



PINE TREE SOCIETY
discovering abilities together

PINE TREE SOCIETY, INC.

FINANCIAL STATEMENTS

With Independent Auditors' Report

DECEMBER 31, 2022 AND 2021



PINE TREE SOCIETY, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS:	
Statements of Financial Position	3
Statements of Activities	5
Statements of Functional Expenses	7
Statements of Cash Flows	11
Notes to Financial Statements	12

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Pine Tree Society, Inc.:

Opinion

We have audited the accompanying financial statements of the Pine Tree Society, Inc. (the Society), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pine Tree Society, Inc. as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pine Tree Society, 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 these 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 Pine Tree Society, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Pine Tree Society, 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 Pine Tree Society, 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.

Albin, Randall & Bennett

May 30, 2023

PINE TREE SOCIETY, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

ASSETS

	<u>2022</u>	<u>2021</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 871,215	1,563,534
Accounts receivable, net of allowance for doubtful accounts and contractual allowance of \$75,500	608,416	511,734
Contributions receivable, current portion	4,486,327	4,509,431
Other receivables	768,640	-
Inventory	97,832	60,347
Prepaid expenses	<u>82,297</u>	<u>136,917</u>
Total current assets	<u>6,914,727</u>	<u>6,781,963</u>
PROPERTY AND EQUIPMENT:		
Land and land improvements	511,867	268,704
Buildings	8,651,848	8,552,387
Equipment	2,718,866	2,473,012
Construction in process	<u>185,151</u>	<u>167,597</u>
	12,067,732	11,461,700
Less accumulated depreciation	<u>5,183,090</u>	<u>4,743,112</u>
Net property and equipment	<u>6,884,642</u>	<u>6,718,588</u>
INVESTMENTS:		
Without donor restrictions	10,610,628	12,176,596
With donor restrictions	<u>5,097,439</u>	<u>6,168,175</u>
Total investments	<u>15,708,067</u>	<u>18,344,771</u>
OTHER ASSETS:		
Contributions receivable, net of current portion	71,000	40,000
Beneficial interest in perpetual trusts	5,046,000	6,032,000
Contributions receivable from remainder trusts	1,197,000	1,715,000
Right of use asset - operating leases	<u>215,843</u>	<u>-</u>
Total other assets	<u>6,529,843</u>	<u>7,787,000</u>
	<u>\$ 36,037,279</u>	<u>39,632,322</u>

See accompanying independent auditors' report and notes to financial statements.

LIABILITIES AND NET ASSETS

	<u>2022</u>	<u>2021</u>
CURRENT LIABILITIES:		
Accounts payable	\$ 339,192	196,138
Accrued expenses	507,487	496,763
Current portion of operating lease liabilities	<u>120,100</u>	<u>-</u>
Total current liabilities	<u>966,779</u>	<u>692,901</u>
LONG-TERM LIABILITIES, NET OF CURRENT PORTION - Operating lease liabilities	<u>100,211</u>	<u>-</u>
NET ASSETS:		
Without donor restrictions	18,235,182	20,233,209
With donor restrictions	<u>16,735,107</u>	<u>18,706,212</u>
Total net assets	<u>34,970,289</u>	<u>38,939,421</u>
	<u>\$ 36,037,279</u>	<u>39,632,322</u>

PINE TREE SOCIETY, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2022 AND 2021

	Without donor restrictions	
	<u>2022</u>	<u>2021</u>
PUBLIC SUPPORT, PROGRAM SERVICES, AND REVENUE:		
Public support:		
Bequests	\$ 842,352	71,022
Donations and gifts	473,372	446,395
Special events	53,809	55,265
Donated services	52,087	23,300
Donated equipment and other	23,437	12,429
Total public support	<u>1,445,057</u>	<u>608,411</u>
Program services:		
Interpreting services	1,364,751	1,695,191
Family and community support services	2,424,164	2,211,761
Pine Tree Camp recreational services, net of financial assistance	213,202	96,374
Speech, hearing, and assistive technology services	559,436	421,055
Early learning center	439,222	328,085
Other	153,531	108,388
Total program services	<u>5,154,306</u>	<u>4,860,854</u>
Revenue:		
Hearing aid and other product sales, net	489,286	471,241
Interest and dividends	420,654	429,452
Net realized and unrealized (loss) gain from investments	(1,898,705)	1,422,212
Change in value of beneficial interest in perpetual trusts and contributions receivable from remainder trusts	-	-
Gain upon debt extinguishment	-	1,040,138
Other	-	(2,254)
Total revenue	<u>(988,765)</u>	<u>3,360,789</u>
Net assets released by satisfaction of donor restrictions	<u>2,029,539</u>	<u>852,667</u>
Total public support, program services, and revenue	<u>7,640,137</u>	<u>9,682,721</u>
EXPENSES:		
Program services	8,743,248	7,298,537
Support services	894,916	761,974
Total expenses	<u>9,638,164</u>	<u>8,060,511</u>
Change in net assets	(1,998,027)	1,622,210
NET ASSETS AT BEGINNING OF YEAR	<u>20,233,209</u>	<u>18,610,999</u>
Net assets at end of year	<u>\$ 18,235,182</u>	<u>20,233,209</u>

See accompanying independent auditors' report and notes to financial statements.

