

NATIVE PLANT TRUST, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAcconnect.com

**NATIVE PLANT TRUST, INC.
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	4
STATEMENTS OF FUNCTIONAL EXPENSES	6
STATEMENTS OF CHANGES IN NET ASSETS	8
STATEMENTS OF CASH FLOWS	9
NOTES TO FINANCIAL STATEMENTS	10



INDEPENDENT AUDITORS' REPORT

Board of Trustees
Native Plant Trust, Inc.
Framingham, Massachusetts

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Native Plant Trust, Inc. (a Massachusetts nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, changes in net assets, 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 Native Plant Trust, Inc. as of December 31, 2022 and 2021, and its changes in 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 (GAAS). 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 Native Plant Trust, Inc. 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 Native Plant Trust, Inc.'s ability to continue as a going concern for one year after the date 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 GAAS 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 GAAS, 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 Native Plant Trust, 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 Native Plant Trust, 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2022 the Organization adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.



CliftonLarsonAllen LLP

Boston, Massachusetts
May 25, 2023

NATIVE PLANT TRUST, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,079,456	\$ 871,195
Short-Term Investments	1,350,033	892,117
Accounts Receivable, Net	219,786	99,180
Current Portion of Grants and Pledges Receivable, Net	816,545	134,437
Inventory	82,554	69,853
Prepaid Expenses	35,296	53,168
Total Current Assets	3,583,670	2,119,950
INVESTMENTS	7,772,447	9,332,032
GRANTS AND PLEDGES RECEIVABLE, NET OF CURRENT PORTION	2,922,502	3,042,720
ASSETS HELD IN CHARITABLE REMAINDER TRUSTS	1,436,130	499,975
BENEFICIAL INTEREST IN THIRD-PARTY TRUST	98,584	111,710
PROPERTY AND EQUIPMENT, NET	2,562,485	2,542,343
FINANCE LEASE RIGHT-OF-USE ASSET, NET OF AMORTIZATION	13,025	-
DEVELOPMENT OF WEBSITES, NET	577,710	490,172
Total Assets	\$ 18,966,553	\$ 18,138,902
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 92,023	\$ 93,998
Accrued Expenses	79,867	68,959
Deferred Revenue	140,903	138,690
Current Portion of Annuities Payable	1,800	1,800
Current Portion of Finance Lease Liability	6,003	-
Total Current Liabilities	320,596	303,447
ANNUITIES PAYABLE, NET	8,163	8,858
FINANCE LEASE LIABILITY, NET OF CURRENT PORTION	6,786	-
DUE TO OTHER BENEFICIARIES OF CHARITABLE REMAINDER TRUSTS	995,709	279,483
Total Liabilities	1,331,254	591,788
NET ASSETS		
Without Donor Restrictions	4,643,776	4,097,369
With Donor Restrictions	12,991,523	13,449,745
Total Net Assets	17,635,299	17,547,114
Total Liabilities and Net Assets	\$ 18,966,553	\$ 18,138,902

See accompanying Notes to Financial Statements.

NATIVE PLANT TRUST, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE AND SUPPORT			
Grants and Contributions	\$ 1,126,838	\$ 1,803,483	\$ 2,930,321
Contributed Services	412,508		412,508
Membership Dues	437,514	-	437,514
Program Fees, Services, and Other Income	274,967	-	274,967
Investment Return Designated for Current Operations	288,858	-	288,858
Sales of Plant and Merchandise, Net of Cost of Goods Sold of \$699,254	757,969	-	757,969
Admissions	127,828	-	127,828
Net Assets Released from Restrictions	442,267	(442,267)	-
Total Operating Revenue and Support	3,868,749	1,361,216	5,229,965
OPERATING EXPENSES			
Program Services:			
Conservation	1,057,392	-	1,057,392
Education	374,632	-	374,632
Horticulture	771,015	-	771,015
Member Services	282,823	-	282,823
Retail Shops	424,129	-	424,129
Total Program Services	2,909,991	-	2,909,991
Supporting Services:			
General and Administrative	898,793	-	898,793
Fundraising	262,843	-	262,843
Total Supporting Services	1,161,636	-	1,161,636
Total Operating Expenses	4,071,627	-	4,071,627
CHANGES IN NET ASSETS FROM OPERATIONS	(202,878)	1,361,216	1,158,338
NONOPERATING REVENUES (EXPENSES)			
Investment Returns, Net of Spending Policy	17,919	(1,788,732)	(1,770,813)
Contributed Services for Website Development	53,150	-	53,150
Contributions for Long-Term Purposes	-	324,982	324,982
Changes in Value of Split-Interest Agreements	(1,520)	(92,821)	(94,341)
Employee Retention Credits Revenue	416,869	-	416,869
Net Assets Released from Capital and Equipment Restrictions	262,867	(262,867)	-
Total Nonoperating Revenues (Expenses), Net	749,285	(1,819,438)	(1,070,153)
CHANGES IN NET ASSETS	\$ 546,407	\$ (458,222)	\$ 88,185

See accompanying Notes to Financial Statements.

