

**AMERICAN FOREST FOUNDATION  
AND ITS SUBSIDIARY**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018



**AMERICAN FOREST FOUNDATION  
AND ITS SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2018**

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7501 WISCONSIN AVENUE | SUITE 1200 WEST  
BETHESDA, MD 20814  
202.331.9880 PHONE | 202.331.9890 FAX

## **REPORT OF INDEPENDENT AUDITORS**

Board of Trustees  
American Forest Foundation

We have audited the accompanying consolidated financial statements of the American Forest Foundation and Subsidiary (AFF), which comprise the consolidated statement of financial position as of December 31, 2018 and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### **Management’s Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor’s Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the consolidated financial statements 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 entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the American Forest Foundation and its Subsidiary as of December 31, 2018, and the consolidated changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Supplementary Information**

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information presented on page 14 through 16 is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of AFF's management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying statements themselves, and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

*CaliberCPAGroup, PLLC*

Bethesda, MD  
August 15, 2019

**AMERICAN FOREST FOUNDATION  
AND ITS SUBSIDIARY**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

DECEMBER 31, 2018

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	\$ 535,256
Grants receivable	1,241,004
Contributions receivable	224,500
Accounts receivable	3,614
Prepaid expenses	<u>121,167</u>
Total current assets	2,125,541
INVESTMENTS	143,309,625
PROPERTY AND EQUIPMENT, NET	724,739
CONTRIBUTIONS RECEIVABLE, NET OF CURRENT PORTION	30,000
SECURITY DEPOSIT	<u>36,385</u>
Total assets	<u>\$ 146,226,290</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable and accrued expenses	\$ 933,585
Deferred revenue	31,349
Deferred lease incentives	<u>80,165</u>
Total current liabilities	1,045,099
LONG-TERM LIABILITIES	
Long-term debt	178,845
Deferred lease incentives, net of current portion	<u>862,645</u>
Total long-term liabilities	1,041,490
Total liabilities	<u>2,086,589</u>
NET ASSETS	
Without donor restrictions	143,748,848
With donor restrictions	<u>390,853</u>
Total net assets	144,139,701
Total liabilities and net assets	<u>\$ 146,226,290</u>

See accompanying notes to consolidated financial statements.

**AMERICAN FOREST FOUNDATION  
AND ITS SUBSIDIARY**

**CONSOLIDATED STATEMENT OF ACTIVITIES**

YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Contributions and sponsorships	\$ 872,274	\$ 1,338,410	\$ 2,210,684
Federal and other grants and contracts	-	1,975,446	1,975,446
Investment income (loss), net	(11,272,094)	-	(11,272,094)
Meetings and other revenue	214,727	-	214,727
Net assets released from restriction	3,342,170	(3,342,170)	-
Total support and revenue	(6,842,923)	(28,314)	(6,871,237)
<b>EXPENSES</b>			
Program services	11,007,128	-	11,007,128
Management and general	810,882	-	810,882
Fundraising	985,298	-	985,298
Total expenses	12,803,308	-	12,803,308
<b>CHANGE IN NET ASSETS BEFORE</b>			
INCOME TAXES AND OTHER LOSSES	(19,646,231)	(28,314)	(19,674,545)
<b>PROVISION FOR INCOME TAXES</b>			
	(5,897)	-	(5,897)
<b>IMPAIRMENT OF GOODWILL</b>			
	(906,989)	-	(906,989)
<b>LOSS ON DEBT CONVERSION</b>			
	(224,060)	-	(224,060)
<b>CHANGE IN NET ASSET/NET INCOME</b>			
	(20,783,177)	(28,314)	(20,811,491)
<b>NET ASSETS/RETAINED EARNINGS</b>			
Beginning of year	164,532,025	419,167	164,951,192
End of year	\$ 143,748,848	\$ 390,853	\$ 144,139,701

See accompanying notes to consolidated financial statements.