With donor restrictions		Totals	
<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
500,000	4,394,000	1,342,352	4,465,022
1,758,109	857,911	2,231,481	1,304,306
214,243	108,456	268,052	163,721
-	-	52,087	23,300
-	-	23,437	12,429
<u>2,472,352</u>	<u>5,360,367</u>	<u>3,917,409</u>	<u>5,968,778</u>
-	-	1,364,751	1,695,191
-	-	2,424,164	2,211,761
-	-	213,202	96,374
-	-	559,436	421,055
-	-	439,222	328,085
-	-	153,531	108,388
-	-	<u>5,154,306</u>	<u>4,860,854</u>
-	-	489,286	471,241
81,696	109,159	502,350	538,611
(991,614)	658,367	(2,890,319)	2,080,579
(1,504,000)	540,000	(1,504,000)	540,000
-	-	-	1,040,138
-	-	-	(2,254)
(2,413,918)	1,307,526	(3,402,683)	4,668,315
(2,029,539)	(852,667)	-	-
<u>(1,971,105)</u>	<u>5,815,226</u>	<u>5,669,032</u>	<u>15,497,947</u>
-	-	8,743,248	7,298,537
-	-	894,916	761,974
-	-	<u>9,638,164</u>	<u>8,060,511</u>
(1,971,105)	5,815,226	(3,969,132)	7,437,436
<u>18,706,212</u>	<u>12,890,986</u>	<u>38,939,421</u>	<u>31,501,985</u>
<u>16,735,107</u>	<u>18,706,212</u>	<u>34,970,289</u>	<u>38,939,421</u>

PINE TREE SOCIETY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	Program services			
	<u>Client services</u>	<u>Public health education</u>	<u>Program enhancement</u>	<u>Total</u>
Salaries and wages	\$ 4,688,920	15,654	42,176	4,746,750
Benefits	778,268	2,647	4,409	785,324
Payroll taxes	365,594	1,112	3,277	369,983
Workers compensation	52,330	135	489	52,954
Insurance	65,832	136	52	66,020
Professional and contract fees	966,182	13,172	742	980,096
Travel	162,011	563	352	162,926
Materials and supplies	321,871	5,780	121	327,772
Telephone and internet	83,721	377	86	84,184
Postage	18,380	10,465	15	28,860
Occupancy	303,720	2,194	276	306,190
Software license fees	121,573	1,198	133	122,904
Printing	8,550	15,008	17	23,575
Advertising	5,000	786	3	5,789
Service provider taxes	71,944	-	-	71,944
Training and conferences	42,923	87	96	43,106
Fuel	32,215	10	7	32,232
Bad debts	52,713	-	-	52,713
Depreciation	435,983	99	49	436,131
Miscellaneous	35,823	7,963	9	43,795
	<u>\$ 8,613,553</u>	<u>77,386</u>	<u>52,309</u>	<u>8,743,248</u>

See accompanying independent auditors' report and notes to financial statements.

Support services

Fund raising - <u>general</u>	Fund raising - <u>special events</u>	Management and general	<u>Total</u>	2022 Total <u>expenses</u>
237,596	60,612	161,160	459,368	5,206,118
30,961	9,053	18,292	58,306	843,630
17,647	4,774	11,517	33,938	403,921
2,648	626	1,464	4,738	57,692
704	185	5,560	6,449	72,469
27,936	45,467	66,024	139,427	1,119,523
6,693	4,081	6,128	16,902	179,828
9,285	10,460	12,860	32,605	360,377
3,094	197	1,495	4,786	88,970
17,351	4,351	3,575	25,277	54,137
9,495	920	6,927	17,342	323,532
9,501	1,402	1,888	12,791	135,695
17,172	7,038	4,636	28,846	52,421
3,254	30,238	1,803	35,295	41,084
-	-	-	-	71,944
3,446	252	669	4,367	47,473
49	194	37	280	32,512
50	750	-	800	53,513
658	175	351	1,184	437,315
<u>4,673</u>	<u>7,433</u>	<u>109</u>	<u>12,215</u>	<u>56,010</u>
<u>402,213</u>	<u>188,208</u>	<u>304,495</u>	<u>894,916</u>	<u>9,638,164</u>

PINE TREE SOCIETY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program services			
	<u>Client services</u>	<u>Public health education</u>	<u>Program enhancement</u>	<u>Total</u>
Salaries and wages	\$ 3,700,096	16,195	79,359	3,795,650
Benefits	686,486	2,586	8,883	697,955
Payroll taxes	265,450	1,080	5,345	271,875
Workers compensation	23,420	79	547	24,046
Insurance	59,268	62	27	59,357
Professional and contract fees	919,536	14,692	1,624	935,852
Travel	132,320	354	262	132,936
Materials and supplies	245,463	3,104	316	248,883
Telephone and internet	75,733	350	141	76,224
Postage	20,734	12,642	83	33,459
Occupancy	259,655	2,044	550	262,249
Software license fees	117,859	1,342	353	119,554
Printing	5,325	8,114	7	13,446
Advertising	3	419	506	928
Service provider taxes	65,074	-	-	65,074
Training and conferences	16,395	13	20	16,428
Fuel	23,487	30	41	23,558
Interest	8,579	92	126	8,797
Bad debts	70,653	(53)	(73)	70,527
Depreciation	387,954	386	213	388,553
Miscellaneous	44,988	8,035	163	53,186
	<u>\$ 7,128,478</u>	<u>71,566</u>	<u>98,493</u>	<u>7,298,537</u>

See accompanying independent auditors' report and notes to financial statements.

