

HUBBARD BROOK RESEARCH FOUNDATION, INC.

FINANCIAL STATEMENTS
and
INDEPENDENT ACCOUNTANTS' REVIEW REPORT

FOR THE YEARS ENDED
SEPTEMBER 30, 2023 AND 2022

HUBBARD BROOK RESEARCH FOUNDATION, INC.

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Schiffman, Dattilio & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Trustees of
Hubbard Brook Research Foundation, Inc.
Woodstock, Vermont

We have reviewed the accompanying financial statements of Hubbard Brook Research Foundation, Inc. (a New Hampshire nonprofit organization), which comprise the statements of financial position as of September 30, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility 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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Hubbard Brook Research Foundation, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Schiffman, Dattilio & Company, P.C.

Lebanon, New Hampshire
March 5, 2024

HUBBARD BROOK RESEARCH FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2023 AND 2022

| | <u>2023</u> | <u>2022</u> |
|--|-------------------------|-------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 230,844 | \$ 303,950 |
| Investments | 176,773 | 179,821 |
| Grants receivable | 41,377 | 46,094 |
| Accounts receivable | 55,464 | 35,438 |
| Prepaid expenses | <u>3,251</u> | <u>2,693</u> |
| Total current assets | <u>507,709</u> | <u>567,996</u> |
| Property and equipment: | | |
| Buildings and improvements | 2,002,460 | 1,965,256 |
| Land | 416,462 | 416,462 |
| Furniture and equipment | 71,582 | 71,582 |
| Vehicles | <u>38,253</u> | <u>-</u> |
| | 2,528,757 | 2,453,300 |
| Less: accumulated depreciation | <u>1,109,413</u> | <u>1,056,969</u> |
| Total property and equipment | <u>1,419,344</u> | <u>1,396,331</u> |
| Total assets | <u>\$ 1,927,053</u> | <u>\$ 1,964,327</u> |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 68,427 | \$ 46,315 |
| Deferred income | <u>37,186</u> | <u>30,341</u> |
| Total current liabilities | <u>105,613</u> | <u>76,656</u> |
| Net assets: | | |
| Without donor restrictions | 1,733,425 | 1,785,912 |
| With donor restrictions | <u>88,015</u> | <u>101,759</u> |
| Total net assets | <u>1,821,440</u> | <u>1,887,671</u> |
| Total liabilities and net assets | <u>\$ 1,927,053</u> | <u>\$ 1,964,327</u> |

See independent accountants' review report and notes to financial statements

HUBBARD BROOK RESEARCH FOUNDATION, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

| | 2023 | | | 2022 | | |
|--|-------------------------------|----------------------------|---------------------|-------------------------------|----------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| REVENUE AND SUPPORT | | | | | | |
| Contributions and grants | \$ 533,189 | \$ 95,553 | \$ 628,742 | \$ 326,750 | \$ 102,239 | \$ 428,989 |
| Rental income | 175,349 | - | 175,349 | 155,864 | - | 155,864 |
| Loan forgiveness | - | - | - | 75,645 | - | 75,645 |
| Consortium dues | 52,500 | - | 52,500 | 65,000 | - | 65,000 |
| Other income | 42,738 | - | 42,738 | 31,612 | - | 31,612 |
| Investment income | 23,485 | 261 | 23,746 | (25,596) | 657 | (24,939) |
| Total revenue and support | <u>827,261</u> | <u>95,814</u> | <u>923,075</u> | <u>629,275</u> | <u>102,896</u> | <u>732,171</u> |
| Net assets released from restrictions | <u>109,558</u> | <u>(109,558)</u> | <u>-</u> | <u>119,628</u> | <u>(119,628)</u> | <u>-</u> |
| EXPENSES | | | | | | |
| Program costs: | | | | | | |
| Facilities | 324,392 | - | 324,392 | 235,581 | - | 235,581 |
| Education | 304,413 | - | 304,413 | 177,182 | - | 177,182 |
| Total program costs | <u>628,805</u> | <u>-</u> | <u>628,805</u> | <u>412,763</u> | <u>-</u> | <u>412,763</u> |
| Supporting services expense: | | | | | | |
| Management and general | 145,196 | - | 145,196 | 177,892 | - | 177,892 |
| Fundraising | 215,305 | - | 215,305 | 40,981 | - | 40,981 |
| Total supporting services | <u>360,501</u> | <u>-</u> | <u>360,501</u> | <u>218,873</u> | <u>-</u> | <u>218,873</u> |
| Total expenses | <u>989,306</u> | <u>-</u> | <u>989,306</u> | <u>631,636</u> | <u>-</u> | <u>631,636</u> |
| Change in net assets | (52,487) | (13,744) | (66,231) | 117,267 | (16,732) | 100,535 |
| Net assets, beginning of year | <u>1,785,912</u> | <u>101,759</u> | <u>1,887,671</u> | <u>1,668,645</u> | <u>118,491</u> | <u>1,787,136</u> |
| Net assets, end of year | <u>\$ 1,733,425</u> | <u>\$ 88,015</u> | <u>\$ 1,821,440</u> | <u>\$ 1,785,912</u> | <u>\$ 101,759</u> | <u>\$ 1,887,671</u> |

