

2013 Annual Report







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Dear Members and Friends,

In 1972, we celebrated Arbor Day's centennial and launched the Arbor Day Foundation. Since then, a lot has happened in the tree-planting world in the parts of five decades in which we've been doing our work.

For example, more than forty years ago, the management of America's urban forest was haphazard or nonexistent. Many well-intentioned tree planting projects failed because cities did not have systems in place for the ongoing care of trees. In 1976, the Arbor Day Foundation, U.S. Forest Service and National Association of State Foresters launched Tree City USA. Urban forestry management standards were set, professional assistance was provided, and successes began.

America's forests are a treasured legacy threatened by insects, disease and devastating wildfires. But Foundation members, corporate sponsors and partners continue to respond. This year, the Foundation planted nearly six million trees in our nation's forests through partnerships with the U.S. Forest Service and the National Association of State Foresters, with far-reaching impact throughout the country. Through a new, local relationship, the Arbor Day Foundation has planted thousands of native trees at the Flight 93 National Memorial in Shanksville, Pennsylvania. These trees will be a living tribute and a place of remembrance for the 40 men and women who lost their lives on September 11, 2001. This is one of several projects in the northeast, including the reclamation of coal mine lands to restore sustainable native hardwood forests.

Children's lives have changed profoundly since 1972 and are increasingly disconnected from nature. Screen time – computer games and TV – has replaced valuable learning experiences outdoors. The Arbor Day Foundation, Dimensions Educational Research Foundation and many others are helping to reverse that trend through the Nature Explore program. In hundreds of Nature Explore Classrooms and with supportive educators and parents, together we will nurture future caring citizens, committed professionals and inspiring leaders.

We have accomplished great things with urban forestry. We can do it again on behalf of today's children, and for all of the conservation work that is so vital for future generations.

Helen Keller said, simply, "Together we can do so much." Thank you for joining us on this journey.

Best Regards,

A handwritten signature in black ink that reads "John Rosenow".

John Rosenow
Chief Executive

We have accomplished great things with urban forestry. We can do it again on behalf of today's children, and for all of the conservation work that is so vital for future generations.



Dear Members and Friends,

We are fortunate to have worked with so many members, supporters and partners during parts of the past five decades at the Arbor Day Foundation, and we have shared in building successes. This year, we are especially pleased to report continued growth in a number of key programs, and we are optimistic about the additional progress we can envision for the future with your supportive efforts and generosity.

During 2013, the Foundation continued to strengthen our partnerships with the U.S. Forest Service and the National Association of State Foresters, planting trees for an enduring and positive impact that will be felt for generations to come.

Tree Campus USA, a program made possible due to the generous support of Toyota, continues to grow, reaching 191 colleges and universities this year.

We are also excited that Energy-Saving Trees has moved from a start-up to a sustained program with growing participation from utility providers. More Americans will conserve energy and save on electricity bills through tree planting as a result of this program.

Support from Congress and key partners in the early 1990s provided critical funding for Lied Lodge & Conference Center at Arbor Day Farm. Today, Lied Lodge – which in 2013 celebrated 20 years of inspiring conservation and environmental stewardship – is regularly sought out by conservation-minded groups in search of an ideal place to plan and build for the future. This year, we again achieved an increase in the number of visitors staying at the lodge for conservation-related gatherings.

In the face of a challenging economy, we continue to grow and broaden our impact as stewards of the earth. Thank you for doing your part.

Sincerely,

The Honorable Doug Bereuter, Chair Board of Trustees

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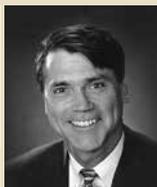
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QUICK FACTS

- This year, members received 6,134,544 trees for planting in their yards, acreages and neighborhoods.
- 196,202 Gift Trees were distributed to members and supporters.
- More than 200,000 trees have been distributed in communities recovering from natural disasters.



Trees for America

Members and partners plant millions of trees to restore damaged forests and enrich America's communities and countryside.

The Arbor Day Foundation's million members are pivotal to our shared mission to plant, nurture, and celebrate trees. Members plant trees in their neighborhoods and backyards, resulting in cleaner air, better storm-water management and energy-saving shade for homes and businesses. They plant trees on their farms and ranches, protecting soil and water resources and creating new habitat for wildlife.

Every year, the Foundation's members – and potential new ones – are invited to receive 10 free trees through the Trees for America program.

During the past year, Community Tree Recovery projects have also become a growing resource following natural disasters.

For example, the Lost Pines Forest Recovery Campaign is a multi-year public-private partnership to raise money to plant more than four million loblolly pine trees. Texas Parks and Wildlife Department, the Arbor Day Foundation, Texas A&M Forest Service and TreeFolks are working together to help restore critical areas of the more than 32,000 acres that were devastated by wildfires that raged through 95 percent of Bastrop State Park and many surrounding communities. The Lost Pines ecosystem includes more than 75,000 acres of unique loblolly pines scattered across sections of five Texas counties, an ecological island separated from larger pine forests in East Texas. About 80 percent of the forest lies in Bastrop County. By working closely with our Foundation partners to replant and restore this rare forest ecosystem, we are also bringing healing and hope to local communities, families and individuals.



We also continue to plant trees and restore hope in northern Alabama and Joplin, Missouri. When more than 100 tornadoes pummeled communities in Alabama during the Spring of 2011, citizens were displaced and devastated by the overwhelming destruction. Through the Alabama Tree Recovery Campaign, people across America are answering the call to help replant trees and restore natural beauty to the afflicted areas. In February 2013, 30,000 additional trees were distributed to 18 new communities in need.

The Spring of 2011 also brought unimaginable devastation to the people

of Joplin, Missouri, as a tornado barreled through the Midwestern city, destroying homes and landscapes. In 2014 and 2015, the Joplin Tree Recovery Campaign will continue to distribute thousands of trees to homeowners affected by the tornado, restoring the landscape to its natural beauty.



Tree City USA

More than 3,400 communities reap the benefits of strong and sustainable urban forestry programs.

With the support of our members and partners, the Tree City USA program has strengthened and sustained urban forests in more than 3,400 communities. From the Gulf of Alaska to the Gulf Coast, more than 138 million Americans are living in towns and cities that pay particular attention to tree planting, management and care. As a result, these communities enjoy profound environmental and community benefits, including lower energy bills, cleaner air and water, increased property values, neighborhood beauty and civic pride.

Many of the cities and towns that participate in Tree City USA realize benefits that exceed expectations. The program is a foundation for city forestry, but its impact is deep and far-reaching.

For example, in Edmond, Oklahoma – a city of more than 80,000 residents 15 miles north of Oklahoma City – civic leaders, local officials, and area residents credit Tree City USA recognition for the success of their community-engaging urban forestry plan.



Tree Line USA

The Arbor Day Foundation recognized nearly 143 utility companies in 2013 as Tree Line USA utilities in honor of their commitment to proper tree pruning, planting and care in their respective service areas. Tree Line USA, a partnership between the Foundation and the National Association of State Foresters, the Society of Municipal Arborists, and the Utility Arborist Association, recognizes public and private utilities for pursuing practices that protect and enhance America's urban trees – and helping customers to plant the right tree in the right place to save energy.





QUICK FACTS

- The Arbor Day Foundation's Tree City USA program, a partnership with the U.S. Forest Service and the National Association of State Foresters, was launched in 1976 with 42 communities in 15 states. Today, there are 3,434 Tree City USA communities with a combined population of more than 138 million people.
- In 2013, 410 communities nationwide exceeded basic standards by receiving a Tree City USA Growth Award, demonstrating their commitment to going the extra mile in tree management and care.
- In order to become a Tree City USA, communities must maintain four standards: a tree board or department, a tree care ordinance, an annual community forestry budget of at least \$2 per capita and an Arbor Day observance and proclamation.

Initially, a group of citizens circulated the idea of becoming a Tree City USA community; they made appearances to various groups and organizations in Edmond, including city council, on behalf of their urban forest.

The energy of the community began to coalesce into a common goal to achieve Tree City USA status. Tree City USA served as the polestar for an active group of citizens and engaged elected and appointed officials.

Edmond city council members made urban forestry a priority. City code was modified. An urban forestry commission – a group of concerned volunteer citizens charged by ordinance with developing and administering a comprehensive tree management program – was established. The urban forestry commission serves as an advisory commission to the city council. Edmond soon became a Tree City USA.