**AMERICAN FOREST FOUNDATION  
AND ITS SUBSIDIARY**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED DECEMBER 31, 2018

	Program Services			Management and General	Fundraising	Total
	Woodlands	Education	Total			
Salaries	\$ 3,241,709	\$ -	\$ 3,241,709	\$ 650,652	\$ 428,805	\$ 4,321,166
Retirement	250,787	-	250,787	53,545	49,900	354,232
Other employee benefits	251,745	-	251,745	50,718	80,581	383,044
Payroll taxes	185,403	-	185,403	44,873	34,032	264,308
Accounting	945	-	945	33,850	-	34,795
Legal	296,661	-	296,661	5,859	818	303,338
Postage and shipping	24,744	-	24,744	2,122	39,278	66,144
Rent	8,288	-	8,288	466,217	-	474,505
Printing and publications	52,045	-	52,045	594	50,475	103,114
Travel	362,691	-	362,691	107,766	97,065	567,522
Meetings	174,869	-	174,869	30,742	7,979	213,590
Office expense	81,150	-	81,150	48,268	6,265	135,683
Depreciation and amortization	771	-	771	139,132	-	139,903
Design/production	17,953	-	17,953	-	4,508	22,461
Research/evaluation	12,522	-	12,522	-	620	13,142
Consultants	1,965,956	-	1,965,956	264,502	85,681	2,316,139
Promotion	229,299	-	229,299	-	465	229,764
Grants	2,185,878	25,149	2,211,027	-	-	2,211,027
Materials	71,202	-	71,202	-	179	71,381
Insurance	2,928	-	2,928	112,452	-	115,380
Information technology	54,596	-	54,596	396,989	-	451,585
Interest	11,031	-	11,031	-	-	11,031
Miscellaneous	(1,076)	-	(1,076)	885	245	54
Allocation of indirect costs	1,261,597	-	1,261,597	(1,359,999)	98,402	-
<b>Total expenses</b>	<b>\$ 10,743,694</b>	<b>\$ 25,149</b>	<b>\$ 10,768,843</b>	<b>\$ 1,049,167</b>	<b>\$ 985,298</b>	<b>\$ 12,803,308</b>

See accompanying notes to consolidated financial statements.

**AMERICAN FOREST FOUNDATION  
AND ITS SUBSIDIARY**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

YEAR ENDED DECEMBER 31, 2018

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ (20,811,491)
Adjustments to reconcile change in net assets to net cash used for operating activities	
Depreciation and amortization	139,903
Realized and unrealized losses	16,619,565
Currency exchange	(38,861)
Loss on debt conversion	224,060
Changes in assets and liabilities	
Grants receivable	457,438
Contribution receivable	(164,500)
Accounts receivable	(6,532)
Prepaid expenses	(18,051)
Account payable	257,198
Deferred revenue	(8,876)
Deferred lease incentives	(53,933)
Net cash used for operating activities	<u>(3,404,080)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchases of investments	(28,039,213)
Purchase of equipment	(49,625)
Proceeds from sales of investments	<u>31,856,255</u>
Net cash provided by investing activities	<u>3,767,417</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Payment of debt	<u>(592,332)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(228,995)
<b>CASH AND CASH EQUIVALENTS</b>	
Beginning of year	<u>764,251</u>
End of year	<u><u>\$ 535,256</u></u>

See accompanying notes to consolidated financial statements.



# AMERICAN FOREST FOUNDATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

### NOTE 1. ORGANIZATION AND TAX STATUS

The American Forest Foundation (AFF) is a publicly supported not-for-profit organization established to conduct charitable, educational, research and scientific programs aimed at the responsible use and conservation of renewable resources. AFF is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC), except on net income, if any, generated by unrelated business activities. AFF is similarly exempt from District of Columbia franchise taxes and qualifies as a publicly-supported organization.

WoodsCamp Technologies Inc., (WoodsCamp; collectively AFF) a wholly-owned for-profit subsidiary of AFF, creates a free personalized report highlighting opportunities matched to the goals and conditions of the forest owned by private woodland owners.

AFF accounts for income taxes in accordance with the Accounting Standards Codification (ASC) Topic *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. AFF performed an evaluation of uncertain tax positions for the year ended December 31, 2018, and determined that there were no matters that would require recognition in the financial statements or that may have an effect on its tax-exempt status. As of December 31, 2018, the statute of limitations for tax years 2015 through 2017 remains open with the U.S. federal jurisdiction and the District of Columbia. It is AFF's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in unrelated business income tax expense.

### NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Consolidation** - The consolidated financial statements of AFF have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Under this basis, revenue is recognized when earned and expenses are recognized when incurred.