See independent accountants' review report and notes to financial statements

HUBBARD BROOK RESEARCH FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED SEPTEMBER 30, 2023

| | Facilities | Education | Total Program Costs | Management and General | Fundraising | Total Supporting Services | 2023 Totals |
|-------------------------|-------------------|-------------------|---------------------------|---------------------------|-------------------|---------------------------------|-------------------|
| Salaries and wages | \$ 134,372 | \$ 140,629 | \$ 275,001 | \$ 88,516 | \$ 163,244 | \$ 251,760 | \$ 526,761 |
| Professional fees | 17,440 | 110,683 | 128,123 | 16,046 | 2,575 | 18,621 | 146,744 |
| Depreciation | 54,753 | - | 54,753 | - | - | - | 54,753 |
| Employee benefits | 8,066 | 15,663 | 23,729 | 12,923 | 16,519 | 29,442 | 53,171 |
| Payroll taxes | 9,849 | 10,613 | 20,462 | 6,448 | 11,933 | 18,381 | 38,843 |
| Repairs and maintenance | 35,815 | - | 35,815 | - | - | - | 35,815 |
| Utilities | 25,718 | 4,249 | 29,967 | 1,263 | 1,792 | 3,055 | 33,022 |
| Travel | 2,603 | 13,700 | 16,303 | 5,078 | 9,656 | 14,734 | 31,037 |
| Insurance | 24,247 | - | 24,247 | 1,834 | - | 1,834 | 26,081 |
| Supplies and materials | 4,796 | 3,775 | 8,571 | 1,711 | 2,904 | 4,615 | 13,186 |
| Printing and copying | - | 5,006 | 5,006 | 730 | 5,129 | 5,859 | 10,865 |
| Rent | - | - | - | 7,654 | - | 7,654 | 7,654 |
| Town contributions | 2,800 | - | 2,800 | - | - | - | 2,800 |
| Interest and fees | 1,525 | 54 | 1,579 | 822 | 383 | 1,205 | 2,784 |
| Telephone | 793 | - | 793 | 1,673 | - | 1,673 | 2,466 |
| Postage and shipping | 33 | 41 | 74 | 498 | 1,170 | 1,668 | 1,742 |
| Vehicle expense | 1,582 | - | 1,582 | - | - | - | 1,582 |
| Total expenses | <u>\$ 324,392</u> | <u>\$ 304,413</u> | <u>\$ 628,805</u> | <u>\$ 145,196</u> | <u>\$ 215,305</u> | <u>\$ 360,501</u> | <u>\$ 989,306</u> |