Support services

Fund raising - <u>general</u>	Fund raising - <u>special events</u>	Management and general	<u>Total</u>	2021 Total <u>expenses</u>
251,964	30,879	127,823	410,666	4,206,316
36,153	4,692	15,298	56,143	754,098
16,946	1,949	12,308	31,203	303,078
1,658	181	790	2,629	26,675
356	20	5,638	6,014	65,371
38,537	11,841	51,011	101,389	1,037,241
4,463	964	1,522	6,949	139,885
6,593	2,036	4,487	13,116	261,999
2,936	213	986	4,135	80,359
20,149	2,163	3,816	26,128	59,587
8,975	472	7,737	17,184	279,433
10,561	1,374	570	12,505	132,059
13,798	2,564	4,811	21,173	34,619
2,026	23,211	57	25,294	26,222
-	-	-	-	65,074
109	8	46	163	16,591
175	39	-	214	23,772
544	121	-	665	9,462
11,984	(70)	-	11,914	82,441
1,432	200	158	1,790	390,343
<u>2,514</u>	<u>8,322</u>	<u>1,864</u>	<u>12,700</u>	<u>65,886</u>
<u>431,873</u>	<u>91,179</u>	<u>238,922</u>	<u>761,974</u>	<u>8,060,511</u>

PINE TREE SOCIETY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
OPERATING ACTIVITIES:		
Change in net assets	\$ (3,969,132)	7,437,436
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	437,315	390,343
Change in allowance for doubtful accounts and contractual allowance	-	15,500
Amortization of operating lease obligations	4,468	-
Donation of equipment	-	(7,200)
Loss on disposal of property and equipment	-	2,255
Net realized and unrealized loss (gain) on investments	2,890,319	(2,080,579)
Change in value of beneficial interest in perpetual trusts and contributions receivable from remainder trusts	1,504,000	(705,000)
Paycheck Protection Program loan forgiveness income	-	(1,040,138)
Change in operating assets and liabilities:		
Accounts receivable	(96,682)	169,688
Contributions receivable	(7,896)	-
Other receivables	(768,640)	(4,445,176)
Inventory	(37,485)	(22,984)
Prepaid expenses	54,620	(63,125)
Accounts payable	143,054	57,104
Accrued expenses	<u>10,724</u>	<u>(36,351)</u>
Net cash provided (used) by operating activities	<u>164,665</u>	<u>(328,227)</u>
INVESTING ACTIVITIES:		
Purchases of property and equipment	(603,369)	(668,911)
Proceeds from sale of equipment	-	324,693
Purchases of investments	(3,211,230)	(4,288,615)
Proceeds from sale of investments	<u>2,957,615</u>	<u>4,581,097</u>
Net cash used by investing activities	<u>(856,984)</u>	<u>(51,736)</u>
FINANCING ACTIVITIES:		
Repayments of long-term debt	-	(101,101)
Proceeds from Paycheck Protection Program loan	<u>-</u>	<u>1,040,138</u>
Net cash provided by financing activities	<u>-</u>	<u>939,037</u>
(Decrease) increase in cash and cash equivalents	(692,319)	559,074
Cash and cash equivalents at beginning of year	<u>1,563,534</u>	<u>1,004,460</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 871,215</u></u>	<u><u>1,563,534</u></u>

See accompanying independent auditors' report and notes to financial statements.

PINE TREE SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Society - Pine Tree Society, Inc. (the Society) is a not-for-profit corporation, which provides services to children and adults with disabilities and to their families in Maine and other New England states. These services include recreational services through Pine Tree Camp, a year round camp and recreation center, audiology, American Sign Language interpreting for Maine's deaf community, Early Learning Center for children with special needs, child and adult case management, speech language services, assistive technology and community based support services for adults living with developmental disabilities. The Society also provides educational and health information regarding disabilities to raise public awareness.

Basis of accounting - The financial statements have been prepared on the accrual basis of accounting.

Basis of presentation - The Society's net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Society and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions - Some donor-imposed restrictions are temporary in nature and may be fulfilled by actions of the Society or by the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Generally, the donors of these assets permit the Society to use all or part of the income earned on related investments for general or specific purposes of the Society.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents - The Society considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Accounts receivable - Accounts receivable are reported at the amount management expects to collect on balances outstanding at year-end. The Society determines its past due receivables based on contractual terms. The Society uses the reserve method of accounting for doubtful accounts. Losses are charged to the allowance when the account is considered uncollectible. The Society also records a contractual allowance based on contractual rates with insurance companies. Contractual allowances are recorded as a reduction in revenue in the same period as the related sales. Substantially all trade accounts receivable are related to revenue from contracts with customers. Trade accounts receivable totaled \$696,922 at the beginning of the year ending December 31, 2021.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Employee Retention Credit - The Society is eligible for the Employee Retention Credit (ERC) under the CARES Act, which is a refundable tax credit against certain employment taxes. Eligible employers qualified for ERC based on either a reduction in gross receipts or full or partial suspense of operations due to a government order. The income is recognized in the period it is reasonably assured the eligibility requirements have been determined and amended payroll tax returns have been filed, which may differ from the period the related payroll taxes were incurred. The credits may be subject to IRS review. The Society recognized \$766,440 of credits, as reported in revenues with donor restrictions, for the year ended December 31, 2022. Amounts claimed but not received prior to year-end are included on the accompanying statements of financial position, as other receivables, in the amount of \$766,440 at December 31, 2022.