NATIVE PLANT TRUST, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE AND SUPPORT			
Grants and Contributions	\$ 1,552,771	\$ 334,857	\$ 1,887,628
Contributed Services	528,461	-	528,461
Membership Dues	394,988	-	394,988
Program Fees, Services, and Other Income	289,418	-	289,418
Investment Return Designated for Current Operations	296,285	-	296,285
Sales of Plant and Merchandise, Net of Cost of Goods Sold of \$419,991	643,601	-	643,601
Admissions	138,428	-	138,428
Net Assets Released from Restrictions	424,009	(424,009)	-
Total Operating Revenue and Support	4,267,961	(89,152)	4,178,809
OPERATING EXPENSES			
Program Services:			
Conservation	1,188,718	-	1,188,718
Education	337,772	-	337,772
Horticulture	767,542	-	767,542
Member Services	247,256	-	247,256
Retail Shops	329,429	-	329,429
Total Program Services	2,870,717	-	2,870,717
Supporting Services:			
General and Administrative	743,218	-	743,218
Fundraising	232,798	-	232,798
Total Supporting Services	976,016	-	976,016
Total Operating Expenses	3,846,733	-	3,846,733
CHANGES IN NET ASSETS FROM OPERATIONS	421,228	(89,152)	332,076
NONOPERATING REVENUES (EXPENSES)			
Investment Returns, Net of Spending Policy	1,655	741,784	743,439
Contributed Services for Website Development	82,897	-	82,897
Contributions for Long-Term Purposes	-	357,154	357,154
Changes in Value of Split-Interest Agreements	1,478	25,304	26,782
Loss on Disposal of Property and Equipment	(5,191)	-	(5,191)
Net Assets Released from Capital and Equipment Restrictions	274,320	(274,320)	-
Total Nonoperating Revenues, Net	355,159	849,922	1,205,081
CHANGES IN NET ASSETS	\$ 776,387	\$ 760,770	\$ 1,537,157

See accompanying Notes to Financial Statements.

NATIVE PLANT TRUST, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	Program Services					Total Program Services	Supporting Services		Total
	Conservation	Education	Horticulture	Member Services	Retail Shops		General and Administrative	Fundraising	
Salaries and Benefits	\$ 508,530	\$ 172,815	\$ 528,607	\$ 167,434	\$ 250,132	\$ 1,627,518	\$ 479,968	\$ 190,409	\$ 2,297,895
Professional and Consultant Services	473,531	117,784	33,280	6,236	4,058	634,889	211,699	1,688	848,276
Operating Expenses	32,746	54,598	67,848	102,120	145,977	403,289	57,182	62,815	523,286
Property and Occupancy	14,379	8,276	67,777	7,033	19,990	117,455	24,633	7,931	150,019
Plant and Merchandise Expense	-	-	-	-	699,254	699,254	-	-	699,254
Insurance	-	-	-	-	-	-	48,849	-	48,849
Depreciation and Amortization	28,206	21,159	73,503	-	3,972	126,840	76,462	-	203,302
Subtotal	<u>1,057,392</u>	<u>374,632</u>	<u>771,015</u>	<u>282,823</u>	<u>1,123,383</u>	<u>3,609,245</u>	<u>898,793</u>	<u>262,843</u>	<u>4,770,881</u>
Less: Cost of Plant and Merchandise Sales	-	-	-	-	699,254	699,254	-	-	699,254
Total Operating Expenses	<u>\$ 1,057,392</u>	<u>\$ 374,632</u>	<u>\$ 771,015</u>	<u>\$ 282,823</u>	<u>\$ 424,129</u>	<u>\$ 2,909,991</u>	<u>\$ 898,793</u>	<u>\$ 262,843</u>	<u>\$ 4,071,627</u>

See accompanying Notes to Financial Statements.

NATIVE PLANT TRUST, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program Services					Supporting Services			Total
	Conservation	Education	Horticulture	Member Services	Retail Shops	Total Program Services	General and Administrative	Fundraising	
Salaries and Benefits	\$ 502,326	\$ 183,846	\$ 482,146	\$ 160,008	\$ 195,542	\$ 1,523,868	\$ 463,291	\$ 170,235	\$ 2,157,394
Professional and Consultant Services	548,390	80,343	51,973	3,848	161	684,715	133,610	-	818,325
Operating Expenses	81,951	54,635	61,441	75,504	110,990	384,521	60,221	49,475	494,217
Property and Occupancy	34,740	9,095	55,409	7,385	14,083	120,712	16,136	8,048	144,896
Plant and Merchandise Expense	-	-	-	-	419,991	419,991	-	-	419,991
Insurance	-	-	-	-	-	-	46,965	-	46,965
Depreciation and Amortization	21,311	9,853	116,573	511	8,653	156,901	22,995	5,040	184,936
Subtotal	<u>1,188,718</u>	<u>337,772</u>	<u>767,542</u>	<u>247,256</u>	<u>749,420</u>	<u>3,290,708</u>	<u>743,218</u>	<u>232,798</u>	<u>4,266,724</u>
Less: Cost of Plant and Merchandise Sales	-	-	-	-	419,991	419,991	-	-	419,991
Total Operating Expenses	<u>\$ 1,188,718</u>	<u>\$ 337,772</u>	<u>\$ 767,542</u>	<u>\$ 247,256</u>	<u>\$ 329,429</u>	<u>\$ 2,870,717</u>	<u>\$ 743,218</u>	<u>\$ 232,798</u>	<u>\$ 3,846,733</u>

See accompanying Notes to Financial Statements.

**NATIVE PLANT TRUST, INC.
STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
NET ASSETS - DECEMBER 31, 2020	\$ 3,320,982	\$ 12,688,975	\$ 16,009,957
Changes in Net Assets	<u>776,387</u>	<u>760,770</u>	<u>1,537,157</u>
NET ASSETS - DECEMBER 31, 2021	4,097,369	13,449,745	17,547,114
Changes in Net Assets	<u>546,407</u>	<u>(458,222)</u>	<u>88,185</u>
NET ASSETS - DECEMBER 31, 2022	<u>\$ 4,643,776</u>	<u>\$ 12,991,523</u>	<u>\$ 17,635,299</u>

See accompanying Notes to Financial Statements.