See independent accountants' review report and notes to financial statements

HUBBARD BROOK RESEARCH FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED SEPTEMBER 30, 2022

| | Facilities | Education | Total Program Costs | Management and General | Fundraising | Total Supporting Services | 2022 Totals |
|-------------------------|-------------------|-------------------|---------------------------|---------------------------|------------------|---------------------------------|-------------------|
| Salaries and wages | \$ 95,501 | \$ 97,497 | \$ 192,998 | \$ 122,864 | \$ 30,293 | \$ 153,157 | \$ 346,155 |
| Professional fees | 4,888 | 42,997 | 47,885 | 15,655 | - | 15,655 | 63,540 |
| Depreciation | 45,608 | - | 45,608 | - | - | - | 45,608 |
| Employee benefits | 6,325 | 10,202 | 16,527 | 6,628 | 2,180 | 8,808 | 25,335 |
| Payroll taxes | 7,776 | 7,543 | 15,319 | 9,643 | 2,201 | 11,844 | 27,163 |
| Repairs and maintenance | 26,427 | - | 26,427 | - | - | - | 26,427 |
| Utilities | 18,779 | 5,723 | 24,502 | 2,285 | 638 | 2,923 | 27,425 |
| Travel | 1,201 | 9,532 | 10,733 | 7,341 | 533 | 7,874 | 18,607 |
| Insurance | 21,149 | - | 21,149 | 1,780 | - | 1,780 | 22,929 |
| Supplies and materials | 972 | 1,818 | 2,790 | 813 | - | 813 | 3,603 |
| Printing and copying | - | 1,867 | 1,867 | 980 | 4,073 | 5,053 | 6,920 |
| Rent | - | - | - | 7,428 | - | 7,428 | 7,428 |
| Town contributions | 2,800 | - | 2,800 | - | - | - | 2,800 |
| Interest and fees | 416 | - | 416 | 624 | 302 | 926 | 1,342 |
| Telephone | 768 | - | 768 | 1,311 | - | 1,311 | 2,079 |
| Postage and shipping | 17 | 3 | 20 | 540 | 761 | 1,301 | 1,321 |
| Vehicle expense | 2,954 | - | 2,954 | - | - | - | 2,954 |
| Total expenses | <u>\$ 235,581</u> | <u>\$ 177,182</u> | <u>\$ 412,763</u> | <u>\$ 177,892</u> | <u>\$ 40,981</u> | <u>\$ 218,873</u> | <u>\$ 631,636</u> |

See independent accountants' review report and notes to financial statements

HUBBARD BROOK RESEARCH FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

| | <u>2023</u> | <u>2022</u> |
|---|-------------------|-------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ (66,231) | \$ 100,535 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Depreciation | 54,753 | 45,608 |
| Realized and unrealized loss (gain) on investments | (10,099) | 33,407 |
| Loan forgiveness | - | (75,645) |
| (Increase) decrease in the following assets: | | |
| Grants receivable | 4,717 | (20,767) |
| Accounts receivable | (20,026) | (2,947) |
| Prepaid expenses | (558) | (195) |
| Increase (decrease) in the following liabilities: | | |
| Accounts payable and accrued liabilities | 22,112 | 12,591 |
| Deferred income | 6,845 | (37,309) |
| Net cash provided by (used in) operating activities | <u>(8,487)</u> | <u>55,278</u> |
| Cash flows from investing activities: | | |
| Purchase of investments | (36,704) | (28,350) |
| Proceeds from sale/maturities of investments | 49,851 | 20,682 |
| Acquisition of property and equipment | <u>(77,766)</u> | <u>(70,138)</u> |
| Net cash used in investing activities | <u>(64,619)</u> | <u>(77,806)</u> |
| Net decrease in cash and cash equivalents | (73,106) | (22,528) |
| Cash and cash equivalents, beginning of year | <u>303,950</u> | <u>326,478</u> |
| Cash and cash equivalents, end of year | <u>\$ 230,844</u> | <u>\$ 303,950</u> |

See independent accountants' review report and notes to financial statements

HUBBARD BROOK RESEARCH FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

Note 1. Summary of significant accounting policies:

This summary of significant accounting policies of Hubbard Brook Research Foundation, Inc. (the Foundation) is presented to assist in understanding the Foundation's financial statements. The financial statements and notes are representations of the Foundation's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of organization – The Foundation is a New Hampshire nonprofit organization founded in 1993 that works to sustain and enhance the Hubbard Brook Ecosystem Study in New Hampshire, in partnership with the USDA Forest Service Northern Research Station, the National Science Foundation's Long-Term Ecological Research Network, the Hubbard Brook Consortium, and many colleges, universities, and other research institutions.