**Financial Statement Presentation** - Financial statement presentation follows the recommendations of U.S. generally accepted accounting principles in accordance with Financial Accounting Standards Board Accounting Standards Codification, *Not-for-Profit Entities - Presentation of Financial Statements*. Under those principles, AFF is required to report information regarding its financial position and activities according to two classes of net assets - net assets without donor restrictions and net assets with donor restrictions.

## **NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Use of Estimates** - The preparation of consolidated financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents** - Cash consists of amounts on deposit in bank checking accounts. Cash equivalents include amounts on deposit in bank money market accounts and securities with initial maturities of three months or less, unless held as part of AFF's long-term investment portfolio.

**Promises to Give** - Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

**Accounts Receivable** - Accounts receivable are carried at their net realizable value. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. As of December 31, 2018, there was no balance in the allowance for uncollectible accounts as management determined that all amounts are fully collectible. All accounts receivable are due within one year from the statements of financial position date.

**Investments** - Investments consist entirely of amounts held in publicly-traded mutual funds and are carried at fair value as determined by published market prices. Investment income includes interest and dividends, realized gains or losses on investments sold during the year, and unrealized gains or losses on investments held at year-end, net of related investment expenses.

**Property and Equipment** - Office furniture, equipment and leasehold improvements are reported at cost less accumulated depreciation and amortization. Individual items with an acquisition cost exceeding \$2,500 and having an estimated useful life of more than one year are capitalized, while maintenance, repairs and purchases below the capitalization threshold are expensed in the year incurred. Office furniture and equipment are depreciated over seven years; computer equipment and software are depreciated over three years; and leasehold improvements are amortized over the lesser of the lease terms or their estimated useful lives.

**Net Assets** - Net assets are reported in two distinct classes as follows:

*Net assets without donor restrictions* - These net assets are available to finance the general operations of AFF. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of AFF, the environment in which it operates, and the purposes specified in its organizing documents.

*Net assets with donor restrictions* - These net assets result from contributions and other inflows of assets, the use of which by AFF is limited by donor-imposed time or purpose restrictions that are either temporary or permanent.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Functional Expenses** - The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and fringe benefits are allocated based on employee time and effort studies. Common costs such as occupancy, depreciation and the like are allocated pro-rata based on total costs incurred.

**NOTE 3. LIQUIDITY AND AVAILABILITY OF RESOURCES**

The following table represents AFF's financial assets available to meet cash needs for general expenditures within one year of December 31, 2018.

Total assets at end of year			\$ 146,226,290
Less nonfinancial assets			
Prepaid expenses and deposits	\$ 157,552		
Net property and equipment	724,739	882,291	
		<u>          </u>	<u>145,343,999</u>
Total financial assets at end of year			
Less amounts unavailable for general expenditures within one year			
Restricted by donor with time or purpose restrictions			<u>390,853</u>
Total financial assets available for general expenditures within one year			<u><u>\$ 144,953,146</u></u>

As part of AFF's liquidity management, it has an investment policy with the objective of preserving the long-term, real purchasing power of assets while providing a relatively predictable and growing stream of annual distributions in support of AFF. The fund shall make use of a total return based spending policy; distributions will be funded from net investment income, net realized capital gains, and proceeds from the sale of assets. The annual spending target is 5.0% of the rolling 36-month average market value based upon the June 30<sup>th</sup> valuation.

**NOTE 4. GRANTS AND CONTRIBUTIONS RECEIVABLE**

Grants and contributions receivable as of December 31, 2018 are due as follows:

Due in less than one year	\$ 1,465,504
Due in one to five years	<u>30,000</u>
	<u><u>\$ 1,495,504</u></u>

## NOTE 5. INVESTMENTS AND FAIR VALUE MEASUREMENTS

At December 31, 2018, investments consist of the following:

	Cost	Fair Value
Cash	\$ 60,872	\$ 60,872
Mutual funds		
Fixed Income	32,709,224	31,481,330
Equity - Domestic	68,696,673	83,489,993
Equity - International	38,204,675	28,277,430
Total	<u>\$ 139,671,444</u>	<u>\$ 143,309,625</u>

Investment income for the years ended December 31, 2018 consisted of the following:

Interest and dividends	\$ 5,434,578
Realized gains	2,400,697
Unrealized gains	(19,020,262)
Investment fees	(87,107)
	<u>\$ (11,272,094)</u>

Accounting standards provides the framework for measuring fair value which provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that AFF has the ability to access.
- Level 2 Inputs to the valuation methodology include other significant observable inputs including:
- 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; and
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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

## NOTE 5. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

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

Following are descriptions of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used for the year ending December 31, 2018.