NATIVE PLANT TRUST, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 88,185	\$ 1,537,157
Adjustments to Reconcile Changes in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation	147,234	133,376
Amortization	56,068	51,560
Contributions for Endowment	(253,602)	(374,257)
Amortization of Lease Liability	4,592	-
Contributed Services for Development of Website	(53,150)	(82,897)
Discount on Grants and Pledges Receivable	18,949	(29,892)
Net Realized and Unrealized Gains on Investments	1,681,414	(889,245)
Changes in Value of Split-Interest Agreements	(205,283)	(26,782)
Loss on Sale of Property and Equipment	-	5,191
Forgiveness of Paycheck Protection Program Loan	-	(332,900)
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(120,606)	(53,595)
Grants and Pledges Receivable	(580,839)	66,154
Inventory	(12,701)	35,275
Prepaid Expenses	17,872	(21,155)
Lease Asset	(13,025)	-
Accounts Payable	(1,975)	23,109
Accrued Expenses	10,908	12,843
Deferred Revenue	2,213	26,789
Lease Liability	8,197	-
Annuity Payable	(2,215)	(2,215)
Net Cash Provided by Operating Activities	792,236	78,516
CASH FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(164,381)	(11,738)
Purchases for Development of Websites	(93,451)	(228,786)
Purchases of Investments	(914,715)	(672,546)
Proceeds from Sales of Investments	334,970	388,996
Net Cash Used by Investing Activities	(837,577)	(524,074)
CASH FROM FINANCING ACTIVITIES		
Cash Collected for Endowment	253,602	374,257
Net Cash Provided by Financing Activities	253,602	374,257
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	208,261	(71,301)
Cash and Cash Equivalents - Beginning of Year	871,195	942,496
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,079,456	\$ 871,195

See accompanying Notes to Financial Statements.

NATIVE PLANT TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 OPERATIONS, NONPROFIT STATUS, AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Native Plant Trust, Inc., a Massachusetts nonprofit corporation (NPT or the Organization) was founded in 1900 and incorporated in March 1932. Its mission is to conserve and promote New England's native plants to ensure healthy, biologically diverse landscapes. NPT saves plants in the wild, grows them for gardens and restorations, and educates others on their value and use.

In February 2022, the board of trustees approved a new 15-year vision, which articulates the organization's leadership role in native plant conservation, horticulture, and education and focuses on addressing the twin environmental crises of our era—climate change and the loss of biodiversity. The vision is the framework for a series of five-year strategic plans, starting with one created in 2023. They will have as overarching goals:

- Inspiring people to appreciate, learn about, and act on behalf of native plants
- Harnessing the power of cutting-edge research, science, and technology to conserve and grow native plants
- Collaborating with people who have diverse cultural perspectives on plant life
- Saving the globally and regionally rare plant species in New England
- Securing plant diversity as the climate changes by strategically conserving the region's land
- Restoring degraded sites or declining habitats using plants grown from local seed without pesticides
- Inspiring people to see private gardens and public spaces as part of nature and to create places full of native plants that support all forms of life.

Nonprofit Status

NPT is exempt from federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). NPT is also exempt from state income taxes. Donors may deduct contributions made to NPT within the requirements of the IRC.

Estimates

The preparation of financial statements in accordance 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 the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Program fees, services, and other income are recorded as services are provided. A portion of membership dues is considered to be a contribution to NPT. The portion of contribution revenue is recognized when the dues are paid, and the portion related to dues are recognized ratably over the terms of the memberships. Membership dues revenue, including the contribution, are included in membership revenue on the statements of activities.

NATIVE PLANT TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

**NOTE 1 OPERATIONS, NONPROFIT STATUS, AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Revenue Recognition (Continued)

Unearned membership revenue is reflected as deferred revenue on the statements of financial position. Revenue recognized over time includes admissions, course fees, lectures, tours, and rental of classroom space.

The following table shows NPT's program fees, services, and other income disaggregated according to the timing of the transfer of goods or services:

	2022	2021
Revenue Recognized Over Time:		
Course Fees	\$ 175,692	\$ 192,106
Membership Revenue	437,514	394,988
Total Revenue Recognized over Time	\$ 613,206	\$ 587,094
	2022	2021
Revenue Recognized at a Point in Time:		
Services and Lectures	\$ 83,626	\$ 86,899
Admissions	127,828	138,428
Tours	-	114
Miscellaneous Revenue	15,649	10,299
Total Revenue Recognized at a Point in Time	\$ 227,103	\$ 235,740

The gross margin on plant and merchandise sales is recorded upon exchange of the goods sold and reported net of cost of sales as follows:

	2022		
	Plants	Merchandise	Total
Gross Sales	\$ 1,324,048	\$ 133,175	\$ 1,457,223
Cost of Sales	(450,997)	(248,257)	(699,254)
Total	\$ 873,051	\$ (115,082)	\$ 757,969
	2021		
	Plants	Merchandise	Total
Gross Sales	\$ 988,554	\$ 75,038	\$ 1,063,592
Cost of Sales	(379,127)	(40,864)	(419,991)
Total	\$ 609,427	\$ 34,174	\$ 643,601

**NATIVE PLANT TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

**NOTE 1 OPERATIONS, NONPROFIT STATUS, AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Revenue Recognition (Continued)

The following table shows the beginning and ending balances of contract assets and liabilities as of December 31:

	2022	2021
Accounts Receivable - Beginning Balance	\$ 99,180	\$ 45,585
Accounts Receivable - Ending Balance	219,786	99,180
Deferred Revenue - Beginning Balance	\$ 138,690	\$ 111,901
Deferred Revenue - Ending Balance	140,903	138,690

A portion of NPT's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditional based on certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when NPT has incurred expenditures in compliance with specific contract or grant provisions.

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give—that is, those with a measurable performance or other barrier and a right of return—are not recognized until the conditions on which they depend have been met. NPT observes a policy of releasing net assets restricted for capital projects at the time the capital expenditures are incurred.