During Edmond's annual Arbor Week celebration, community events – including three community tree plantings – are well attended. Arbor Week engages the entire Edmond community. For example, Edmond holds an annual elementary school poster contest – an outstanding opportunity for tree education. Fifth graders enter the poster contest, which culminates in an Arbor Week art show. The mayor noted that he never envi-

sioned students attending city council meetings for tree-inspired art work recognition ceremonies, now an annual event.

Edmond's street tree ordinance created programs to assist residents with hazardous trees – including removal, if required – and to follow-up tree removal with replanting. Whether unsure of the condition of a tree, unable to decide if a tree needs removal, or needing help deciding what kind of tree to plant, urban forestry staff are available to consult.

A community-wide "Foster a Tree" program enables the city to plant more trees than are removed. Edmond urban forestry leaders cite "Foster a Tree" as a key component in protecting tree diversity – the city offers several tree varieties for planting, enhancing canopy cover, maintaining forest health, and providing these and other benefits to future generations.

Another example of a community that has realized long-term benefits from trees is Lincoln, Nebraska, home of Arbor Day Foundation headquarters. Sixteen years ago, an enormous snow-storm took a toll on thousands of trees. But due to Lincoln's long-time status as a Tree City USA, the response was swift and effective. While the aftermath of the storm is still plainly evident in neighboring communities, it takes a

discerning eye to detect damage in Lincoln today.

As Edmond and Lincoln demonstrate, the combination of active planting and ongoing care are both crucial to effective urban forestry. And they produce long-term results.

Tree City USA is the framework for sustained urban forests across the country. Thanks to our members and partners, the program's impact is broad and far-reaching. Additional city foresters and arborists are hired. City budgets include worthwhile investment in trees. And, millions of Americans are taking pride in community improvement.

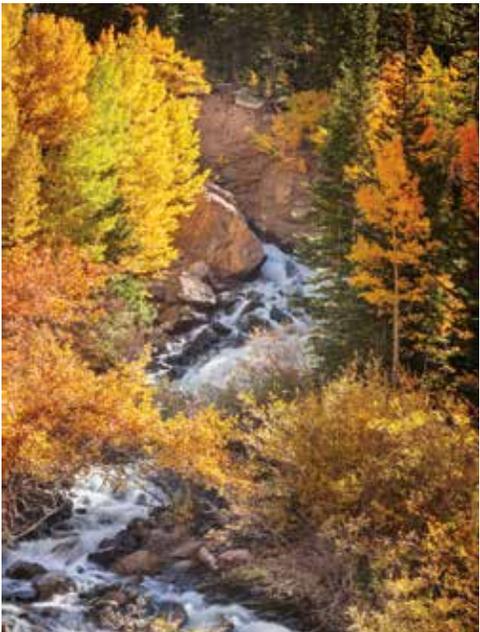


TREE CITY USA®



QUICK FACTS

- This year, 5,948,981 trees were planted in state and national forests.
- 56 different native species have been planted this year in state and national forests to help restore the land as nature has intended.
- Replanting projects have provided critical habitat for threatened and endangered species including the Kirtland's warbler songbird, bald eagle, Florida black bear, Canada lynx, giant gopher tortoise and many more.



Replanting Our National Forests

*Thanks to generations past, our national forests are our heritage.
Their conservation will be our legacy.*

America's forests are a treasured legacy threatened by insects, disease and devastating wildfires. But Foundation members, corporate sponsors and partners continue to respond. This year, the Foundation planted nearly six million trees in our nation's forests through partnerships with the U.S. Forest Service and the National Association of State Foresters, with far-reaching impact throughout the country.



The generosity of supporters and on-the-ground partners has made it possible for the Foundation to plant 40 million trees in total through more than 250 projects, recently expanding our work to include a growing number of state forests.

These new trees help restore life and vitality to the land. More than 180 million Americans rely on drinking water from forests, and replanting helps rain and snowmelt soak into soil and halt erosion around lakes, streams and reservoirs. The trees help mitigate the impact of climate change by absorbing carbon dioxide from the atmosphere and replacing it with pure oxygen. Grizzly bears, gray wolves, bald eagles and dozens of endangered species are able to come back from the brink. And, the trees preserve the shared legacy of awe-inspiring beauty in our national forests, land that belongs to all of us as Americans.

For example, spanning more than two million acres, the Shasta-Trinity National Forest is the largest National Forest in California. From the landscape to the abundant environmental and recreational services it provides, the Shasta-Trinity National Forest's natural diversity is profound.

The summer of 2008 was the worst and most extensive fire season in the history of the Shasta-Trinity National Forest. Hundreds of fires, including the Lime Complex Fire, Iron Complex Fire, and Lightning Complex Fire, burned thousands of acres of forestland, scorching trees and seeds to the point where natural regeneration will not take place.

To bring life back and to ensure that the Shasta-Trinity continues to thrive

and benefit the environment for generations to come, replanting has been and will be needed. Thanks to Arbor Day Foundation members and supporters, and our partnership with the U.S. Forest Service, plans are in place for planting 640,000 new ponderosa pine, Jeffrey pine, incense cedar, and Douglasfir trees to continue the restoration of this beautiful and scenic forest.

Enterprise Rent-A-Car is a partner that has made a sustained commitment to replanting, commemorating its 50th anniversary in 2007 by forming a long-term partnership with the Foundation to plant 50 million trees over the next 50 years. So far, seven million trees have been planted in forests throughout America and abroad.

Through a new, local relationship, the Arbor Day Foundation has planted thousands of native trees at the Flight 93 National Memorial in Shanksville, Pennsylvania. These trees will be a living tribute and a place of remembrance for the 40 men and women who lost their lives on September 11, 2001. This is one of several projects in the northeast, including the reclamation of coal mine lands to restore sustainable native hardwood forests.

REPLANTING OUR

**NATIONAL
FORESTS**





Nature Explore

Thanks to Nature Explore, children make deep connections with the natural world as an integral part of learning and living.

Children today are more likely to spend idle screen time—games and television—indoors rather than exploring outdoors. If current trends continue, the next generation may enter adulthood facing greater health challenges, inferior social skills and a diminished conservation ethic.

The Nature Explore program, a collaboration of the Arbor Day Foundation and Dimensions Educational Research Foundation, is addressing this challenge head-on by taking nature to where children spend their days.

Nature Explore provides educators, school administrators, landscape architects and families with research-

based outdoor learning opportunities for children. Nature Explore Classrooms are in place and under development in elementary schools, child care centers, forest and wildlife refuge visitor facilities and other public places throughout the country. In 2013, we completed 47 Outdoor Classroom Design Consultations, conducted 164 half-day workshops and recognized a total of 174 active Certified Nature Explore Classrooms.

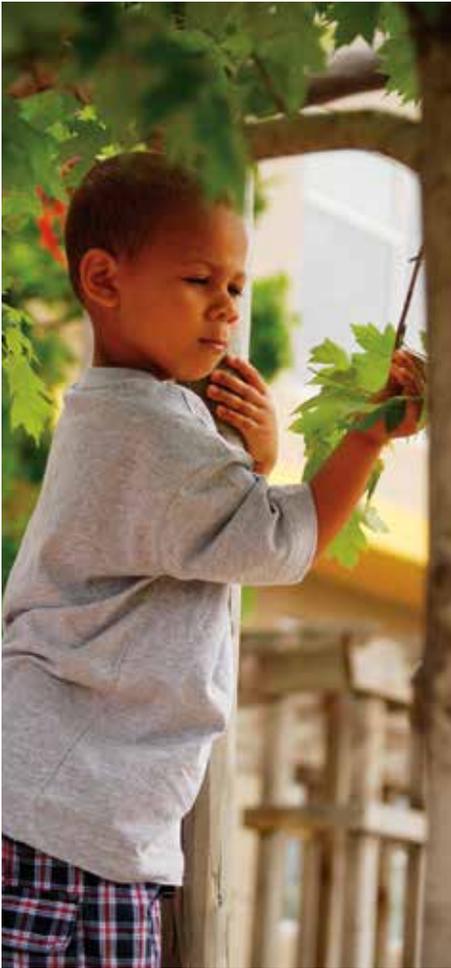
Children in Nature Explore Classrooms learn and play outdoors experiencing the wonders of nature. They climb and crawl through log structures and create their own works of art with acorns and pinecones. They dig gardens, plant



A Collaborative Project of
Arbor Day Foundation and
Dimensions Educational Research Foundation

QUICK FACTS

- In 2013, 47 outdoor classroom design consultations were completed.
- In 164 workshops, thousands of educators were inspired to help children make deeper connections with the natural world.
- In meeting or exceeding research-based principles for creating an effective outdoor learning space, 174 locations were recognized as Certified Nature Explore Classrooms.



seeds and share the delight of watching flowers bloom and vegetables grow. These well-designed outdoor spaces offer real-world evidence of the enormous benefit outdoor learning opportunities provide for children.