### Level 1

All of AFF's investments are in publicly-traded mutual funds and, accordingly, their fair values are based on quoted market prices, which are considered Level 1.

Fair values of assets and liabilities measured on a recurring basis at December 31, 2018 are limited to investments. The following table sets forth AFF's assets at fair value as of December 31, 2018.

Mutual funds - Fixed Income	
Vanguard Short-term Inv Grade	\$ 7,190,512
Other mutual funds	24,290,818
Mutual funds - U.S. Equities	
AQR Large Cap Defensive Style	5,938,167
AQR Long Short Equity PRTF Institutional	4,687,615
DFA U.S. Targeted Value	3,205,230
DFA US Large Cap Value PRTF	5,935,441
Vanguard Explorer Admiral	3,517,791
Vanguard Institutional Index	31,115,256
Vanguard Midcap Index Admiral	6,808,836
Vanguard REIT Index Admiral	3,835,083
Vanguard U.S. Growth Fund Admiral	6,860,486
Vanguard Windsor II Fund Admiral	127,180
Wells Fargo Advantage Absolute Return	-
GMO Benchmark Free Allocation	5,203,969
The Merger Fund	6,254,939
Mutual funds - International Equities	
DFA Emerging Markets	7,185,442
Dodge & Cox International Stock Fund	8,352,153
John Hancock Global Absolute Return	-
Harbor International Fund Institutional Shares	-
Vanguard Developed Markets Institutional Shares	-
Oppenheimer International Growth	8,196,335
Touchstone Intl Small Cap	4,543,500
Cash	60,872
	<u>\$ 143,309,625</u>

**NOTE 6. PROPERTY AND EQUIPMENT**

At December 31, 2018, property and equipment consisted of the following:

Furniture, equipment and software	\$ 667,340
Leasehold improvements	<u>925,237</u>
	1,592,577
Accumulated depreciation and amortization	<u>(867,838)</u>
Net property and equipment	<u><u>\$ 724,739</u></u>

**NOTE 7. RETIREMENT PLAN**

AFF maintains a defined contribution retirement plan under IRC Section 401(k) that covers substantially all employees. Contributions are generally made at 7% of eligible compensation and covered employees are 50% vested in AFF contributions until completing three years of eligible service, after which vesting increases to 100%. Contributions to the plan were \$344,150 in 2018.

WoodsCamp contributes to Canada's public retirement system. The contribution rate for 2018 was 4.95% and total contribution was \$10,082.

**NOTE 8. COMMITMENTS**

AFF entered into a lease agreement for office space that commenced on December 1, 2013 and expires July 31, 2026. The lease requires a security deposit of \$36,385 and provides for fixed, scheduled increases in the base rent of 2.5% per year, except for the sixth year of the agreement, for which the increase will be \$2.25 per square foot instead. Rent is also abated for the first eight months of the lease term. The total rent payable over the lease term is recognized on a straight-line basis in the financial statements. In connection with AFF's occupancy of the new space, the landlord provided a tenant improvement allowance of \$801,832, of which AFF was able to apply up to \$200,458 toward the cost of wiring, cabling, furnishings and move-related expenses.

Total amounts due under the lease agreement are payable as follows:

Year ending December 31,	2019	\$ 510,461
	2020	523,223
	2021	536,303
	2022	549,711
	2023	563,454
	Thereafter	<u>1,522,737</u>
		<u><u>\$ 4,205,889</u></u>

Total rent expense was \$466,217 for the year ended December 31, 2018.

**NOTE 9. CONCENTRATIONS**

AFF maintains its cash in one financial institution in Washington D.C. Account balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At various times during the year ended December 31, 2018, amounts on deposit exceeded FDIC insurance limit. Management believes this credit risk to be minimal at this time.