The Organization is and may be named principal or income beneficiary of certain trusts and wills, in addition to those described in Note 6 and Note 7. The amounts to be received, if any, cannot be determined by NPT and, therefore, are not reflected in the accompanying financial statements.

Revenues are reported as increases in net assets without donor restrictions unless use of related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities, other than endowment and similar funds, are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation. Expirations of time restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Donor-imposed restrictions whose restrictions are met in the same reporting period as the contribution is made are reclassified to net assets without donor restrictions and reported in the statements of activities as Net Assets Released from Restrictions.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, management considers all highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

**NATIVE PLANT TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

**NOTE 1 OPERATIONS, NONPROFIT STATUS, AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Accounts Receivable

Accounts receivable consist primarily of noninterest-bearing amounts due from program services and credit card sales. NPT determines the allowance for uncollectible accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible.

Inventory

Merchandise inventories are valued using the retail inventory method, which involves pricing individual items at current selling prices and reducing such amounts to the lower of cost or net realizable value by the application of markup rates. NPT records the plant inventories at the lower of cost or market using a first-in, first-out (FIFO) convention.

Inventory consists of the following at December 31:

	2022	2021
Merchandise	\$ 70,542	\$ 67,806
Plants	17,012	7,047
Subtotal	87,554	74,853
Less: Inventory Reserve	(5,000)	(5,000)
Total	\$ 82,554	\$ 69,853

Fair Value Measurements

NPT has adopted the *Fair Value Measurements and Disclosures* standards. These standards define fair value, establish a framework for measuring fair value under accounting principles generally accepted in the United States of America, and mandate disclosures about fair value measurements. These standards establish a fair value framework that prioritizes the inputs and assumptions used to measure fair value.

The three levels of the fair value framework under these standards are as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical assets and liabilities at the measurement date.

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 – Inputs that are unobservable.

A qualifying asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

NATIVE PLANT TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

**NOTE 1 OPERATIONS, NONPROFIT STATUS, AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Property and Equipment and Depreciation

Purchased property and equipment are recorded at cost (see Note 4) if the asset is tangible and complete, used in operations, has a useful life greater than one year, and a value greater than \$2,500. Donated property and equipment are recorded at fair market value at the time of donation. Renewals and betterments are capitalized, while repairs and maintenance are expensed as they are incurred. Long lived assets are reviewed for impairment and, if an impairment is identified, a loss would be recorded to reflect declines in the net realizable value of property and equipment.

Depreciation is computed using the straight-line method over the following estimated useful lives:

Land Improvements	20 Years
Building	40 Years
Furniture, Fixtures, and Equipment	3 to 10 Years
Building Improvements	5 to 40 Years

Development of Websites

Website development costs are being amortized over a five-year period using the straight-line method. Amortization expense for the years ended December 31, 2022 and 2021 was \$-0- and \$51,560, respectively.

Annuities Payable

Annuities payable represents obligations to donors under charitable gift agreements where donors receive fixed lifetime annuities in exchange for their gifts (see Note 8).

Advertising Costs

Advertising costs are expensed as incurred by NPT. Advertising costs for the years ended December 31, 2022 and 2021 were \$45,873 and \$39,210, respectively.

Contributed Services

NPT reports revenue for the fair value of contributed services received where the services require specialized skills, are provided by individuals possessing those skills, and represent services that would have been purchased had they not been donated. NPT received services for the conservation and horticulture programs that includes monitoring the status of rare and endangered plants, collecting seeds, propagating plants, reviewing data to set conservation priorities, and software engineering. The value of all but the software engineering services were estimated using rates published by Independent Sector. Contributed services for program purposes in the amount of \$465,658 and \$611,358 were recognized for the years ended December 31, 2022 and 2021, respectively, including \$53,150 in 2022 and \$82,897 in 2021 for development of a conservation database and website.

NATIVE PLANT TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

**NOTE 1 OPERATIONS, NONPROFIT STATUS, AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Net Assets

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations. NPT has grouped its net assets without donor restrictions into the following categories:

- **Operating Net Assets** represents funds available to carry on the general operations of NPT.
- **Board-Designated Net Assets** represents funds set aside by the board for specific purposes according to the signed accounting policy. In both 2022 and 2021, board-designated amounts are for future capital improvements.
- **Property and Equipment Net Assets** reflects and accounts for the activities relating to NPT's property and equipment.
- **Development of Website's Net Assets** reflects and accounts for the activities relating to the development of NPT's website and Go Botany website.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature when the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Functional Expenses

NPT reports certain categories of expenses that are attributable to one or more program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, property, and occupancy, which are both allocated on a square footage basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort.

Subsequent Events

Subsequent events have been evaluated through May 25, 2023, the date the financial statements were available to be issued.

Accounting for Uncertainty in Income Taxes

NPT follows the *Accounting for Uncertainty in Income Taxes* standard, which requires NPT to report uncertain tax positions, related interest and penalties, and to adjust its assets and liabilities related to unrecognized tax benefits and accrued interest and penalties accordingly. As of December 31, 2022 and 2021, NPT determined there are no material unrecognized tax benefits to report.

NATIVE PLANT TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

**NOTE 1 OPERATIONS, NONPROFIT STATUS, AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Leases

NPT determines if an arrangement is a lease at inception. NPT has leases under which it is obligated as a lessee. Operating leases are included in right-of-use (ROU) assets and lease liabilities in the statements of financial position. Finance leases are included in ROU assets – financing and lease liability – financing in the statements of financial position.

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

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, NPT has elected to use a risk-free discount rate (applicable US Department of Treasury risk-free treasury rate) determined using a period comparable with that of the lease term for computing the present value of lease liabilities. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the NPT will exercise that option. Lease costs for operating lease payments is recognized on a straight-line basis over the lease term.