This year, the network of Certified Nature Explore Classrooms has continued to grow in new and exciting ways.

For example:

- The Nature Discovery Zone at the Big Bear Discovery Center, an education portal to the San Bernardino National Forest, now joins a growing network of Certified Nature Explore Classrooms. The Big Bear Discovery Center is co-managed by the nonprofit Southern California Mountains Foundation and the U.S. Forest Service.
- More than 200,000 children have spent time in Certified Nature Explore Classrooms this year. Many of these children are positively influenced by a Nature Explore Classroom on a regular basis as a part of their daily life. This is particularly important as research indicates that children who spend time in well-

designed Nature Explore Classrooms with nurturing adults develop valuable learning skills, and that positive experiences in the outdoors during childhood are the single most important factor in developing a personal concern for the environment.

- Dimensions Educational Research Foundation conducted a Nature Explore webinar training series that reached 63 U.S. Air Force bases in eight countries. These sessions provided professional development to base personnel to ensure effective implementation of the soon-to-be-created on-base nature spaces, with the intention to best support the physical, social-emotional, and cognitive development of the children who will be enjoying these places.

Whether experiencing a Nature Explore Classroom at a National Forest, on an Air Force base, or in an urban setting, children benefit from the daily interaction with the natural world. Research has shown that these benefits have a lasting impact, especially when instilled at an early age and supported by caring adults.



Nature Explore provides a comprehensive, field-tested program to help educators, administrators and businesses move from plastic and asphalt play space to nature-rich environments. The program includes on-site Outdoor Classroom Design Consultations with specially trained landscape architect-educator teams, workshops for educators and designers, a Resource Guide for field-tested natural products to enhance outdoor learning and Nature Explore Families Club for family activities.

As the network of Nature Explore Classrooms expands, the impact on children continues to grow. More children are developing meaningful connections with nature, instilling a lifelong sense of wonder and imagination. With the foundation offered by Nature Explore, these children can grow to become the next generation of tree planters and environmental stewards.



Each Nature Explore Classroom is uniquely designed for its space and users.

Rain Forest Rescue

Through Rain Forest Rescue, communities and families are being helped to help themselves while preserving rain forests.

Saving the earth's rain forests is a core conservation challenge. Overcoming logistical and geographical hurdles, the Arbor Day Foundation's Rain Forest Rescue program is working with on-location partners such as The Nature Conservancy on large-scale tree planting, preservation and recovery.

Tropical rain forests have been called 'the lungs of the world.' They also provide the last remnants of habitat for some of our rarest animals, as well as thousands of plants yielding medicinal cures, with many more yet to be discovered. But forests are also home to millions of people, too.

Rain Forest Rescue helps people live in harmony with the land by providing education and economic incentives for farmers to preserve and restore rain forests through sustainable coffee and cocoa bean production. Our Rain Forest Rescue Arbor Day Specialty Coffee and Chocolate enhance the quality of life in rain forest communities.



Wyndham Vacation Ownership has played an ongoing key role in Rain Forest Rescue. This past year, Wyndham purchased more than 235,000 pounds of rain forest-saving coffee.

Rain Forest Rescue chocolate is organically grown under the canopy of Ecuador's rain forest. The shade-grown cocoa beans provide economic incentives for family farmers to protect their ancestral forests. One of the chocolate offerings includes hazelnuts, a crop being studied closely by the Foundation and research partners for its potential as a long-term food source for the 21st century and beyond.

Rain Forest Rescue farmer participation also fosters community building. An example is Luis Vera from the Cajamarca region of Peru. One of his goals this year is to personally contribute 10 percent of his annual revenue to the education of children in his village. Luis also led a project that brought fresh water to the farm.

Senor Santos from Las Mercedes, Peru, also benefits from Rain Forest Rescue. Senor loves the trees on his farmland and now recognizes the value and benefit of intercropping fruit and nut trees on his plantation. He also started his own tree nursery



QUICK FACTS

- Rain forests cover just two percent of the Earth's surface, but they provide habitat and nutritional support for nearly half of the earth's known living species.
- Seventy percent of the plants identified by the National Cancer Institute as useful in the treatment of cancer are found in rain forests.
- Cumulatively, the Foundation and our partners have engaged in 58 Rain Forest Rescue projects in 7 countries.



and focuses on replanting deforested areas.

This year, Rain Forest Rescue helped local farming families embrace practices that protect the natural environment. The Foundation and its partners coordinate closely with local villagers, building broad support and an understanding of the link between healthy forests and healthy communities. Through education and support, together we're helping communities in Peru and Guatemala, for example, reverse years of devastating farming practices and cut-and-run logging operations with sustainable shade-grown farming and forestry that is restoring

forest health. In 2013, the Foundation and its partners continued their efforts in Guatemala's Atitlan Basin, replanting and preserving existing rain forests to protect the area's watershed.

Additionally, two large tree nurseries have been established with a total capacity of 500,000 native trees each year. This local capacity enables surrounding communities to promote their own forest restoration and supply many local reforestation projects. As part of a "reforestation day" event, school children head to the reforestation fields to plant the forests of their future, culminating in a festival where nature is celebrated.

Thanks to Rain Forest Rescue contributors and the cooperation of Arbor Day Foundation partners, the residents of Latin America's rain forests are receiving help to protect their forests while assuring a better future for themselves and their children.





QUICK FACTS

- Utility customers participating in Energy-Saving Trees gain free access to an online guide to map their property and calculate energy savings by selecting the right trees and positioning them in the best places in their yard.
- According to the U.S. Forest Service, trees properly placed around households can reduce air conditioning needs by 30 percent and can save between 20 and 50 percent in energy used for heating.
- According to the U.S. Forest Service, 50 million shade trees planted in strategic, energy-saving locations could eliminate the need for seven 100-megawatt power plants.



Energy-Saving Trees

Customers strategically plant trees in partnership with their utility providers.



Arbor Day Foundation launched the new Energy-Saving Trees program two years ago to conserve energy, reduce peak demand and lower household electricity bills through strategic tree planting. This year, nearly 40 thousand trees were planted through Energy-Saving Trees.

Energy-Saving Trees allows customers to strategically plant trees in partnership with their utility providers. At the core of the program is an interactive online tool that was

created by the Foundation and the Davey Institute, a division of the Davey Tree Expert Co., and uses peer-reviewed scientific research from the U.S. Forest Service's i-Tree Software to calculate estimated benefits. Residents use the online tool to select the right tree and the location for planting that will yield the greatest energy savings. Then, once the resident has planted the trees, they share in the benefits with the utility provider and the broader community.

Energy-Saving Trees began as a pilot program two years ago with three utility providers: Entergy, Pepco and Nebraska City Utilities. Now, with a higher profile and two years of success, the Energy-Saving Trees program has expanded into eight new markets.





Tree Campus USA

191 colleges and universities engage their students and neighbors to establish and maintain healthy community forests.

College campuses are an ideal home for community forests. As students feed their intellect, prepare for careers and broaden their social networks, connecting with nature through tree planting has the potential to lay the foundation for a lifetime of environmental stewardship. Healthy trees on and around campuses provide students with a quiet space to socialize, study, or reflect.

Building off the success of the Tree City USA program, the Arbor Day Foun-

dation now recognizes campuses that practice sound tree management and care. With crucial support from Toyota, the Foundation launched Tree Campus USA in 2008. This year, 191 colleges and universities with a combined enrollment of nearly 2.5 million students received Tree Campus USA recognition.

The Foundation and Toyota sponsored eight tree planting events throughout the country in 2013 to acknowledge colleges and universities for their



involvement in the Tree Campus USA program and to give students and staff the opportunity to participate in campus conservation. Four of the events were jointly sponsored by the historically black Greek organization Alpha Kappa Alpha Sorority, Inc.

In addition to co-hosting tree planting events, the Foundation also began a Tree Campus USA internship program with Alpha Kappa Alpha. Nine paid internships for college students were offered to help them engage their AKA chapters in tree planting events and Tree Campus USA. A training session was conducted in Atlanta for the new interns, each representing one of the sorority's nine regions.