The Foundation's goals are to sustain and expand long-term ecological monitoring and research at the Hubbard Brook Experimental Forest in North Woodstock, New Hampshire; to bridge the gap between ecosystem science and public policy by enhancing the exchange of information among scientists, policy-makers, and land managers; and to foster public understanding of the functions of ecosystems and their importance to society. Also, in its role as a support organization, the Foundation supplies affordable housing and laboratory facilities to scientists and students.

Basis of presentation – The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. If donor-imposed restrictions are met in the same period as the gift or income is received, the amount is reported as unrestricted revenues. Net assets are comprised of two groups as follows:

- Net assets without donor restrictions – Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.
- Net assets with donor restrictions – Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Foundation. Certain restrictions may need to be maintained in perpetuity.

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 certain estimates and assumptions that affect the reported amounts and disclosures. Therefore, actual results could differ from those estimates.

Fair value measurement – The Foundation's financial instruments consist primarily of cash, accounts receivable, pledges and grants receivable, and accounts payable. The carrying amounts of these financial instruments approximate their fair value due to the short-term nature of such instruments

Cash and cash 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.

HUBBARD BROOK RESEARCH FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

Note 1. Summary of significant accounting policies (continued):

Revenue recognition – Contributions, including unconditional promises to give, are recorded when received. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. All pledges receivable are due within one year. No allowance for uncollectible pledges has been established as management believes that all pledges are fully collectible.

Donated goods and services – Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation are recorded at their fair values in the period received.

Grants receivable – Grants receivable represent amounts owed from various organizations as reimbursement of grant-related expenses. It includes both billed and un-billed receivables. Any amount that is denied for reimbursement is written off when the Foundation receives notification from the grantor agency. The Foundation considers grants receivable at September 30, 2023 and 2022, to be fully collectible; therefore, no allowance for doubtful accounts is required.

Property and equipment – Property and equipment are recorded at cost or, if donated, at the fair value at the date of donation. Depreciation is calculated using the straight-line method based on the assets' estimated useful lives, which range as follows:

| | <u>Years</u> |
|----------------------------|--------------|
| Buildings and improvements | 7 - 39 |
| Furniture and equipment | 3 - 5 |

Assets donated with explicit restrictions regarding their use, along with contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Costs of maintenance and repairs that do not improve or extend asset lives are charged to expense. Additions and betterments in excess of \$2,500 are capitalized. Depreciation expense was \$54,753 and \$45,608 for the years ended September 30, 2023 and 2022, respectively.

Investments – Investments, primarily consisting of exchange-traded funds and money market funds, are stated at fair value. Gains and losses, both realized and unrealized, resulting from increases or decreases in fair value of investments are reflected in the consolidated statements of activities and changes in net assets as increases or decreases in net assets without restrictions unless the use was restricted by explicit donor stipulations.

Fair Value Measures – The Foundation reports its fair value measures using a fair value hierarchy defined by accounting principles generally accepted in the United States of America 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).

HUBBARD BROOK RESEARCH FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

Note 1. Summary of significant accounting policies (continued):

The three levels of the fair value hierarchy under accounting principles generally accepted in the United States of America are:

- Level 1 – Unadjusted quoted prices in active markets for identical, unrestricted assets or liabilities.
- Level 2 – Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (that is, inputs supported by little or no market activity).