Contributions - Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Accretion of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. A discount was not recorded at both December 31, 2022 and 2021, as the amount was not material to the financial statements. An allowance for uncollectible contributions is provided based upon management's judgment of potential defaults, based upon such factors as prior collection history, type of contribution, and nature of fundraising activity. The Society considers all contributions receivable at both December 31, 2022 and 2021, to be fully collectible; accordingly, no allowance for uncollectible contributions has been recognized.

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the net assets with donor restrictions class, and a reclassification to net assets without donor restrictions is made to reflect the expiration of such restrictions.

Contributed services and non-cash assets - Effective January 1, 2022, the Society adopted Accounting Standards Update 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new standard requires nonprofits to expand their financial statement presentation and disclose contributed non-financial assets, including in-kind contributions. The standard includes disclosure information on an entity's policies on contributed non-financial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. Adoption of the standard did not have a significant impact on the financial statements. The new standard has been applied retrospectively to January 1, 2021.

PINE TREE SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Contributed services and non-cash assets, continued - Contributions of services and donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Society. The value of nonprofessional, donated services is not reflected in the accompanying financial statements, as those services do not meet the criteria outlined in U.S. GAAP. The Society records an expense for the utilization of services or expenditure of the asset in the period the costs are incurred or the services are provided.

The Society received the following in-kind contributions:

	<u>2022</u>	<u>2021</u>
Equipment - Early Learning Center	\$ 14,561	-
Equipment - Pine Tree Camp	300	2,096
Gift Cards - Fundraising Special Events	5,589	1,705
Road Improvements - Pine Tree Camp	-	7,200
Service - Fundraising Special Events	3,027	100
Service - Promotion/Community Awareness	49,060	23,200
Supplies - General	187	-
Supplies - Fundraising Special Events	2,800	853
Supplies - Pine Tree Camp	<u>-</u>	<u>575</u>
	<u>\$ 75,524</u>	<u>35,729</u>

Inventory - Inventory primarily consists of hearing aids and other audiology equipment. Inventories are valued at the lower of cost and net realizable value, determined on a first-in, first-out (FIFO) basis. Net realizable value is defined as the estimated selling prices of the inventory in the ordinary course of business, less reasonably predictable costs of disposal and transportation. Cost is determined on an average cost method.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Investments - Investments in equity securities with readily determinable fair values and all investments in debt securities and alternative investments are measured at fair value in the statement of financial position.

Income and net realized and unrealized gains and losses on investments of endowment and similar funds are reported as increases in net assets with donor restrictions if the terms of the gift requires that they be added to the principal of a permanent endowment fund; as increases in net assets with donor restrictions if the terms of the gift or the Society's interpretation of relevant state law impose restrictions on the use of the income; or as increases in net assets without donor restrictions in all other cases.

Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Property and equipment - Property and equipment is stated at cost, or if donated, fair value on the date of receipt. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Revenue recognition - The Society derives its revenues primarily from providing services to clients and the sale of hearing aids and related accessories. Revenue is recognized at a point in time when services are performed or when control of the products are transferred to the customer, at the amount expected to be collected from the client or from third-party payers (private insurance or Mainecare).

Pine Tree Camp fees are recognized when registrations are received. Campership discounts are based on the ability to pay and are recorded as a reduction in Pine Tree Camp revenue. Payment plans allow for the cost to be paid through the remaining calendar year. Any uncollected balance on outstanding amounts is applied to campership discounts at year end. Because Camp transactions occur within the financial statement reporting period, no adjustment is required under generally accepted accounting principles.

The Society elected the practical expedient for sales tax collected, which allows the Society to exclude from the transaction price any amounts collected from customers for sales tax and other similar taxes. Incidental items that are immaterial in the context of the contract are recognized as expense. The Society does not have any significant financing components as payment is received at or shortly after the services are performed.

Adoption of ASC Topic 842 "Leases" - Effective January 1, 2022, the Society adopted Topic 842, *Leases*, which modifies lease accounting for lessees to increase transparency and comparability by recording lease assets and liabilities for operating leases and disclosing key information about leasing arrangements. The Society adopted the new lease standard utilizing the modified retrospective transition method, under which amounts in prior periods presented are not restated. For contracts existing at the time of adoption, the Society elected the practical expedient package to not reassess (i) whether any are or contain a lease, (ii) lease classification, or (iii) initial direct costs. Upon adoption, the Society recorded \$352,301 of right-of-use ("ROU") assets and \$355,658 of lease liabilities on its balance sheet.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Leases - The Society determines if an arrangement is a lease or contains a lease at inception of a contract based on the right to control the use of identified asset in exchange for consideration. In evaluating its contracts, the Society separately identifies lease components from nonlease components, such as common area and other maintenance costs, in calculating the ROU asset and lease liabilities.