Adoption of New Accounting Standard

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. NPT adopted the requirements of the guidance effective January 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption, while continuing to present the comparative period in accordance with the guidance under the lease standard in effect during that period. NPT has not elected to adopt the package of practical expedients available in the year of adoption nor the available practical expedient to use hindsight in determining the lease term and in assessing impairment of NPT's ROU assets.

NPT has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or ROU assets on the statements of financial position.

NATIVE PLANT TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 ACCOUNTS RECEIVABLE

Accounts receivable consist of program receivables and other receivables. NPT's accounts receivable at December 31 are as follows:

	<u>2022</u>	<u>2021</u>
Accounts Receivable	\$ 222,221	\$ 101,859
Less: Reserve for Bad Debt	<u>(2,435)</u>	<u>(2,679)</u>
Total	<u>\$ 219,786</u>	<u>\$ 99,180</u>

NOTE 3 GRANTS AND PLEDGES RECEIVABLE

Grants and pledges receivable consist of grants and pledges made to NPT payable in future years. NPT's grants and pledges receivable at December 31 are as follows:

	<u>2022</u>	<u>2021</u>
Grants and Pledges Receivable	\$ 3,814,844	\$ 3,234,005
Less: Discount (Using Rates 1.51% - .93%)	<u>(75,797)</u>	<u>(56,848)</u>
Total	<u>\$ 3,739,047</u>	<u>\$ 3,177,157</u>

The reserve for bad debts is based on collection experience and other circumstances that may affect the ability of donors to meet their obligations. Amounts are written off when they are determined to be uncollectible.

In 2017, NPT was named a remainder man in a charitable remainder unitrust that upon termination, calls for a distribution of the residual to NPT. If the residual is not sufficient to cover \$3,000,000, then the original donor has pledged to fund the difference. Accordingly, NPT has reflected this transaction as contribution revenue and a pledge receivable to recognize the intended assets to be transferred to NPT at the end of the trust period.

Grants and pledges receivable are estimated to be collected as follows:

	<u>2022</u>	<u>2021</u>
One Year	\$ 816,545	\$ 134,437
Two to Five Years	<u>2,998,299</u>	<u>3,099,568</u>
Total	<u>\$ 3,814,844</u>	<u>\$ 3,234,005</u>

NATIVE PLANT TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Land	\$ 962,966	\$ 962,966
Buildings	3,362,073	3,217,776
Furniture, Fixtures, and Equipment	614,211	602,283
Land Improvements	<u>681,825</u>	<u>681,825</u>
Subtotal	5,621,075	5,464,850
Less: Accumulated Depreciation	<u>(3,058,590)</u>	<u>(2,922,507)</u>
Total	<u>\$ 2,562,485</u>	<u>\$ 2,542,343</u>

Depreciation expense for the years ended December 31, 2022 and 2021 was \$147,234 and \$133,376 respectively.

NOTE 5 INVESTMENTS

NPT records its investments at fair value. Interest, dividends, and mutual fund distributions are recorded when earned. Gains and losses are recognized as incurred upon sale or based on fair value changes during the period. Investment income is allocated to the endowment funds based on beginning of the year asset allocation (see Note 11).

Investments include endowment funds. Accordingly, these investments have been classified as noncurrent assets in the accompanying statements of financial position regardless of maturity or liquidity, consistent with NPT's intent.

NPT's endowment has been invested in a portfolio of index mutual funds, exchange traded funds, money market, and stocks which are not insured and are subject to ongoing market fluctuations. The board approved the asset allocation recommendation of the investment committee that a consistent allocation of funds among asset classes would result in competitive performance and reduced costs.

The investment committee meets periodically to review the target allocation among asset classes and to decide the degree to which the total portfolio should be re-balanced toward those targets.

The target allocation is as follows:

Liquid Reserves	0% to 20%
Fixed Income	20% to 60%
Equities	40% to 80%
Alternative Investments	0% to 20%

NATIVE PLANT TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 5 INVESTMENTS (CONTINUED)

The following is a summary of the investment portfolio and unrealized appreciation as of December 31:

	2022		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
EQUITY			
Mutual Funds:			
Fidelity Total Market Index Fund	\$ 1,897,284	\$ 3,571,742	\$ 1,674,458
Fidelity Internatl Index Fund	982,402	1,038,361	55,959
Total Mutual Funds - Equity	2,879,686	4,610,103	1,730,417
Exchange Traded Funds - Equity	2,207,587	2,017,009	(190,578)
Total Equity	5,087,273	6,627,112	1,539,839
FIXED INCOME			
Mutual Funds:			
Vanguard Total Bond Market Index			
Admiral	412,049	379,841	(32,208)
Vanguard Intermed Trm Invst Gr			
Invest	97,496	87,950	(9,546)
Vanguard Short Term Corporate Bond	315,000	305,862	(9,138)
Total Mutual Funds - Fixed Income	824,545	773,653	(50,892)
MONEY MARKET ACCOUNTS	1,721,715	1,721,715	-
Total	<u>\$ 7,633,533</u>	<u>\$ 9,122,480</u>	<u>\$ 1,488,947</u>
	2021		
	Cost	Fair Value	Unrealized Appreciation
EQUITY			
Mutual Funds:			
Fidelity Total Market Index Fund	\$ 1,776,819	\$ 4,364,623	\$ 2,587,804
Fidelity Internatl Index Fund	832,094	1,067,303	235,209
Fidelity Internatl Index Fund	-	-	-
Total Mutual Funds - Equity	2,608,913	5,431,926	2,823,013
Exchange Traded Funds - Equity	2,272,273	2,522,576	250,303
Stocks	460	2,432	1,972
Total Equity	4,881,646	7,956,934	3,075,288
FIXED INCOME			
Mutual Funds:			
Vanguard Total Bond Market Index			
Admiral	402,515	437,757	35,242
Vanguard Intermed Trm Invst Gr			
Invest	94,873	102,212	7,339
T. Rowe Price International Bond	169,654	171,061	1,407
Total Mutual Funds - Fixed Income	667,042	711,030	43,988
MONEY MARKET ACCOUNTS	1,556,185	1,556,185	-
Total	<u>\$ 7,104,873</u>	<u>\$ 10,224,149</u>	<u>\$ 3,119,276</u>

