shipping	\$ 2,060	\$ 2,060
Operating lease costs:		
Rent	<u>64,282</u>	<u>66,562</u>
<u>Total lease costs</u>	<u>\$ 66,342</u>	<u>\$ 68,622</u>

The following summarizes cash flow information related to leases:

<u>Years Ended June 30</u>	<u>2025</u>	<u>2024</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flow from operating lease	<u>\$ 44,273</u>	<u>\$ 65,101</u>
Assets obtained in exchange for lease obligations:		
Operating lease	<u>\$</u>	<u>\$ 93,120</u>

Note 10 - Commitments and Contingencies

Government Assisted Programs

The Foundation has received funding in the form of grants and reimbursements from governmental agencies. Periodic audits of these grants and third-party reimbursements are required and certain costs may be questioned as not being appropriate expenditures under the agreements. Such audits could result in the refund or reimbursement to the grantor or third-party agencies. Management believes that refunds or reimbursements, should any be determined, would be immaterial. No provisions have been made in the accompanying financial statements for the repayment of any grant monies or third-party reimbursements.

Note 10 - Commitments and Contingencies (continued)

Risk Management

The Foundation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and volunteers; and natural disasters. The Foundation carries commercial and professional liability insurance coverage for risks of loss.

Note 11 - Retirement Plan

The Foundation offers a 403(b) retirement plan for eligible employees. Employees may elect to defer a portion of their compensation, subject to certain limitations. Employees who have met certain eligibility requirements will receive an employer match up to 5% of deferred wages. Employer contributions for the years ended June 30, 2025 and 2024, were \$35,405 and \$33,070, respectively.

Note 12 - Concentrations of Credit Risk

Uninsured Cash Balances

The Foundation maintains its cash and equivalents at financial institutions that are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Generally, cash balances will exceed the FDIC insurance limits or be partially uninsured.

Each brokerage balance is protected by the Securities Investor Protection Corporation (SIPC) in the event of broker-dealer failure, up to \$500,000, including \$250,000 for claims of uninvested cash balances. The SIPC does not protect against market losses on investments. Generally, investment balances will exceed SIPC insurance limits or be partially uninsured.

Investment Risk

The Foundation's investments are subject to various risks, including interest rate risk, market volatility, and credit risk. These risks could result in changes in the fair value of investments. It is at least reasonably possible that changes in these risk factors in the near term could materially affect the Foundation's investment balances and, consequently, its financial position and results of operations.

Major Donors

A donor is considered to be 'major' when contributions from a single individual equal 10% or more of total annual contributions. For the year ended June 30, 2025, the Foundation received contributions totaling \$1,540,000 from two major donors, representing approximately 49% of the Foundation's total contributions. Of this amount, one donor provided a one-time bequest of \$800,000 through their estate; no further contributions are expected from this source. For the year ended June 30, 2024, the Foundation received contributions totaling \$650,000 from one major donor, representing approximately 40% of the Foundation's total contributions.

Note 13 - Income Taxes

Uncertain Tax Positions

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Foundation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Open Tax Years

The Foundation's Return of Organization Exempt from Income Tax (Form 990) for the fiscal years ended June 30, 2024, 2023, and 2022 are subject to examination by the IRS, generally for three years after they were filed.

Note 14 - Chapter Affiliates

The Foundation provides support to chapter affiliates. During the years ended June 30, 2025 and 2024, the Foundation provided \$55,023 and \$41,742, respectively, in grants and other support to chapter affiliates. The Foundation also acts as an agent in administering membership dues for some of the chapters as discussed in Note 4.

Note 15 - Subsequent Events

Management has evaluated subsequent events through February 4, 2026, which is the date the financial statements were available to be issued.