**NOTE 10. PURCHASE OF COMPANY**

During 2018 AFF entered into a stock purchase agreement with the shareholders of WoodsCamp Technologies Inc., a Nova Scotia company. AFF purchased all of the shares and convertible debt of the company on June 15, 2018. Prior to the sale, WoodsCamp was providing consulting services to AFF and was recognized as revenue in 2018 in the amount of \$239,170, which was eliminated in the consolidated statement of activities. The purchase of the convertible debt of Woodscamp created a loss on debt conversion of \$224,060 which is recognized in the statement of activities below the operating results for AFF. The purchase also created Goodwill of \$906,989, but upon testing for impairment, the goodwill was deemed fully impaired and the impairment is recognized in the statement of activities below the operating results for AFF. After the purchase, key staff of AFF were placed as directors and on the Board of WoodsCamp and AFF fully funded all operations during 2018. The intent is to use the technology WoodsCamp had created to offer additional tools to the AFF members and other foresters in the sector.

**NOTE 11. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through August 15, 2019, which is the date the consolidated financial statements were available to be issued. The review and evaluation revealed no material event or transactions which would require an adjustment to or disclosure in the accompanying consolidated financial statements.

## **SUPPLEMENTARY INFORMATION**



**AMERICAN FOREST FOUNDATION  
AND ITS SUBSIDIARY**

**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**

DECEMBER 31, 2018

	AFF	WoodsCamp	Eliminations	Total
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 501,326	\$ 33,930	\$ -	\$ 535,256
Grants receivable	1,241,004	-	-	1,241,004
Contributions receivable	224,500	-	-	224,500
Accounts receivable	3,614	-	-	3,614
Prepaid expenses	121,167	-	-	121,167
Total current assets	2,091,611	33,930	-	2,125,541
INVESTMENTS	144,090,005	-	(780,380)	143,309,625
PROPERTY AND EQUIPMENT, NET	705,676	19,063	-	724,739
CONTRIBUTIONS RECEIVABLE, NET OF CURRENT PORTION	30,000	-	-	30,000
SECURITY DEPOSIT	36,385	-	-	36,385
Total assets	\$ 146,953,677	\$ 52,993	\$ (780,380)	\$ 146,226,290
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 931,058	\$ 2,527	\$ -	\$ 933,585
Deferred revenue	31,349	-	-	31,349
Deferred lease incentives	80,165	-	-	80,165
Total current liabilities	1,042,572	2,527	-	1,045,099
<b>LONG-TERM LIABILITIES</b>				
Long-term debt	-	178,845	-	178,845
Deferred lease incentives, net of current portion	862,645	-	-	862,645
Total long-term liabilities	862,645	178,845	-	1,041,490
Total liabilities	1,905,217	181,372	-	2,086,589
<b>NET ASSETS</b>				
Without donor restrictions	144,657,607	-	(908,759)	143,748,848
With donor restrictions	390,853	-	-	390,853
Total net assets	145,048,460	-	(908,759)	144,139,701
<b>STOCKHOLDERS' EQUITY</b>				
Common stock, \$1 par value:				
1,000,000 shares authorized and outstanding	-	733	(733)	-
Additional paid-in-capital	-	1,011,567	(1,011,567)	-
Retained earnings	-	(1,140,679)	1,140,679	-
Total stockholders' equity	-	(128,379)	128,379	-
Total liabilities and net assets	\$ 146,953,677	\$ 52,993	\$ (780,380)	\$ 146,226,290