NATIVE PLANT TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 5 INVESTMENTS (CONTINUED)

The following schedule summarizes the investment return and its classification in the statements of activities for the years ended December 31:

	2022	2021
Interest and Dividends	\$ 199,459	\$ 150,479
Net Realized Gains	137,507	272,986
Net Unrealized Gains (Losses)	(1,818,921)	616,259
Total Investment Returns	(1,481,955)	1,039,724
Less: Investment Return Designated for Operations	288,858	296,285
Investment Returns, Net of Spending Policy	\$ (1,770,813)	\$ 743,439

NOTE 6 ASSETS HELD UNDER CHARITABLE REMAINDER TRUSTS

NPT has been designated as trustee for three trusts, which are presented in the statements of financial position as Assets Held in Charitable Remainder Trusts. The fair value of assets held by the trusts is reported as an asset. The asset is offset by a liability presented in the statements of financial position as Due to Other Beneficiaries of Charitable Remainder Trusts for the estimated payments due to those other beneficiaries.

The interests in the charitable remainder trusts are valued using investment market values, as well as discount rates and assumptions about donor life expectancies.

NOTE 7 BENEFICIAL INTEREST IN NET ASSETS OF THIRD-PARTY TRUST

NPT has an interest in a trust managed by an independent third-party trustee, which is presented in the statements of financial position as Beneficial Interest in Third-Party Trust. NPT has legally enforceable rights or claims to such assets, including the right to income therefrom. However, the trust documents governing the distributions of income provide that should NPT depart from its original exempt purposes, the trustee could remove NPT as beneficiary. NPT does not have variance power over the trust's portfolio.

The interest in the charitable remainder trust is estimated based on the fair value of the underlying investments held by the trust, as well as a discount rate and assumption about the donor's life expectancy.

NOTE 8 ANNUITIES PAYABLE

NPT has entered into several charitable gift annuity agreements where donors make contributions to NPT in exchange for fixed lifetime annuities (also see Note 1). The estimated present value of the future payments to the donors is recorded as a liability. The balance of the liability as of December 31, 2022 and 2021 was \$9,963 and \$10,658, respectively.

NATIVE PLANT TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 8 ANNUITIES PAYABLE (CONTINUED)

The value and future minimum payments of annuities payable are determined based upon the life expectancy of the donor and discounted using a rate of 1.80%.

NOTE 9 RESTRICTIONS AND LIMITATION ON NET ASSET BALANCES

As of December 31, NPT's net assets without donor restrictions were allocated as follows:

	2022	2021
Operating	\$ 1,483,247	\$ 968,549
Board-Designated for Capital Expenditures	20,334	96,305
Property and Equipment	2,562,485	2,542,343
Development of Websites, Net	577,710	490,172
Total	\$ 4,643,776	\$ 4,097,369

As of December 31, NPT's net assets with donor restrictions were allocated as follows:

	2022	2021
Donor-Restricted Net Assets not Invested in Perpetuity:		
Conservation Restrictions	\$ 313,806	\$ 352,081
Horticulture Restrictions	174,218	6,595
Capital Restrictions	550,898	87,500
Communications and Branding	15,326	37,467
Public Programs	505,722	263,743
Technology	6,115	7,959
Accumulated Earnings on Endowment Funds	1,813,314	3,582,473
Assets Held Under Trusts	440,421	187,811
Total	\$ 3,819,820	\$ 4,525,629

Donor-Restricted Net Assets Invested in Perpetuity
the Income from Which is Expended for:

General Endowment Fund	\$ 1,058,660	\$ 1,058,660
Conservation Endowment Fund	2,131,408	2,131,408
Garden in the Woods Endowment Fund	735,593	735,593
Seed Ark Endowment Fund	845,101	600,698
Intern Endowment Funds	958,385	958,385
The Future Fund	100,044	100,044
Sanctuaries Endowment Funds	55,731	55,731
Other:		
Charitable Remainder Trusts	188,751	240,877
Pledge Receivable	3,098,030	3,042,720
Total	\$ 9,171,703	\$ 8,924,116

NATIVE PLANT TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 9 RESTRICTIONS AND LIMITATION ON NET ASSET BALANCES (CONTINUED)

Donors have established funds for NPT in community foundations around New England, which are not included in the accompanying statements of financial position, because the community foundations generally maintain variance power over usage and distribution of funds. These funds generally receive small donations on an annual basis.

Net assets during the years ended December 31 were released from donor restrictions for the following purposes:

	2022	2021
Purpose Restriction	\$ 442,267	\$ 393,720
Time Restriction	-	100,000
Capital and Equipment Restrictions	262,867	204,609
Total	<u>\$ 705,134</u>	<u>\$ 698,329</u>

NOTE 10 FAIR VALUE MEASUREMENTS

NPT uses fair value measurements to record fair value adjustments to assets to determine fair value disclosures. The assets and liabilities recorded at fair value are adjusted and disclosed based on the measurements disclosed in Note 1.