An intern at Northwestern University in Evanston, Illinois, described her experience as follows:

"The final tree planting event was a major success and it was a moment

where I felt the most proud. On Arbor Day, there were so many students from all walks of life – all racial backgrounds and all ethnicities working together. I was proud to know that our event helped facilitate this moment where the campus was united; students working toward a common goal and for a common cause were benefits to tree planting that I didn't even realize could occur. I was happy that this happened and I think this observance needs to be an annual event on the Northwestern campus."



QUICK FACTS

- Collectively, Tree Campus USA colleges and universities invested nearly \$27 million in campus forest management last year.
- 191 college and universities are now recognized as a Tree Campus USA.
- Tree Campus USA recognition is awarded to colleges and universities that meet five core standards for sustainable campus forestry: a tree advisory committee, a campus tree-care plan, dedicated annual expenditures to their campus tree program, an Arbor Day observance and student service-learning projects.



QUICK FACTS List of state Arbor Days

- | | |
|---|--|
| Alabama Last full week in February | Montana Last Friday in April |
| Alaska Third Monday in May | Nebraska Last Friday in April |
| Arizona Third Friday in March | Nevada Last Friday in April |
| Arkansas Third Monday in March | New Hampshire Last Friday in April |
| California March 7-14 | New Jersey Last Friday in April |
| Colorado Third Friday in April | New Mexico Second Friday in March |
| Connecticut Last Friday in April | New York Last Friday in April |
| Delaware Last Friday in April | North Carolina First Friday following |
| District of Columbia Last Friday | March 15 |
| in April | North Dakota First Friday in May |
| Florida Third Friday in January | Ohio Last Friday in April |
| Georgia Third Friday in February | Oklahoma Last full week in March |
| Hawaii First Friday in November | Oregon First full week in April |
| Idaho Last Friday in April | Pennsylvania Last Friday in April |
| Illinois Last Friday in April | Rhode Island Last Friday in April |
| Indiana Last Friday in April | South Carolina First Friday |
| Iowa Last Friday in April | in December |
| Kansas Last Friday in April | South Dakota Last Friday in April |
| Kentucky First Friday in April | Tennessee First Friday in March |
| Louisiana Third Friday in January | Texas First Friday in November |
| Maine Third full week in May | Utah Last Friday in April |
| Maryland First Wednesday in April | Vermont First Friday in May |
| Massachusetts Last Friday in April | Virginia Last Friday in April |
| Michigan Last Friday in April | Washington Second Wednesday |
| Minnesota Last Friday in April | in April |
| Mississippi Second Friday | West Virginia Second Friday in April |
| in February | Wisconsin Last Friday in April |
| Missouri First Friday in April | Wyoming Last Monday in April |

National Arbor Day Last Friday in April

Celebrate Arbor Day

After more than a century, Arbor Day continues to embody the vision of J. Sterling Morton.

It was 141 years ago that Nebraskan J. Sterling Morton proposed the nation's first tree-planting holiday. A century later, the Arbor Day Foundation was launched, in large part to bring the spirit of stewardship to the forefront throughout the year.

The Foundation has grown and evolved in the past 41 years, but the mission remains the same: we inspire people to plant, nurture, and celebrate trees.

J. Sterling Morton wished for each generation to do its part as trustees of the earth. Laws to protect our air, water and natural resources, are successes to celebrate and build upon, and the Foundation has done its small part as a trustee by encouraging responsible

urban forest management through the Tree City USA program.

The Foundation contributes to the yearly celebration by recognizing the inspiring work of others through our Arbor Day Awards. In 2013, we again recognized some of the unassuming heroes who work to advance our shared mission.

Our 2013 J. Sterling Morton Award winner, Kemba Shakur, executive director of Urban ReLeaf in Oakland, California, works daily with low-income communities on tree-planting and conservation. During its first 15 years, the nonprofit has provided trees to thousands of community members at their homes and schools – more than fifteen thousand trees in total.

But Urban ReLeaf is about much more than putting trees in the ground. It's about creating hope and opportunity for young people, a mission that has driven Shakur for much of her adult life. When Shakur first moved to Oakland, she drew an immediate connection between the absence of trees on her block and the area's struggles with crime, unemployment and pollution. When she saw that no one else was planting trees, she started to plant them herself. And she kept planting, in her front yard, on her block, in her neighborhood and eventually throughout the City of Oakland – block by block, turning “a concrete jungle into a green oasis,” she says.

“We need to advocate for more trees,” she says. “It may take 20 years to see the impact of our work on the tree canopy, but you can see the benefits of urban forestry on the community now. You transform blocks when you plant trees – it's immediate gratification. In these underserved communities, it doesn't take a lot to make a big difference.”



Conservation Trees

Through education and communication, Americans learn how trees save energy, reduce soil erosion and clean our waterways and air.

The Arbor Day Foundation's Conservation Trees initiative encourages personal responsibility for environmental stewardship, working with farmers, ranchers and landowners to strengthen the link between private property and good stewardship.

For example, the Foundation joined the Nature Conservancy to plant 1,500 cottonwood seedlings on private land along the Missouri River in southeast Nebraska, aided by the U.S. Forest Service and Nebraska Forest Service. The cottonwoods were chosen due to their toughness and ability to grow quickly, and will make the area better able to withstand future flooding.

The cottonwood project is consistent with the spirit of many of the farmers and ranchers participating in the Conservation Trees program. They plant trees along rivers and streams as riparian buffers, preventing soil erosion and keeping water supplies clean, or plant windbreaks alongside cropland to prevent wind damage from similarly eroding soil and depleting moisture. In both cases, they are relying on conservation best-practices to care for our abundant earth for their benefit and the benefit of future generations.

The Arbor Day Foundation is sharing in the important work to conserve

natural resources through The Hazelnut Project. The Foundation and its Hybrid Hazelnut Consortium partners – Rutgers University, Oregon State University and the University of Nebraska-Lincoln – are working to develop blight-resistant hybrid hazelnuts that will thrive in a variety of soils and climates.

This past year, the Foundation has been collecting so-called “super hazelnuts” from The Hazelnut Project participating members, putting together a growing stock of hybrids that have successfully adapted to new climates. Now, after cultivating those hazelnuts at Arbor Day Farm, resulting hybrids will go full circle as they return to members to grow across the country.

The benefits of hazelnuts as a perennial woody crop are profound. Deep roots anchor nutrient-rich topsoil. The leafy bushes are ideal for absorbing carbon dioxide through much of the year while the wood and root systems naturally sequester the carbon. The plants are drought and flood resistant to withstand climate changes. And protein-rich nuts provide a healthy source of nutrition for our expanding population. One day, they could help feed many nations.

To broaden the benefits of Conservation Trees, the Foundation has also developed the capacity to accept and



manage donated farms, ranches and woodlands as productive conservation legacies. These properties will serve as demonstrations for conservation best-practices, especially incorporating the full use of Conservation Trees.





QUICK FACTS

- A total of 95,929 Foundation members were engaged this year in The Hazelnut Project.
- Trees improve water quality by reducing stormwater runoff and erosion, and removing harmful chemicals from the soil – preventing them from running into streams and rivers.





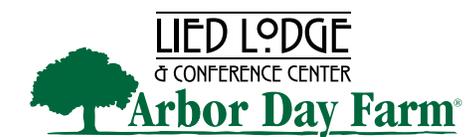
Arbor Day Farm

Where the Arbor Day Foundation's mission comes to life

Building programs that are high-impact – life-changing, large-scale, partner-engaging and sustainable – begins at Arbor Day Farm. The 260-acre National Historic Landmark, part of the original estate of Arbor Day Founder J. Sterling Morton, is where the Arbor Day Foundation's mission truly comes to life.

In 2013 Arbor Day Farm celebrated two major milestones, the 20th anniversary of Lied Lodge & Conference Center and the 10th anniversary of the Tree Adventure.

In its first 20 years, Lied Lodge has been host to meetings of land management agencies such as the U.S. Forest Service and Natural Resources Conservation Service; state and urban foresters; national nonprofit organizations such as The Nature Conservancy; global organizations such as the World Forum Foundation's Nature Action Collaborative for Children; corporate leaders; faith-based groups; and educators. Families have also found this unique destination a place for vacations, reunions and weddings.



Writers and filmmakers have used Lied Lodge as a peaceful retreat; and winners of national Arbor Day Awards gather annually to have their good work spotlighted and showcased for others to emulate.