Leases result in the recognition of ROU assets and liabilities on the balance sheets. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Society determines lease classification as operating or finance at the lease commencement date.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Society uses the implicit rate when readily determinable. As most of the leases do not provide an implicit rate, the Society uses its incremental borrowing rate to determine the present value of lease payments for its real estate and equipment leases.

The Society considers options to extend or early terminate, if reasonably certain to exercise, when evaluating the lease term. Lease expense is generally recognized on a straight-line basis over the lease term. The Society has no leases with a term of 12 months or less.

Functional allocation of expenses - The costs of providing the various program services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program and support services. Expenses related to facilities, such as depreciation, occupancy, as well as property and general liability insurance are allocated based on the square footage attributed to the program or support function. Information technology related expenses, including salaries are allocated based on the number of devices that are used by a program or support function. The Society allocates the expenses of the Human Resources administrative function, including salaries, based on the amount of direct salaries incurred by program and support function. The operating expenses incurred by a program or support function are the basis for allocating other general and administrative expenses.

Tax exempt status - The Society is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Society received a favorable tax determination letter in 1946.

Uncertain tax positions - U.S. GAAP prescribes a comprehensive model for how an organization should measure, recognize, present, and disclose in its financial statements uncertain tax positions that the organization has taken or expects to take on a tax return. Accordingly, the Society recognizes the tax benefits from uncertain tax positions if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position.

PINE TREE SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Reclassifications - The financial statement presentation for 2021, has been changed to conform with the 2022 presentation. Total net assets are unchanged as a result of the reclassifications.

Subsequent events - The Society has evaluated events, if any, that have occurred subsequent to December 31, 2022, through May 30, 2023, the date the financial statements were available to be issued, and included information in the notes to the financial statements related to any identifiable events, if necessary.

2. LIQUIDITY AND AVAILABILITY

The Society's financial assets available within one year of the balance sheet date for general expenditure are as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 871,215	1,563,534
Accounts receivable, net	608,416	511,734
Grants receivable	768,640	70,750
Current portion of pledges receivable	4,486,327	4,438,681
Less amounts restricted by donors for specific purposes	(299,228)	(467,037)
Less amounts held for representative payee beneficiaries	(115,718)	(125,070)
Endowment appropriation for current use	<u>1,128,704</u>	<u>1,068,303</u>
Financial assets available within one year of balance sheet date for general expenditures	<u>\$ 7,448,356</u>	<u>7,060,895</u>

The Society's endowment funds consist of donor-restricted endowments and a quasi-endowment. As more fully described in Note 11, the endowment has a total spending rate of 5%. Amounts appropriated from either the donor-restricted endowment or quasi-endowment for general expenditures with one year of the balance sheet date have been included as available.

As part of the Society'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. To help managed unanticipated liquidity needs, the Society has a committed line of credit in the amount of \$400,000, as more fully described in Note 9, which the Society could draw upon in the event of an unanticipated liquidity need. Although the Society does not intend to spend from its quasi-endowment other than amounts appropriated for general expenditures as part of its annual budget approval and appropriation process, amounts from its quasi-endowment could be made available, if necessary.

PINE TREE SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

3. CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following:

	<u>2022</u>	<u>2021</u>
Receivable in less than one year (current)	\$ 4,486,327	4,438,681
Receivable in one to five years (long-term)	<u>71,000</u>	<u>40,000</u>
Total contributions receivable	<u>\$ 4,557,327</u>	<u>4,478,681</u>

4. CONCENTRATIONS OF CREDIT RISK

The Society's financial instruments exposed to concentrations of credit risk consist primarily of cash and cash equivalents, and accounts receivable. At times, the Society maintains cash balances with financial institutions in excess of amounts federally insured. Accounts receivable are primarily attributable to services rendered to the Society's broad client base, which limits exposure to concentrations of credit risk.

5. INVESTMENTS

The composition of investments is as follows:

	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Fair value</u>	<u>Cost</u>	<u>Fair value</u>
Cash and cash equivalents	\$ 467,660	467,660	716,934	716,934
Equities funds	8,597,738	11,922,943	7,725,211	13,714,492
Bond funds	2,650,900	2,420,360	2,702,487	2,733,215
Alternative funds	191,821	159,324	194,855	167,290
Fixed income	<u>799,593</u>	<u>737,780</u>	<u>1,016,484</u>	<u>1,012,840</u>
	<u>\$ 12,707,712</u>	<u>15,708,067</u>	<u>12,355,971</u>	<u>18,344,771</u>

PINE TREE SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

5. INVESTMENTS, CONTINUED

The change in fair value consists of the following:

	<u>2022</u>	<u>2021</u>
Fair value, beginning of year	\$ <u>18,344,771</u>	<u>16,556,674</u>
Contributions	197,578	22,973
Transfers in	894,690	170,437
Interest and dividends	276,319	370,193
Custodial fees	(46,669)	(50,150)
Net realized and unrealized gains	(2,890,319)	2,080,579
Withdrawals	<u>(1,068,303)</u>	<u>(805,935)</u>
	<u>(2,636,704)</u>	<u>1,788,097</u>
Fair value, end of year	\$ <u>15,708,067</u>	<u>18,344,771</u>

6. BENEFICIAL INTEREST IN PERPETUAL TRUSTS

The Society is the beneficiary of various trusts created by donors, the assets of which are not in the possession of the Society. The Society has legally enforceable rights and claims to such assets, including the sole or stated share of the income from each trust as applicable. Changes in value of the beneficial interest in perpetual trusts are reported as changes in net assets with donor restrictions based on stipulations in the gift instruments. The fair value of the beneficial interest in perpetual trusts was approximately \$5,046,000 and \$6,032,000 at December 31, 2022 and 2021, respectively.