The following tables present NPT's fair value hierarchy for those assets and (liabilities) measured at fair value on a recurring basis as of December 31:

	2022		
	Level 1	Level 2	Level 3
Investments (See Note 5)	<u>\$ 9,122,480</u>	<u>\$ -</u>	<u>\$ -</u>
Assets Held Under Charitable Remainder Trusts:			
Equity	\$ 984,033	\$ -	\$ -
Fixed Income	411,753	-	-
Money Market	<u>40,344</u>	<u>-</u>	<u>-</u>
Assets Held Under Charitable Remainder Trusts Total	<u>\$ 1,436,130</u>	<u>\$ -</u>	<u>\$ -</u>
Due to Other Beneficiaries of Charitable Remainder Trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (995,709)</u>
Beneficial Interest in Third-Party Trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,584</u>
Annuities Payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,963)</u>

NATIVE PLANT TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 10 FAIR VALUE MEASUREMENTS (CONTINUED)

	2021		
	Level 1	Level 2	Level 3
Investments (See Note 5)	<u>\$ 10,224,149</u>	<u>\$ -</u>	<u>\$ -</u>
Assets Held Under Charitable Remainder Trusts			
Equity	\$ 299,977	\$ -	\$ -
Fixed Income	183,950	-	-
Mutual Funds:			
Vanguard Bond Index Total MKT Admiral	37,529		
Vanguard Intermed TRV INVST GR INVEST	10,098		
T. Rowe Price International Bond	9,847		
Exchange Traded Funds - Fixed Income	126,476		
Total Mutual Funds - Fixed Income	183,950		
Money Market	<u>16,048</u>	<u>-</u>	<u>-</u>
Assets Held Under Charitable Remainder Trusts Total	<u>\$ 499,975</u>	<u>\$ -</u>	<u>\$ -</u>
Due to Other Beneficiaries of Charitable Remainder Trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (279,483)</u>
Beneficial Interest in Third-Party Trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,710</u>
Annuities Payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,658)</u>

The following summarizes changes in the fair value of NPT's assets and liabilities classified as Level 3:

Due to Other Beneficiaries of Charitable Remainder Trusts - December 31, 2020	\$ 257,720
Changes in Value of Split-Interest Agreements	<u>21,763</u>
Due to Other Beneficiaries of Charitable Remainder Trusts - December 31, 2021	279,483
Current Additions	819,008
Changes in Value of Split-Interest Agreements	<u>(102,782)</u>
Due to Other Beneficiaries of Charitable Remainder Trusts - December 31, 2022	<u>\$ 995,709</u>

NATIVE PLANT TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 10 FAIR VALUE MEASUREMENTS (CONTINUED)

Beneficial Interest in Third-Party Trust -	
December 31, 2020	\$ 102,069
Changes in Value of Split-Interest Agreements	<u>9,641</u>
Beneficial Interest in Third-Party Trust -	
December 31, 2021	111,710
Changes in Value of Split-Interest Agreements	<u>(13,126)</u>
Beneficial Interest in Third-Party Trust -	
December 31, 2022	<u>\$ 98,584</u>
Annuities Payable - December 31, 2020	\$ 14,352
Changes in Value of Split-Interest Agreements	(1,479)
Payments	<u>(2,215)</u>
Annuities Payable - December 31, 2021	10,658
Changes in Value of Split-Interest Agreements	1,520
Payments	<u>(2,215)</u>
Annuities Payable - December 31, 2022	<u>\$ 9,963</u>

An income approach valuation technique is used for assets held under charitable remainder trusts, due to other beneficiaries of charitable remainder trusts, and beneficial interest in net assets of third parties.

NOTE 11 ENDOWMENT FUNDS

The NPT Endowment Fund consists of various donor-restricted endowment funds (See Note 9). Net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

NPT is subject to the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and is required to make disclosures about endowment funds.

NPT has adopted an investment policy for endowment assets. Under this policy, as approved by the board, the primary long-term financial objective is to preserve the value of the endowment investment portfolio.

NPT has also adopted an investment spending policy related to its endowment assets. The board designates only a portion of NPT's cumulative investment return for support of operations. The remainder is retained to support operations of future years and to offset potential market declines. Massachusetts state law allows the trustees to appropriate as much of the net asset appreciation of donor-restricted endowments as is prudent considering NPT's long and short-term needs, present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions. Under NPT's spending policy, up to 5% of the most recent 13 quarters' average of the fair value of the investments is appropriated to support operations. However, the board may approve spending in excess of the spending policy based on individual facts and circumstances as deemed prudent. For more than ten years, the Board has appropriated a spend of 4.1% annually.

NATIVE PLANT TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 11 ENDOWMENT FUNDS (CONTINUED)

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires NPT to retain as a fund of perpetual duration. NPT had no such deficiencies of this nature for the years ended December 31, 2022 and 2021.

The endowment net assets include a beneficial interest in a third-party trust which is not subject to UPMIFA. In addition, NPT has not included endowment assets that are included in pledges receivable in the endowment fund disclosures as they have not yet been collected by NPT.

Changes in endowment net assets by class are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Endowment</u>
Endowment Net Assets, December 31, 2020	\$ -	\$ 8,545,852	\$ 8,545,852
Contributions	-	165,859	165,859
Change in Value of Interest in Charitable Remainder Trust	-	10,374	10,374
Investment Income:			
Interest and Dividends	-	148,824	148,824
Net Realized and Unrealized Losses	-	889,245	889,245
Appropriation of Endowment Assets for Spending Policy	-	(296,285)	(296,285)
Endowment Net Assets, December 31, 2021	-	9,463,869	9,463,869
Contributions	-	253,602	253,602
Change in Value of Interest in Charitable Remainder Trust	-	(41,752)	(41,752)
Investment Income:			
Interest and Dividends	-	181,540	181,540
Net Realized and Unrealized Gains	-	(1,681,414)	(1,681,414)
Appropriation of Endowment Assets for Spending Policy	-	(288,858)	(288,858)
Endowment Net Assets, December 31, 2022	<u>\$ -</u>	<u>\$ 7,886,987</u>	<u>\$ 7,886,987</u>

NOTE 12 COLLECTIONS AND PATENTS

The botanic collection at NPT's Garden in the Woods (the Garden) consists of approximately 1,500 varieties of plants native to North America, with a focus on plants from the ecoregions of New England. The Garden also has a nationally accredited collection of 21 species of trilliums. At Garden in the Woods, plants are displayed in naturalistic arrangements intended to inspire in visitors a greater appreciation of wild flora and to educate them about the conservation of native plants.