Functional allocation of expenses – The costs of providing the various programs and activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income taxes – The Foundation was organized under Section 501(c)(3) of the United States Internal Revenue Code. This code section enables the Foundation to accept donations which qualify as charitable contributions to the donor. As such, no provisions for income taxes have been made in these financial statements. The Foundation is also exempt from New Hampshire business taxes.

Accounting for uncertainty in income tax items – The Foundation has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Foundation believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Foundation's financial condition, results of operations or cash flows.

Reclassifications – Certain amounts in the September 30, 2022 financial statements have been reclassified to conform to the current fiscal year's presentation. Such reclassifications had no effect on the reported change in net assets.

Note 2. Investments:

The Foundation maintains an investment portfolio for the purpose of preserving principal of donor restricted funds. Investments in this portfolio at September 30, 2023 and 2022 consisted of the following aggregate grouping:

| | 2023 | | 2022 | |
|-----------------------|-------------------|-------------------|-------------------|-------------------|
| | Cost | Fair Value | Cost | Fair Value |
| Money market funds | \$ 1,707 | \$ 1,707 | \$ 21,869 | \$ 21,869 |
| Mutual funds and ETFs | <u>190,690</u> | <u>175,066</u> | <u>185,000</u> | <u>157,952</u> |
| Total Investments | <u>\$ 192,397</u> | <u>\$ 176,773</u> | <u>\$ 206,869</u> | <u>\$ 179,821</u> |

HUBBARD BROOK RESEARCH FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

Note 2. Investments (continued):

The following tables summarize assets which have been accounted for at fair value as of September 30 along with the level of fair value hierarchy as detailed in Note 1:

| 2023 | Total | Level 1 | Level 2 | Level 3 |
|-----------------------|-------------------|-------------------|-------------|-------------|
| Money market funds | \$ 1,707 | \$ 1,707 | \$ - | \$ - |
| Mutual funds and ETFs | <u>175,066</u> | <u>175,066</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 176,773</u> | <u>\$ 176,773</u> | <u>\$ -</u> | <u>\$ -</u> |
| | | | | |
| 2022 | Total | Level 1 | Level 2 | Level 3 |
| Money market funds | \$ 21,869 | \$ 21,869 | \$ - | \$ - |
| Mutual funds and ETFs | <u>157,952</u> | <u>157,952</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 179,821</u> | <u>\$ 179,821</u> | <u>\$ -</u> | <u>\$ -</u> |

Investment income (losses) related to these investments are included with revenues and support on the statements of activities and was comprised of the following for the years ended September 30:

| | 2023 | 2022 |
|---------------------------|------------------|--------------------|
| Unrealized gains (losses) | \$ 11,424 | \$ (33,407) |
| Realized gains (losses) | (1,325) | - |
| Interest and dividends | <u>13,527</u> | <u>8,349</u> |
| | <u>\$ 23,626</u> | <u>\$ (25,058)</u> |

Note 3. Line of credit:

The Foundation has available a line of credit in the amount of \$70,000 under an agreement with Ledyard National Bank. Principal is payable on demand. Interest is payable monthly at the Wall Street Journal prime rate (8.50% at September 30, 2023) plus .50 percentage point. The line of credit is collateralized by substantially all business assets. The balance on the line of credit was \$-0- as of September 30, 2023 and 2022.

Note 4. Short-term note payable:

In April 2020 the Foundation had obtained an \$81,900 Paycheck Protection Program (PPP) loan through the U.S Small Business Administration (SBA) to assist with payroll, rent, and utility payments. The SBA allows PPP loans to be forgiven if they are spent on the above expenses within 8 to 24 weeks of receiving it. The loan was forgiven in November 2020, and shown as loan forgiveness with revenues and support on the statements of activities as of September 30, 2021.

HUBBARD BROOK RESEARCH FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

Note 4. Short-term note payable (continued):

In February 2021 the Foundation obtained a second PPP loan through SBA in the amount of \$75,645 to assist with payroll, rent, and utility payments. This loan was fully forgiven in November 2021, therefore, the note was shown as short-term as of September 30, 2021, and shown as loan forgiveness with revenues and support on the statements of activities as of September 30, 2022.