The impact of these gatherings has been enormous. New ideas have emerged, successful practices have been shared between colleagues from different parts of the country, and countless lessons have been taught by the world's leading experts in their respective fields. Programs such as Nature Explore have gone from one



QUICK FACTS

- This year, we celebrated the 20th Anniversary of Lied Lodge & Conference Center.
- Tree Adventure celebrated 10 Years by welcoming 35,000 visitors.



demonstration area at Arbor Day Farm to more than 170 research-based facilities introducing children to nature from coast-to-coast. Training has been provided in urban forestry and on special topics ranging from permaculture to climate monitoring. Writers and broadcasters have gathered grist for the mass media, providing outreach to millions from the proceedings and activities of conferences held at Lied Lodge.

At the Tree Adventure, visitors explore 260 acres of Arbor Day founder J. Sterling

Morton's original estate. Arbor Day Farm offers visitors a first-hand experience of orchards, vineyards, conservation demonstrations, and more through their own exploration and by guided tour. In the spring and fall, visitors can watch team members ship many of the six million member trees.

As we look to the next 20 years, education and environmental stewardship will be needed more than ever. Solving complex global issues will require active participation

from businesses, community leaders, professional associations, elected officials, and everyone willing to help make our world greener and healthier. These milestones fuel our momentum as we look to provide an inspiring destination for ideas to grow, friendships to develop, and memories to last.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012

The Board of Directors
National Arbor Day Foundation
d/b/a Arbor Day Foundation
Lincoln, Nebraska

changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on the Financial Statements

We have audited the accompanying financial statements of National Arbor Day Foundation d/b/a Arbor Day Foundation, which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Report on Summarized Comparative Information

We have previously audited National Arbor Day Foundation d/b/a Arbor Day Foundation's 2012 financial statements, and our report dated October 12, 2012, expressed an unmodified opinion on those

HBE Becker Meyer Love LLP
Lincoln, Nebraska
October 9, 2013

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of National Arbor Day Foundation d/b/a Arbor Day Foundation as of June 30, 2013, and the

STATEMENT OF FINANCIAL POSITION

June 30, 2013 With Comparative Totals as of June 30, 2012

ASSETS	2013	2012
CURRENT ASSETS		
Cash and cash equivalents (notes A and E)	\$ 4,924,099	\$ 3,846,195
Investments (notes A, B, E, and N)	1,703,016	1,364,024
Accounts receivable (note A)	1,603,632	1,080,470
Grants receivable (note A)	213,821	360,705
Prepaid expense	199,520	329,920
Inventory (notes A and C)	1,173,678	1,074,045
Total current assets	9,817,766	8,055,359
PROPERTY AND EQUIPMENT, net (notes A and D)	25,604,521	25,233,358
OTHER ASSETS		
Construction in progress	-	389,814
Contributions receivable from charitable trusts (notes E and N)	34,144	43,696
Total other assets	34,144	433,510
Total assets	\$ 35,456,431	\$ 33,722,227
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 1,068,382	\$ 827,072
Accrued expenses (note A)	3,668,294	2,735,558
Current maturities of long-term obligations (note G)	466,777	795,221
Current maturities of obligations under capital lease (note A)	-	4,750
Deferred revenue (note A)	1,217,247	1,493,247
Total current liabilities	6,420,700	5,855,848
LONG-TERM OBLIGATIONS		
Long-term obligations, net of current maturities (note G)	681,279	816,287
OTHER LIABILITIES		
Annuities payable (notes E and N)	1,033,391	822,871
Total liabilities	8,135,370	7,495,006
NET ASSETS (notes A and H):		
Unrestricted		
Undesignated	23,112,083	23,356,361
Designated	3,361,983	2,350,888
Temporarily restricted	806,552	479,529
Permanently restricted	40,443	40,443
Total net assets	27,321,061	26,227,221
Total liabilities and net assets	\$ 35,456,431	\$ 33,722,227

See accompanying notes to financial statements.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2013 With Comparative Totals for the Year Ended June 30, 2012

	2013				2012
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
CHANGES IN NET ASSETS					
Revenue and support					
Membership dues	\$ 12,981,608	\$ -	\$ -	\$ 12,981,608	\$ 12,953,991
Contributions	9,608,819	249,442	-	9,858,261	9,244,570
Trees for America	4,039,965	-	-	4,039,965	3,515,439
Program grant income (note I)	2,224,430	100,000	-	2,324,430	2,540,428
Arbor Day Farm income	8,441,724	-	-	8,441,724	8,559,753
Arbor Day Coffee income	2,309,836	-	-	2,309,836	2,582,041
Other income (loss) (note J)	787,238	(14,913)	-	772,325	737,490
Net assets released from restrictions (note A)	7,506	(7,506)	-	-	-
Total revenue and support	<u>40,401,126</u>	<u>327,023</u>	<u>-</u>	<u>40,728,149</u>	<u>40,133,712</u>
Expenses					
Program services					
Tree City USA	1,609,693	-	-	1,609,693	1,587,731
Arbor Day/Youth Education	2,854,441	-	-	2,854,441	2,999,995
Conservation Trees	329,648	-	-	329,648	510,672
Rain Forest Rescue	3,388,073	-	-	3,388,073	4,082,734
Trees for America	15,439,396	-	-	15,439,396	14,132,540
Arbor Day Farm	11,122,883	-	-	11,122,883	11,258,889
Conference programs	623,435	-	-	623,435	547,539
Supporting activities					
General and administrative	1,108,471	-	-	1,108,471	1,146,290
Membership development	2,015,629	-	-	2,015,629	2,127,221
Fundraising	1,142,640	-	-	1,142,640	1,008,520
Total expenses	<u>39,634,309</u>	<u>-</u>	<u>-</u>	<u>39,634,309</u>	<u>39,402,131</u>
INCREASE IN NET ASSETS	766,817	327,023	-	1,093,840	731,581
Net assets, beginning of year	25,707,249	479,529	40,443	26,227,221	25,495,640
Net assets, end of year	<u>\$ 26,474,066</u>	<u>\$ 806,552</u>	<u>\$ 40,443</u>	<u>\$ 27,321,061</u>	<u>\$ 26,227,221</u>

See accompanying notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2013 With Comparative Totals for the Year Ended June 30, 2012