**AMERICAN FOREST FOUNDATION  
AND ITS SUBSIDIARY**

**CONSOLIDATING SCHEDULE OF ACTIVITIES**

**YEAR ENDED DECEMBER 31, 2018**

	Without Donor Restrictions			With Donor Restrictions	
	AFF	WoodsCamp	Eliminations	Total	Total
<b>SUPPORT AND REVENUE</b>					
Contributions and sponsorships	\$ 872,274	\$ -	\$ -	\$ 872,274	\$ 2,210,684
Federal and other grants and contracts	-	-	-	-	1,975,446
Investment income (loss), net	(11,272,094)	-	-	(11,272,094)	(11,272,094)
Meetings and other revenue	214,727	239,170	(239,170)	214,727	214,727
Equity in net loss of WoodsCamp	(717,195)	-	717,195	-	-
Net assets released from restriction	3,342,170	-	-	3,342,170	-
Total support and revenue	<u>(7,560,118)</u>	<u>239,170</u>	<u>478,025</u>	<u>(6,842,923)</u>	<u>(6,871,237)</u>
<b>EXPENSES</b>					
Program services	10,280,720	726,408	-	11,007,128	11,007,128
Management and general	1,048,282	-	(237,400)	810,882	810,882
Fundraising	985,298	-	-	985,298	985,298
Total expenses	<u>12,314,300</u>	<u>726,408</u>	<u>(237,400)</u>	<u>12,803,308</u>	<u>12,803,308</u>
<b>CHANGE IN NET ASSETS BEFORE INCOME TAXES AND OTHER LOSSES</b>	<u>(19,874,418)</u>	<u>(487,238)</u>	<u>715,425</u>	<u>(19,646,231)</u>	<u>(19,674,545)</u>
<b>PROVISION FOR INCOME TAXES</b>	-	(5,897)	-	(5,897)	(5,897)
<b>IMPAIRMENT OF GOODWILL</b>	-	-	(906,989)	(906,989)	(906,989)
<b>LOSS ON DEBT CONVERSION</b>	-	(224,060)	-	(224,060)	(224,060)
<b>CHANGE IN NET ASSET/NET INCOME</b>	<u>(19,874,418)</u>	<u>(717,195)</u>	<u>(191,564)</u>	<u>(20,783,177)</u>	<u>(20,811,491)</u>
<b>NET ASSETS/RETAINED EARNINGS</b>					
Beginning of year	164,532,025	(422,751)	422,751	164,532,025	164,951,192
End of year	<u>\$ 144,657,607</u>	<u>\$ (1,139,946)</u>	<u>\$ 231,187</u>	<u>\$ 143,748,848</u>	<u>\$ 144,139,701</u>

**AMERICAN FOREST FOUNDATION  
AND ITS SUBSIDIARY**

**CONSOLIDATING SCHEDULE OF FUNCTIONAL EXPENSES**

YEAR ENDED DECEMBER 31, 2018

	Program Services			Management and General			Total	
	Woodlands	WoodsCamp	Eliminations	Total	Education	Total		
Salaries	\$ 2,809,249	\$ 432,460	\$ -	\$ 3,241,709	\$ -	\$ 3,241,709	\$ 428,805	\$ 4,321,166
Retirement	240,705	10,082	-	250,787	-	250,787	49,900	354,232
Other employee benefits	242,765	8,980	-	251,745	-	251,745	80,581	383,044
Payroll taxes	185,403	-	-	185,403	-	185,403	34,032	264,308
Accounting	-	945	-	945	-	945	-	34,795
Legal	221,844	74,817	-	296,661	-	296,661	818	303,338
Postage and shipping	24,744	-	-	24,744	-	24,744	39,278	66,144
Rent	-	8,288	-	8,288	-	8,288	-	474,505
Printing and publications	52,045	-	-	52,045	-	52,045	50,475	103,114
Travel	315,888	46,803	-	362,691	-	362,691	97,065	567,522
Meetings	173,852	1,017	-	174,869	-	174,869	7,979	213,590
Office expense	68,117	13,033	-	81,150	-	81,150	6,265	135,683
Depreciation and amortization	-	771	-	771	-	771	-	139,903
Design/production	17,953	-	-	17,953	-	17,953	4,508	22,461
Research/evaluation	12,522	-	-	12,522	-	12,522	620	13,142
Consultants	2,195,765	8,476	(238,285)	1,965,956	-	1,965,956	264,502	2,316,139
Promotion	169,088	60,211	-	229,299	-	229,299	465	229,764
Grants	2,185,878	-	-	2,185,878	25,149	2,211,027	-	2,211,027
Materials	71,202	-	-	71,202	-	71,202	179	71,381
Insurance	-	2,928	-	2,928	-	2,928	-	115,380
Information technology	-	54,596	-	54,596	-	54,596	396,989	451,585
Interest	-	11,031	-	11,031	-	11,031	-	11,031
Miscellaneous	6,954	(8,030)	-	(1,076)	-	(1,076)	-	885
Allocation of indirect costs	1,261,597	-	-	1,261,597	-	1,261,597	98,402	-
Total expenses	\$ 10,255,571	\$ 726,408	\$ (238,285)	\$ 10,743,694	\$ 25,149	\$ 10,768,843	\$ 985,298	\$ 12,803,308