7. CONTRIBUTIONS RECEIVABLE FROM REMAINDER TRUST

The Society is the beneficiary of various charitable remainder trusts. A charitable remainder trust provides for the payment of distributions to the grantor and other beneficiaries over the trust's term (usually the beneficiary's lifetime). At the end of the trust's term, the remaining assets are available for the Society's use. At the time the Society is named beneficiary, it records contribution revenue equal to the present value of the estimated future benefits to be received. Future changes in value of the charitable remainder trusts are reported as changes in net assets with donor restrictions based on stipulations in the gift instruments. The approximate present value of the future payments is calculated using discount rates from 4.27% to 4.34% and applicable mortality tables, which was approximately \$1,197,000 and \$1,715,000 as of December 31, 2022 and 2021, respectively.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

8. FAIR VALUE MEASUREMENTS

Fair value is defined as the price at which an asset could be exchanged or a liability transferred (an exit price) in an orderly transaction between knowledgeable, willing parties in the principal or most advantageous market for the asset or liability. Where available, fair value is based on observable market prices or parameters or derived from such prices or parameters. Where observable prices or inputs are not available, valuation models are applied.

Financial assets recorded at fair value in the accompanying financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels, defined by U.S. GAAP, and directly related to the amount of subjectivity associated with the inputs to fair valuation of these assets and liabilities, are as follows:

Level 1 - Inputs are unadjusted, quoted prices in active markets for identical assets at the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - Inputs are other than quoted prices included in Level 1, which are either directly or indirectly observable for the asset or liability through correlation with market data at the reporting date and for the duration of the instrument's anticipated life.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities and which reflect management's best estimate of what market participants would use in pricing the asset or liability at the reporting date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model.

Management is responsible for valuation policies and procedures and determining fair value of investments. The valuation process is completed on an annual basis for Level 3 assets.

Valuation techniques of the Society's beneficial interest in charitable remainder trusts with Level 3 inputs include a net present value calculation using factors of five to twenty years, based on life expectancy of the income beneficiary, discounted at the applicable federal rate for the periods ended December 31, 2022 and 2021.

Fair value of the Society's beneficial interest in perpetual trusts is based on the market value of assets held by the trust at December 31, 2022 and 2021, factored by the beneficiary percentage to which the Society is entitled.

Alternative investments consist of ownership interests in investment partnerships. The Society values these investments at the entity level, rather than at the individual levels of underlying assets held by the partnership. The fair value at December 31, 2022 and 2021, is based on the Society's capital account balance adjusted for performance allocation.

PINE TREE SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

8. FAIR VALUE MEASUREMENTS, CONTINUED

Assets and liabilities measured at fair value on a recurring basis are summarized below:

		Fair value measurements at reporting date using:		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<u>Totals</u>				
December 31, 2022:				
Investments	\$ 15,708,067	15,548,743	-	159,324
Beneficial interest in perpetual trusts	5,046,000	-	-	5,046,000
Contributions receivable from remainder trusts	<u>1,197,000</u>	<u>-</u>	<u>-</u>	<u>1,197,000</u>
	<u>\$ 21,951,067</u>	<u>15,548,743</u>	<u>-</u>	<u>6,402,324</u>

		Fair value measurements at reporting date using:		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<u>Totals</u>				
December 31, 2021:				
Investments	\$ 18,344,771	18,177,481	-	167,290
Beneficial interest in perpetual trusts	6,032,000	-	-	6,032,000
Contributions receivable from remainder trusts	<u>1,715,000</u>	<u>-</u>	<u>-</u>	<u>1,715,000</u>
	<u>\$ 26,091,771</u>	<u>18,177,481</u>	<u>-</u>	<u>7,914,290</u>

PINE TREE SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

8. FAIR VALUE MEASUREMENTS, CONTINUED

A reconciliation of assets measured at fair value on a recurring basis with the use of significant unobservable inputs (Level 3) is as follows:

	<u>Alternative investments</u>	<u>Beneficial interest in perpetual trusts</u>	<u>Contributions receivable from remainder trusts</u>	<u>Total</u>
December 31, 2022:				
Balance at beginning of year	\$ 167,290	6,032,000	1,715,000	7,914,290
Net realized and unrealized gain, interest and dividends, net	(7,966)	-	-	(7,966)
Change in value of beneficial interests in perpetual trusts and contributions receivable from remainder trusts	<u>-</u>	<u>(986,000)</u>	<u>(518,000)</u>	<u>(1,504,000)</u>
Balance at end of year	<u>\$ 159,324</u>	<u>5,046,000</u>	<u>1,197,000</u>	<u>6,402,324</u>