	Program Services							Support Activities				2013 Totals	2012 Totals
	Tree City USA	Arbor Day/ Youth Education	Conservation Trees	Rain Forest Rescue	Trees for America	Arbor Day Farm	Conference Programs	Total Program Services	General and Administrative	Membership Development	Fund Raising		
Salaries, payroll taxes and employee benefits (note L)	\$753,184	\$707,612	\$174,146	\$249,157	\$2,197,693	\$5,525,597	\$289,712	\$9,897,101	\$680,929	\$362,233	\$696,610	\$11,636,873	\$11,478,794
Contract labor	7,500	700	-	-	9,340	68,149	-	85,689	21	-	-	85,710	96,044
Advertising and promotion (note A)	612	893	-	2,422	385,395	246,092	-	635,414	41,234	1,202	510	678,360	853,676
Printing, publications, mailing, and photography	88,626	642,125	65,533	958,942	2,694,563	156,537	15,280	4,621,606	36,523	1,078,681	111,678	5,848,488	6,021,598
Travel and mileage	66,110	63,466	6,059	29,069	85,776	94,085	153,763	498,328	21,727	1,396	22,320	543,771	389,024
Professional services	168,496	753,788	30,920	47,354	791,470	93,246	37,504	1,922,778	93,345	56,856	51,538	2,124,517	2,010,798
Recognition material	370	3,135	-	-	5,206	12,709	-	21,420	5,982	-	60	27,462	34,061
Professional development	9,149	5,568	1,046	3,615	17,860	30,728	5,803	73,769	3,922	2,092	15,060	94,843	123,849
Taxes	-	-	-	11	401	303,117	-	303,529	27,065	-	3,095	333,689	324,868
Repairs and maintenance	9,340	7,733	1,105	1,105	74,308	233,467	1,105	328,163	5,524	5,524	5,597	344,808	373,849
Tree purchases and shipping expenses	38,446	39,862	4,333	-	5,094,539	467	-	5,177,647	-	2,778	27,484	5,207,909	4,799,252
Rain forest preservation	-	-	-	59,792	-	-	-	59,792	-	-	-	59,792	82,563
Inventory purchases	241,238	39,270	-	1,624,952	52,479	1,575,797	-	3,533,736	3	9,344	14,142	3,557,225	4,111,227
Computer services	10,402	45,863	3,004	7,954	296,405	75,702	9,102	448,432	9,013	6,012	3,133	466,590	415,380
Bank charges	-	-	-	93	250,236	141,070	47	391,446	93	-	-	391,539	383,193
Insurance	5,021	8,665	717	717	48,057	149,782	717	213,676	3,586	3,586	3,586	224,434	210,300
Telephone and utilities	15,751	11,025	1,458	4,362	126,455	569,630	12,896	741,577	7,347	9,416	765,687	806,656	806,656
Postage	123,526	336,344	11,144	364,703	2,921,849	106,597	6,420	3,870,583	13,505	424,636	83,193	4,391,917	3,898,838
Office supplies	1,488	793	235	215	3,011	16,025	1,020	22,787	881	470	785	24,923	22,923
Operating supplies	6,924	2,225	(193)	4,490	69,991	517,398	3,471	604,306	45,312	-	885	650,503	707,768
Dues and subscriptions	907	355	-	843	542	7,667	267	10,581	6,255	-	649	17,485	20,937
Interest expense	-	-	-	-	37,130	31,635	-	68,765	1,954	-	-	70,719	111,157
Bad debts	842	815	815	4,287	10,891	1,548	815	20,013	489	489	326	21,317	151,964
Rental expense (note K)	3,927	6,896	559	559	46,320	68,861	42,351	169,473	1,678	559	559	172,269	186,020
Depreciation (note D)	51,147	161,506	25,573	19,180	172,621	1,065,929	38,360	1,534,316	95,900	51,147	44,753	1,726,116	1,670,170
Delivery expense	-	-	-	-	-	-	-	-	-	-	-	-	(1,103)
Miscellaneous	6,687	15,802	3,194	4,251	46,858	31,048	4,802	112,642	6,183	1,277	47,261	167,363	118,325
TOTAL EXPENSES	<u>\$1,609,693</u>	<u>\$2,854,441</u>	<u>\$329,648</u>	<u>\$3,388,073</u>	<u>\$15,439,396</u>	<u>\$11,122,883</u>	<u>\$623,435</u>	<u>\$35,367,569</u>	<u>\$1,108,471</u>	<u>\$2,015,629</u>	<u>\$1,142,640</u>	<u>\$39,634,309</u>	<u>\$39,402,131</u>
TOTAL EXPENSES June 30, 2012	<u>\$1,587,731</u>	<u>\$2,999,995</u>	<u>\$510,672</u>	<u>\$4,082,734</u>	<u>\$14,132,540</u>	<u>\$11,258,889</u>	<u>\$547,539</u>	<u>\$35,120,100</u>	<u>\$1,146,290</u>	<u>\$2,127,221</u>	<u>\$1,008,520</u>	<u>\$39,402,131</u>	<u>\$39,402,131</u>

See accompanying notes to financial statements.

STATEMENT OF CASH FLOWS

Year Ended June 30, 2013 With Comparative Totals for the Year Ended June 30, 2012

	2013	2012		2013	2012
Cash flows from operating activities					
Cash received from revenue and support	\$ 39,626,737	\$ 39,878,593	Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Cash paid to employees and suppliers	(36,883,992)	(38,177,577)			
Interest received	1,180	2,653	Increase in net assets	\$ 1,093,840	\$ 731,581
Interest paid	(73,236)	(106,268)			
Net cash provided by operating activities	2,670,689	1,597,401	Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Cash flows from investing activities			Depreciation	1,726,116	1,670,170
Purchase of investments	(345,000)	(235,000)	Investment gain	(127,939)	(37,666)
Proceeds from the sale of investments	133,951	243,305	Actuarial loss on annuities	122,225	129,119
Proceeds from sale of property and equipment	300	280	Decrease in contributions for annuity liabilities	231,979	100,134
Purchase of property and equipment	(938,881)	(1,046,760)	Loss on disposal of property and equipment	234,963	32,028
Net cash used by investing activities	(1,149,630)	(1,038,175)	Donated property and equipment	(750,000)	(48,785)
Cash flows from financing activities			Contributions restricted for purchase of property and equipment	(159,000)	-
Proceeds from long-term obligations	498,072	1,000,000	(Increase) decrease in assets		
Principal payments on long-term obligations	(966,276)	(430,781)	Accounts receivable	(523,162)	33,200
Contributions restricted for purchase of property and equipment	159,000	-	Grants receivable	146,884	128,302
Payments on annuities	(133,951)	(168,997)	Prepaid expense	130,400	7,552
Net cash provided (used) by financing activities	443,155	400,222	Inventory	(99,633)	(238,465)
Net increase in cash	1,077,904	959,448	Increase (decrease) in liabilities		
Cash and cash equivalents, beginning of year	3,846,195	2,886,747	Accounts payable	(12,538)	(58,673)
Cash and cash equivalents, end of year	\$ 4,924,099	\$ 3,846,195	Accrued expenses	932,736	(262,298)
			Deferred revenue	(276,000)	(588,798)
			Total adjustments to increase in net assets	1,576,849	865,820
			Net cash provided by operating activities	\$ 2,670,689	\$ 1,597,401
			Supplemental disclosure of noncash investing information:		
			Accounts payable assumed for property and equipment purchases	\$ 253,848	\$ -

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

The National Arbor Day Foundation d/b/a Arbor Day Foundation was incorporated under the Nebraska Nonprofit Corporation Act on September 3, 1971. The purpose of the Foundation is to engage in educational and charitable activities including officially promoting the annual observance of Arbor Day; inspiring people to plant, nurture, and celebrate trees; stimulating a world-wide program of tree and horticultural planting and care; advancing nature education and environmental education; and maintaining Arbor Day Farm, the estate of Arbor Day's founder J. Sterling Morton.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting. The accompanying financial statements have been prepared on the accrual basis of accounting.

Net Asset Classification. The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets. Net assets that are not subject to outside restrictions.

Temporarily restricted net assets. Net assets on which grantors or donors have placed restrictions regarding the use of the funds or the time period in which the funds can be used. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as "net assets released from restrictions." Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions.

Permanently restricted net assets. Net assets whose funds must be held indefinitely.

Cash and Cash Equivalents. For purposes of the statement of cash flows, the Foundation considers all unrestricted highly liquid investments with a maturity of three months or less to be cash equivalents.

Investments. Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities. Donated securities are recorded as contributions equal to the fair market value of the securities at the date of gift.

Accounts Receivable. Accounts receivable are reported at the amount management expects to collect on balances outstanding at year-end. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

Grants Receivable. Grants receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history of grantors having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

Inventory. Inventory is stated at the lower of cost or market determined by the first-in, first-out method.

Promises to Give. Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Unconditional promises to give that are expected to be collected or paid in more than one year are recognized at the present value of estimated future cash flows. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Property and Equipment and Depreciation. Property and equipment are carried at cost, if purchased, and at fair market value at the date of contribution, if received by donation, less accumulated depreciation. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives computed primarily on the straight-line method. It is the Foundation's policy to capitalize property and equipment with an estimated useful life of greater than one year. The cost of routine maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized. The estimated lives by asset class follow:

Buildings	5-50 years
Leasehold improvements	20 years
Farm improvements	5-32 years
Orchards	5-20 years
Computer hardware	5-10 years
Lied Lodge and Conference Center equipment and improvements	3-30 years
Furniture and equipment	5-30 years
Computer software	5-10 years
Traveling exhibit	10 years

Accrued Vacation. The Foundation's vacation pay policy allows full-time employees 80 hours of vacation time for the first year of full-time employment, increasing each year of employment up to a maximum of 160 hours per year after 11 years of employment. Vacation time is also available on a pro-rata basis for regular part-time employees. Up to 80 hours of accrued vacation time may be carried into a new calendar year. All accumulated vacation time is paid out upon termination. Accrued vacation for the years ended June 30, 2013 and 2012 was \$367,486 and \$365,976, respectively.

Deferred Revenue. The Foundation records program support in the period in which the costs of providing the corresponding program services are incurred. Deferred revenue consists of unearned program support for future costs of providing specific program services.

Leases. Assets which are acquired by lease-purchase agreements and meet the criteria of a capital lease are recorded as assets and obligations at the lesser of the following:

- (1) An amount equal to the present value, at the beginning of the lease term, of minimum lease payments during the lease term, excluding that portion of the payments representing executory costs to be paid by the lessor, together with any profit thereon.
- (2) Fair value of the leased property at the inception of the lease.