NATIVE PLANT TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 12 COLLECTIONS AND PATENTS (CONTINUED)

NPT has a library of approximately 3,500 volumes of material related to botany and horticulture; approximately 35,000 images of native plants, regional flora, and habitats; approximately 3,740 specimen sheets of New England native plants; and 320 plant taxa in the seed bank.

These materials serve the members of NPT, the staff, and the general public. In accordance with accounting principles generally accepted in the United States of America, none of these collections are capitalized, and there were no acquisitions expensed during the years ended December 31, 2022 and 2021.

NPT holds a U.S. Plant Patent No. U.S. PP15187 P3 for Polemonium Reptans named "Stairway to Heaven." The patent is dated September 28, 2004 and is being amortized over 15 years. The cost of the patent was \$10,516 and is included in property and equipment. For each of the years ended December 31, 2022 and 2021, amortization expense of \$16 was included in depreciation expense in the accompanying statements of functional expenses.

NOTE 13 PENSION PLAN

NPT has a defined contribution pension plan covering eligible employees under Section 403(b) of the IRC. Any employee at least 21 years of age is eligible to participate. Upon completion of two years of service, NPT matches 100% of employee contributions, up to 5% of employee compensation, to a maximum of \$5,000. Employees are eligible to make voluntary contributions to the plan within statutory limits. All contributions to the plan are immediately vested. Pension costs charged to operations amounted to \$49,566 and \$55,741 for the years ended December 31, 2022 and 2021, respectively.

NOTE 14 CONCENTRATIONS

NPT maintains cash and cash equivalents in a Massachusetts bank and is insured up to the limits of the Federal Deposit Insurance Corporation (FDIC). At certain times during the year, cash balances may exceed the insured amount. NPT has not experienced any losses in such accounts, and management does not believe there is exposure to significant credit risk related to the cash and cash equivalents.

For the year ended December 31, 2022, 15% of total grant and contribution revenue was from one donor.

NATIVE PLANT TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 15 AVAILABLE RESOURCES AND LIQUIDITY

NPT regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. NPT has various sources of liquidity at its disposal, including cash and cash equivalents, money market accounts, indexed mutual funds, and stocks.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, NPT considers all expenditures related to its ongoing activities of conservation, education, horticulture, member services, retail shops, as well as the conduct of services undertaken to support those activities, to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, NPT operates a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. NPT considers the following to be available to meet cash needs for general expenditures: investment income without donor restrictions, investment return designated for current operations, contributions without donor restrictions, and contributions with donor restrictions for use in current programs.

As of December 31, 2022 and 2021, the following shows the total liquid financial assets held by NPT and the amounts of those financial assets that could be readily made available within one year of the statement of financial position date to meet general expenditures:

	2022	2021
Financial Assets:		
Cash and Cash Equivalents	\$ 1,079,456	\$ 871,195
Accounts Receivable, Net	219,786	99,180
Current Portion of Grants and Pledges Receivable, Net	816,545	134,437
Investments Convertible to Cash in the Next 12 Months	9,122,480	10,224,149
Total Financial Assets	11,238,267	11,328,961
Less: Donor-Imposed Restricted Funds	(1,566,085)	(755,345)
Less: Endowment Funds	(7,698,236)	(9,222,992)
Total Financial Assets Available to Meet Cash		
Needs for General Expenditures Within One Year	\$ 1,973,946	\$ 1,350,624

Donor-imposed restricted funds includes financial assets that may be utilized within one year of the statement of financial position dates for program expenses.

NOTE 16 LEASES

NPT is committed to annual payments under several long-term noncancelable finance leases for office equipment through 2027. Lease costs reported in depreciation and amortization in the statement of functional expenses amounted to \$5,035 for the year ended December 31, 2022, including \$4,592 for principal and \$207 for interest.

NATIVE PLANT TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 16 LEASES (CONTINUED)

Payments due through fiscal year 2022 for finance leases are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 6,003
2024	2,274
2025	1,935
2026	1,935
2027	1,451
Total Undiscounted Cash Flows	13,598
Less: Amounts Representing Interest	(809)
Total Present Value	<u>\$ 12,788</u>

The weighted-average remaining lease term for finance leases is 3.61 years. The weighted-average discount rate for finance leases is 2.94%. ROU assets obtained in exchange for new finance lease liabilities amounted to \$17,616 during 2022.

NOTE 17 EMPLOYEE RETENTION CREDITS

Grants from the government are recognized when all conditions of such grants are fulfilled or there is reasonable assurance that they will be fulfilled. The Employee Retention Credit (ERC) was introduced as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), which was signed into law on March 27, 2020. The ERC is a refundable tax credit against certain wages paid by an eligible employer. NPT complied with the conditions of ERC funding and recognized revenue of \$416,869, of which \$212,425 is in accounts receivable, for the year ended December 31, 2022. There were no credits recognized as revenue for the year ended December 31, 2021.

NOTE 18 PAYCHECK PROTECTION PROGRAM LOAN

In connection with the pandemic, NPT received a loan in the amount of \$332,900 under the Coronavirus Aid, Relief and Economic Security Act (CARES Act)'s Paycheck Protection Program (PPP), to be used for specific allowable costs under the regulation. The PPP loan was formally forgiven by the U.S. Business Administration (SBA) as of April 14, 2021, with the entire balance being recognized as revenue in fiscal year 2021. Funding recognized as revenue and is included in grants and contributions income on the statement of activities dated December 31, 2021.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organization's financial position.