	<u>Alternative investments</u>	<u>Beneficial interest in perpetual trusts</u>	<u>Contributions receivable from remainder trusts</u>	<u>Total</u>
December 31, 2021:				
Balance at beginning of year	\$ 152,672	5,412,000	1,630,000	7,194,672
Contributions received	-	165,000	-	165,000
Net realized and unrealized gain, interest and dividends, net	20,080	-	-	20,080
Change in value of beneficial interests in perpetual trusts and contributions receivable from remainder trusts	<u>-</u>	<u>455,000</u>	<u>85,000</u>	<u>540,000</u>
Distributions	<u>(5,462)</u>	<u>-</u>	<u>-</u>	<u>(5,462)</u>
Balance at end of year	<u>\$ 167,290</u>	<u>6,032,000</u>	<u>1,715,000</u>	<u>7,914,290</u>

PINE TREE SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

8. FAIR VALUE MEASUREMENTS, CONTINUED

Net realized and unrealized losses are included in net realized and unrealized gains in the statement of activities.

9. LINE OF CREDIT

The Society maintains a line of credit which allows for maximum borrowings of \$400,000 and any balance outstanding accrues interest at the *Wall Street Journal* prime rate, 7.50% at December 31, 2022. The line is secured by all business assets of the Society with a carrying value of \$36,037,279 at December 31, 2022. No amounts were outstanding on the line at both December 31, 2022 and 2021.

10. RESTRICTIONS ON USE OF NET ASSETS

Net assets with donor restrictions are for the following purposes:

	<u>Temporarily restricted</u>	<u>Investment in perpetuity - only income expendable</u>	<u>Beneficial interest in perpetual trusts and contributions receivable from remainder trusts - only receipts expendable</u>	<u>Total net assets with donor restrictions</u>
December 31, 2022:				
Net assets subject to purpose restriction:				
Any activities of the Society	\$ 1,204,453	1,862,010	4,808,000	7,874,463
Program services	71,431	-	-	71,431
Pine Tree Camp operations	495,813	662,248	148,000	1,306,061
Capital expenditures	36,805	-	-	36,805
Scholarships	<u>355,633</u>	<u>713,274</u>	<u>90,000</u>	<u>1,158,907</u>
	<u>2,164,135</u>	<u>3,237,532</u>	<u>5,046,000</u>	<u>10,447,667</u>
Net assets subject to time restriction:				
Contributions receivable	<u>5,090,440</u>	<u>-</u>	<u>1,197,000</u>	<u>6,287,440</u>
	<u>\$ 7,254,575</u>	<u>3,237,532</u>	<u>6,243,000</u>	<u>16,735,107</u>

PINE TREE SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

10. RESTRICTIONS ON USE OF NET ASSETS, CONTINUED

December 30, 2021:

Net assets subject to purpose restriction:

Any activities of the Society	\$ 1,903,033	1,862,010	5,726,000	9,491,043
Program services	94,056	-	-	94,056
Pine Tree Camp operations	642,223	662,248	190,000	1,494,471
Capital expenditures	227,942	-	-	227,942
Scholarships	<u>570,426</u>	<u>673,274</u>	<u>116,000</u>	<u>1,359,700</u>
	<u>3,437,680</u>	<u>3,197,532</u>	<u>6,032,000</u>	<u>12,667,212</u>

Net assets subject to time restriction:

Contributions receivable	<u>4,324,000</u>	<u>-</u>	<u>1,715,000</u>	<u>6,039,000</u>
	<u>\$ 7,761,680</u>	<u>3,197,532</u>	<u>7,747,000</u>	<u>18,706,212</u>

11. ENDOWMENT FUNDS

The Society is subject to the Maine Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus classified amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Directors appropriates such amounts for expenditure. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions.

The Board of Directors of the Society has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Society considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gifts amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Society has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. No funds were underwater at December 31, 2022 and 2021.

Additionally, in accordance with UPMIFA, the Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: the duration and preservation of the funds; the purposes of the Society and the donor-restricted endowment fund; general economic conditions; the possible effect of inflation and deflation; the expected total return from income and the appreciation of investments; other resources of the Society; and the investment policies of the Society.

PINE TREE SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

11. ENDOWMENT FUNDS, CONTINUED

Endowment Investment - The Society has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a substantial and reasonably stable stream of income to support the operating budget of the Society and to achieve this result in perpetuity while preserving and enhancing the total value of the endowment. In order to achieve the Society's investment objectives, it is necessary to realize long-term investment returns in excess of their spending policy rate plus the inflation rate. The Society believes that a portfolio of mostly equity based investments is the best opportunity to achieve this objective. The Society's portfolio also maintains 10 - 30% of fixed income securities in order to realize some short term liquidity and to remain diversified.

Spending Policy - The Society maintains a spending policy to annually distribute 4% of the total market value of the endowment, calculated as the average of the prior 12 quarters' ending market values of the endowment funds net of all fees and administrative expenses paid by the endowment. Additionally, the Board of Directors may also appropriate an additional 1% for discretionary purposes, subject to annual appropriation. Any changes made to the spending policy are subject to approval by the Board of Directors. In 2022, the Board of Directors approved a total withdrawal from investments of 7% to ensure sufficient liquidity. 4% was appropriated from the Society's temporarily restricted endowment. The remaining funds in excess of the 4% withdrawal were taken from board designated endowment, which is unrestricted as to use.