Rental payments under agreements which meet the criteria of an operating lease are expensed when paid.

Advertising. The Foundation expenses advertising as incurred. Advertising expense for the years ended June 30, 2013 and 2012 was \$678,360 and \$853,676, respectively.

Shipping and Handling Costs. The Foundation records the freight billed to customers as sales revenue and the related freight costs as cost of goods sold.

Sales Tax. The Foundation collects sales tax from all nonexempt customers at the rate in effect in the state where the delivery occurs if the Foundation has nexus in the state. The Foundation's accounting policy is to exclude the tax collected from revenue and remit the balance to the appropriate state.

Functional Allocation of Expenses. The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Fair Value Measurements. The Financial Accounting Standards Board has issued guidance defining fair value, establishing a framework for measuring fair value and expanding disclosures about fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Foundation utilizes a fair value hierarchy to prioritize the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). 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 the Foundation has the ability to access.
- Level 2 Inputs to the valuation methodology include:
 - quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets or liabilities in inactive markets;
 - inputs other than quoted prices that are observable for the asset or liability;
 - inputs that are derived principally from or corroborated by observable market data 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 full term of the asset or liability.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest priority level of any input that is significant to the fair value measurement. Transfers between levels shall occur at the actual date of the event or change in circumstances that caused the transfer. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

Income Taxes. The Foundation is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. As such, income earned in the performance of its exempt purpose is not subject to income tax. Any income earned through activities not related to its exempt purpose is subject to income tax at normal corporate rates.

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

Comparative Financial Information. The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2012, from which the summarized information was derived.

NOTE B - INVESTMENTS

	2013		2012	
	Cost	Fair Value	Cost	Fair Value
Mutual funds	\$ 1,415,447	\$ 1,576,134	\$ 1,143,639	\$ 1,217,242
Agency bonds	49,142	46,886	79,436	78,341
Exchange traded funds	54,986	79,996	54,986	68,441
	<u>\$ 1,519,575</u>	<u>\$ 1,703,016</u>	<u>\$ 1,278,061</u>	<u>\$ 1,364,024</u>
Unrealized gains		<u>\$ 183,441</u>		<u>\$ 85,963</u>

NOTE C - INVENTORY

	2013	2012
Food and beverage inventory	\$ 386,467	\$ 378,106
Merchandise inventory	87,912	82,504
Coffee inventory	250,568	-
Catalog inventory	280,427	296,250
Other print inventory	89,604	174,558
Greenhouse inventory	71,218	135,885
Miscellaneous inventory	7,482	6,742
	<u>\$ 1,173,678</u>	<u>\$ 1,074,045</u>

NOTE D - PROPERTY AND EQUIPMENT

	2013	2012
Land	\$ 2,169,917	\$ 1,419,126
Buildings	28,835,540	28,301,944
Leasehold improvements	125,082	125,082
Farm improvements	1,496,431	1,477,249
Orchards	54,549	49,830
Computer hardware	1,712,918	1,599,094
Lied Lodge and Conference Center equipment and improvements	2,842,252	2,842,252
Furniture and equipment	3,159,548	2,758,157
Computer software	3,337,660	3,070,334
Traveling exhibit	844,724	844,724
	<u>\$ 44,578,621</u>	<u>\$ 42,487,792</u>
Less accumulated depreciation	(18,974,100)	(17,254,434)
	<u>\$ 25,604,521</u>	<u>\$ 25,233,358</u>

Depreciation expense for the years ended June 30, 2013 and 2012 was \$1,726,116 and \$1,670,170, respectively.

NOTE E - SPLIT-INTEREST AGREEMENTS

The Foundation has entered into charitable gift annuity contracts which provide for periodic distributions to the donor over a specified period of time, usually the life of the donor. Any amounts remaining, after all distributions have been made, are left to the Foundation.

When a gift annuity is created, the value of the annuity contract (payments due the annuitant) is treated as a liability of the Foundation. The discount rate used in calculating the annuity obligation is the prime rate at measurement date and the actuarial assumptions used in calculating the annuity obligation are those provided in actuarial tables. The difference between this liability and the total amount deposited by the annuitant is treated as a current contribution for that portion which ultimately accrues to the Foundation.

For the agreements where the Foundation is not the trustee, the Foundation has recorded an asset included in the caption "contributions receivable from charitable trusts" which represents its beneficial interest in the agreements.

For the years ended June 30, 2013 and 2012, contributions include gift annuity contracts valued at \$113,203 and \$67,024, respectively after recognizing the liabilities relating to the annuity contracts.

The Foundation complies with requirements of various states' laws, including mandated annuity reserves and limitations on the manner in which net assets are invested.

Assets of the Foundation, as derived from split-interest agreements, are as follows:

	2013	2012
Cash and cash equivalents	\$ 32,139	\$ 13,449
Investments	1,520,024	1,196,541
	<u>\$ 1,552,163</u>	<u>\$ 1,209,990</u>

NOTE F - REVOLVING CREDIT NOTE PAYABLE AND LETTER OF CREDIT

The Foundation has secured a revolving credit note agreement with a financial institution, which provides it may borrow up to \$2,000,000 at the bank's variable interest rate. The revolving credit note is supported by an agreement which provides for certain restrictive covenants which includes limitations on disposal of certain property and assets and maintenance of certain ratios. The note is secured by substantially all of the assets of the Foundation. No amounts had been borrowed on the revolving credit note as of June 30, 2013 and 2012. The revolving credit note expires January 31, 2014.

In addition, the Foundation has established an irrevocable letter of credit of \$703,957 and \$1,200,000 as of June 30, 2013 and 2012, respectively, for securing payment drawn in favor of a USDA Forest Service agreement. The letter of credit automatically renews annually on December 31. The fee for the letter of credit is waived. There was no outstanding balance under the letter of credit as of June 30, 2013 and 2012.

NOTE G – LONG-TERM OBLIGATION

Long-term obligations consist of:

	2013	2012
Note payable to Union Bank & Trust Co., Lincoln, Nebraska, with 5.95% interest. Secured by real estate in Lincoln, Nebraska. Paid in full during the year ended June 30, 2013.	\$ -	\$ 559,934
Note payable to Union Bank & Trust Co., Lincoln, Nebraska, with 4.00% interest. Secured by real estate in Lincoln, Nebraska and Otoe County, Nebraska. Payable in monthly installments of \$20,468 with the balance of principal due on November 27, 2014.	338,421	-
Note payable to Farmers Bank, Nebraska City, Nebraska, with 7.25% interest. Secured by real estate in Nebraska City, Nebraska. Payable in monthly installments of \$2,406, maturing November 6, 2017.	108,598	128,678
Non-interest bearing note payable to the City of Lincoln, Nebraska for \$60,000 with a discounted value of \$44,000 at an imputed interest rate of 6.50%. Secured by real estate in Lincoln, Nebraska. Payable in monthly installments of \$500, maturing November 30, 2017.	22,973	27,321
Note payable to John Deere Credit, with 6.90% interest. Secured by equipment in Nebraska City, Nebraska. Paid in full during the year ended June 30, 2013.	-	15,791
Note payable to Downtown Civic Ventures, with 2.15% interest. Secured by real estate in Lincoln, Nebraska. Payable in annual interest only installments of \$753, maturing June 1, 2014. One-fifth of the principal balance is forgiven for each full year that an approved retail tenant remains in its leased premises in Lincoln, Nebraska.	7,000	14,000
Note payable to Arbor Bank, Nebraska City, Nebraska, with 5.75% interest. Secured by equipment in Nebraska City, Nebraska. Payable in monthly installments of \$542, maturing April 16, 2015.	11,273	16,934
Note payable to Union Bank & Trust Co., Lincoln, Nebraska, with 4.50% interest. Secured by substantially all of the assets of the Foundation. Payable in monthly installments of \$18,643, maturing August 1, 2016.	659,791	848,850
	1,148,056	1,611,508
Less current maturities	(466,777)	(795,221)
	<u>\$ 681,279</u>	<u>\$ 816,287</u>

Aggregate annual maturities of long-term obligations for the years following June 30, 2013, are as follows:

Year ending June 30	
2014	\$ 466,777
2015	349,685
2016	247,021
2017	70,302
2018	14,271
	<u>\$ 1,148,056</u>

NOTE H – RESTRICTED NET ASSETS

Unrestricted, designated net assets are available for the following purposes:

	2013	2012
Board designated reserve fund (cash)	\$ 2,452,978	\$ 2,207,952
Board designated reserve fund (property)	750,000	-
Quasi-endowment fund	159,005	142,936
	<u>\$ 3,361,983</u>	<u>\$ 2,350,888</u>

Temporarily restricted net assets are available for the following purposes or periods:

	2013	2012
Split-interest agreements	\$ 552,916	\$ 430,815
Exhibition center	209,000	-
Earnings on permanently restricted endowment funds	9,997	6,570
Hazelnut project	32,751	37,593
Orchard restoration	1,888	4,551
	<u>\$ 806,552</u>	<u>\$ 479,529</u>

Permanently restricted net assets are to be maintained in perpetuity as an endowment fund.