Note 5. Operating lease:

The Foundation leases office space under an annual operating lease with monthly payments of \$622 through December 2022 and increased to \$641 in January 2023. Total rent expense incurred in connection with this agreement was \$7,654 and \$7,428 in 2023 and 2022, respectively.

Note 6. Net assets with donor restrictions:

Net assets are restricted due to the following purposes or time periods as of September 30:

| | 2023 | 2022 |
|------------------------------------|-----------|------------|
| Use specific related restrictions: | | |
| Young Voices of Science | \$ 16,117 | \$ 4,718 |
| Outreach, education and DEI | 8,000 | 11,733 |
| Vehicle fund | 8,000 | - |
| Emergency fund | 7,745 | 7,745 |
| Welcome to the Woods | 5,069 | - |
| Storage archive | 1,707 | 21,869 |
| STEM | - | 9,600 |
| Time restrictions | 41,377 | 46,094 |
| | \$ 88,015 | \$ 101,759 |

Net assets released from restrictions were as follows:

| | 2023 | 2022 |
|---|------------|------------|
| Use specific related restrictions: | | |
| Storage archive | \$ 23,599 | \$ 20,682 |
| Young Voices of Science | 13,601 | 20,282 |
| Outreach, education and DEI | 11,733 | 54,149 |
| STEM | 9,600 | - |
| Welcome to the Woods | 4,931 | - |
| WaterViz and Belowground Sound Projects | - | 8,925 |
| Mural fund | - | 4,493 |
| TOA intern grant | - | 1,545 |
| Time restrictions | 46,094 | 9,552 |
| | \$ 109,558 | \$ 119,628 |

HUBBARD BROOK RESEARCH FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

Note 7. Board designated net assets:

As of September 30, the Board designated net assets were for the following purposes:

| | <u>2023</u> | <u>2022</u> |
|-----------------|-------------------|-------------------|
| Capital reserve | \$ 175,066 | \$ 157,952 |
| | <u>\$ 175,066</u> | <u>\$ 157,952</u> |

Note 8. Pension plan:

The Foundation maintains a defined contribution retirement plan that covers all employees. The Foundation matches employee contributions up to 4% of compensation. Pension expense was \$20,376 and \$4,833 for the years ended September 30, 2023 and 2022, respectively.

Note 9. Liquidity and availability of resources:

The following reflects the Foundation's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of that date.

| | <u>2023</u> | <u>2022</u> |
|--|-------------------|-------------------|
| Cash and cash equivalents | \$ 230,844 | \$ 303,950 |
| Investments | 176,773 | 179,821 |
| Grants receivable | 41,377 | 46,094 |
| Account receivable | <u>55,464</u> | <u>35,438</u> |
| Total financial assets | <u>504,458</u> | <u>565,303</u> |
| Less those unavailable for general expenditures within one year due to: | | |
| Donor imposed restrictions: | | |
| Cash restricted to specific uses | 44,931 | 33,796 |
| Investment restricted to specific use | 1,707 | 21,869 |
| Restricted by donor with time restrictions | 41,377 | 46,094 |
| Board designations: | | |
| Capital reserve | <u>175,066</u> | <u>157,952</u> |
| Tota amounts not available to be used within one year | <u>263,081</u> | <u>259,711</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 241,377</u> | <u>\$ 305,592</u> |

HUBBARD BROOK RESEARCH FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

Note 9. Liquidity and availability of resources (continued):

The Foundation is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors. Thus, certain financial assets may not be available for general expenditures within one year. As part of the Foundation'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.

Note 10. Related party transactions:

In January 2019, the Foundation had sold one of its condominium units at its Mirror Lake property in Woodstock, NH to a member of the Board of Trustees. The Foundation continues to manage the unit in an ongoing capacity due to a management agreement with the Board member.

Note 11. Subsequent events:

Management has evaluated events occurring between the end of the most recent fiscal year and March 5, 2024 the date the financial statements were available to be issued.