Endowment net asset composition by type of fund are as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
December 31, 2022:			
Board designated endowment funds	\$ 10,610,628	-	10,610,628
Donor restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	3,237,532	3,237,532
Accumulated investment gains	<u>-</u>	<u>1,859,907</u>	<u>1,859,907</u>
Total endowment funds	<u>\$ 10,610,628</u>	<u>5,097,439</u>	<u>15,708,067</u>
December 30, 2021:			
Board designated endowment funds	\$ 12,176,596	-	12,176,596
Donor restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	3,197,532	3,197,532
Accumulated investment gains	<u>-</u>	<u>2,970,643</u>	<u>2,970,643</u>
Total endowment funds	<u>\$ 12,176,596</u>	<u>6,168,175</u>	<u>18,344,771</u>

PINE TREE SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

11. ENDOWMENT FUNDS, CONTINUED

Changes in endowment net assets are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
December 31, 2022:			
Endowment net assets, beginning of year	\$ 12,176,596	6,168,175	18,344,771
Investment return, net	(1,742,693)	(917,976)	(2,660,669)
Contributions	157,578	40,000	197,578
Transfers to endowment	894,690	-	894,690
Appropriation of endowment assets for expenditure	<u>(875,543)</u>	<u>(192,760)</u>	<u>(1,068,303)</u>
Endowment net assets, end of year	<u>\$ 10,610,628</u>	<u>5,097,439</u>	<u>15,708,067</u>

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
December 30, 2021:			
Endowment net assets, beginning of year	\$ 11,009,227	5,547,447	16,556,674
Investment return, net	1,638,875	761,747	2,400,622
Contributions	22,973	-	22,973
Transfers to endowment funds	170,437	-	170,437
Appropriation of endowment assets for expenditure	<u>(664,916)</u>	<u>(141,019)</u>	<u>(805,935)</u>
Endowment net assets, end of year	<u>\$ 12,176,596</u>	<u>6,168,175</u>	<u>18,344,771</u>

Description of amounts classified as net assets with donor restrictions (endowment only) are as follows:

	<u>2022</u>	<u>2021</u>
Net assets with donor restrictions:		
Original donor-restricted endowment gift amount and amounts required to be retained by donor	<u>\$ 3,237,532</u>	<u>3,197,532</u>
Accumulated investment gains on endowment funds:		
Without purpose restrictions	1,204,453	1,902,853
With purpose restrictions	<u>655,454</u>	<u>1,067,790</u>
Total endowment funds classified as net assets with donor restrictions	<u>\$ 5,097,439</u>	<u>6,168,175</u>

PINE TREE SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

12. HEARING AID AND OTHER PRODUCT SALES

The components of hearing aid and other product sales are as follows:

	<u>2022</u>	<u>2021</u>
Hearing aid & other products revenue	\$ 962,271	888,965
Less: cost of goods sold	<u>(472,985)</u>	<u>(417,724)</u>
Hearing aid and other product sales, net	<u>\$ 489,286</u>	<u>471,241</u>

13. LEASES

The Society has lease arrangements for office space from unrelated parties through various operating lease agreements. The leases have remaining lease terms of approximately one to three years. Total operating lease expense, consisting of fixed lease payments, totaled \$193,723 for the year ended December 31, 2022. Rent expense for operating leases, as previously reported under former lease accounting standards, was \$182,638 for the year ended December 31, 2021.

The weighted-average remaining lease term related to the Society's lease liabilities was 2.23 years at December 31, 2022. The weighted-average discount rate related to the Society's lease liabilities was 3.25% at December 31, 2022.

Future minimum lease payments under non-cancelable operating leases are as follows:

2023	\$ 125,194
2024	54,000
2025	<u>49,500</u>
Total future minimum lease payments	228,694
Less present value discount	<u>8,383</u>
Total lease liabilities	220,311
Less current portion	<u>120,100</u>
Long-term lease liabilities	<u>\$ 100,211</u>

14. RETIREMENT PLAN

The Society sponsors a 403(b) retirement savings plan covering employees after certain eligibility requirements are met. The Plan provides for employer matching contributions equal to 100% of the first 2% of compensation that a participant elects to contribute as a deferred cash contribution. The Plan provides for discretionary employer contributions. Matching contributions totaled \$61,213 and \$53,308 for the years ended December 31, 2022 and 2021, respectively. Discretionary employer contributions totaled \$103,963 and \$105,357 for the years ended December 31, 2022 and 2021, respectively.

PINE TREE SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

15. JOINT COSTS OF MULTI-PURPOSE FUNDRAISING MATERIALS

The Society incurred joint costs for informational materials and activities that include fundraising appeals. The costs were allocated to fundraising expense and public health education as follows:

	<u>2022</u>	<u>2021</u>
Fundraising	\$ 73,435	67,752
Public health education	<u>51,754</u>	<u>47,069</u>
Total joint costs	<u>\$ 125,189</u>	<u>114,821</u>

16. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	<u>2022</u>	<u>2021</u>
Cash paid for interest	<u>\$ -</u>	<u>2,723</u>
Cash paid for amounts included in the measurement of operating lease liabilities	<u>\$ 144,912</u>	<u>-</u>