	2013	2012
Endowment purposes	<u>\$ 40,443</u>	<u>\$ 40,443</u>

NOTE I – PROGRAM GRANTS

During the years ended June 30, 2013 and 2012, grant income consisted of:

Grant Source	Grant Purpose	2013	2012
Government:			
U.S. Dept. of Agriculture	Training Academy	\$ 225,000	\$ 225,000
	Tree City USA	24,125	185,428
	Public Service Ads	280,000	-
	Hazelnut Consortium	-	92,170
	City Teams	2,821	53,524
	Faces of Urban Forestry	31,547	22,985
	Energy Saving Trees	421,283	-
U.S. Dept. of Housing and Urban Development	Block Grant	18,712	243,826
U.S. Dept. of the Interior	Fish and Wildlife Grant	33,858	37,851
Others		-	26,589
	Government grant income	<u>1,037,346</u>	<u>887,373</u>
Private:			
	Toyota Foundation	1,106,000	1,055,000
	Home Depot Foundation	-	75,000
	Bank of America	-	200,000
	UPS Foundation	-	200,000
	Sunderland Foundation	100,000	-
	Steinhart Foundation	-	46,120
	Others	81,084	76,935
	Private grant income	<u>1,287,084</u>	<u>1,653,055</u>
	Total grant income	<u>\$ 2,324,430</u>	<u>\$ 2,540,428</u>

NOTE J – OTHER INCOME

Other income consists of:

List rental income	\$ 367,454	\$ 360,264
Education materials sales	130,005	133,643
Tree City USA material sales	47,422	45,224
Conference and training	163,995	130,406
Rental income	113,207	117,569
Gain (loss) on investments	48,146	(70,048)
Interest income	1,181	2,653
Loss on sale or disposal of property and equipment	(234,963)	(32,028)
Other	135,878	49,807
	<u>\$ 772,325</u>	<u>\$ 737,490</u>

NOTE K – LEASES

As Lessee

The Foundation has an agreement to lease Steinhart Lodge from the City of Nebraska City for a term of 99 years commencing June 1, 1985 for the sum of \$1. The Foundation has the option to extend the agreement for an additional term of 99 years for the total sum of \$1. Since the lease term extends beyond the economic life of the asset, the Steinhart Lodge lease has been shown as a capital addition at a value of \$297,750. Steinhart Lodge is part of Arbor Day Farm.

The Foundation leases real property under two operating lease agreements. Under the first agreement, lease payments are \$42,000 plus inflation adjustments annually through December 31, 2098. The Foundation subleased the first operating lease to another party under the same terms as the Foundation's. Under the second agreement, lease payments are \$26,400 annually through December 31, 2047.

The Foundation leases building space under an operating lease agreement. The term of the lease is from August 1, 2009 through December 31, 2018. Under the agreement, lease payments are \$23,140 annually through December 31, 2013 and \$25,396 annually from January 1, 2014 through December 31, 2018.

The Foundation leases office equipment under operating leases which expire over varying terms. The last lease is set to expire in February 2016.

The Foundation leases residential space under an operating lease agreement. The term of the lease is from July 1, 2013 through June 30, 2014. Under the agreement, lease payments are \$6,180 annually.

Rent expense for the years ended June 30, 2013 and 2012 was \$172,269 and \$186,020, respectively.

Future minimum lease payments for the years following June 30, 2013 are as follows:

Year ending June 30	
2014	\$ 82,482
2015	74,073
2016	60,789
2017	51,796
2018	51,796
2019 and thereafter	791,498
	<u>\$ 1,112,434</u>

NOTE K - LEASES - CONTINUED

As Lessor

The Foundation leases building space to a bakery-café restaurant under an operating lease agreement. The term of the lease is from August 1, 2009 through December 31, 2018. Under the agreement, lease payments are \$88,529 annually through December 31, 2013 and \$97,156 annually from January 1, 2014 through December 31, 2018. The tenant may extend the lease term for an additional fifteen years. The tenant is also responsible for its proportionate share of common area maintenance charges.

Rent income for the years ended June 30, 2013 and 2012 was \$113,207 and \$117,569, respectively.

Future minimum lease revenue for the years following June 30, 2013 is as follows:

Year ending June 30	
2014	\$ 92,843
2015	97,156
2016	97,156
2017	97,156
2018	97,156
2019 and thereafter	48,578
	<u>\$ 530,045</u>

NOTE L - RETIREMENT PLAN

The Foundation has established a defined contribution retirement plan qualified under Section 401(k) of the Internal Revenue Code. The plan covers employees age twenty-one and over with one year and at least 1,000 hours of service. Employees may, upon hire, make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. The Foundation provides a matching contribution on the first three percent of contributions made by the employee up to a maximum of \$3,000 annually. Matching contributions were \$170,785 and \$182,370 for the years ended June 30, 2013 and 2012, respectively. Employees become vested in the matching contributions over a five year period, 20% each year.

NOTE M - ALLOCATION OF JOINT COSTS

The Foundation conducted activities which incurred joint costs for educational information and distribution of direct mail fundraising appeals, and for corporate marketing activities. These costs were allocated as follows:

	2013	2012
Total joint costs allocated to program services	\$ 2,878,086	\$ 2,482,550
Total joint costs allocated to fundraising	640,690	595,592
	<u>\$ 3,518,776</u>	<u>\$ 3,078,142</u>

NOTE N - FAIR VALUE MEASUREMENTS

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in methodologies used during the years ended June 30, 2013 and 2012.

Mutual funds: Valued at the observable net asset value (NAV) of shares held by the Foundation at year-end.

Agency bonds: Valued using independent pricing models.

Exchange traded funds: Valued at the observable net asset value (NAV) of shares held by the Foundation at year-end.

Contributions receivable from charitable trusts: Valued at an amount equal to the estimated present value of the life interest. The estimated value of the life interest of the trust is based on the trust's current market value, a discount rate of 1.40 percent as provided in Internal Revenue Service (IRS) guidelines, and the estimate remaining life of the donor as provided in actuarial tables.

Donated land: Valued based on an appraisal. The appraisal incorporated data from comparable historical land sales. Adjustments were made for differences in time, size, location, and condition to arrive at the appraised value.

Annuities payable: Valued using the estimated present value of the annuity obligation. The Foundation has elected the fair value option for measuring annuity obligations. The discount rate (3.25 percent) used in calculating the annuity obligation is the prime rate and the actuarial assumptions used in calculating the annuity obligation are those provided in actuarial tables. Both the discount rate and the actuarial assumptions are updated each period the obligations are valued.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth the balances of assets and liabilities measured at fair value on a recurring basis as of June 30, 2013 and 2012.

	2013			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Mutual funds				
Large cap	\$ 740,917	\$ 740,917	\$ -	\$ -
Mid cap	58,850	58,850	-	-
Small cap	3,189	3,189	-	-
Blended small cap	2,742	2,742	-	-
International	197,063	197,063	-	-
World allocation	144	144	-	-
High yield bond	6,078	6,078	-	-
Intermediate-term bond	228,956	228,956	-	-
Intermediate government bond	284	284	-	-
Short-term bond	175,223	175,223	-	-
World bond	92,539	92,539	-	-
Inflation-protected bond	66,340	66,340	-	-
Ultrashort bond	3,809	3,809	-	-
Agency bonds				
AA+/Aaa	46,886	-	46,886	-
Exchange traded funds				
Large blend	48,775	48,775	-	-
Foreign large blend	14,898	14,898	-	-
Mid cap value	16,323	16,323	-	-
	<u>\$ 1,703,016</u>	<u>\$ 1,656,130</u>	<u>\$ 46,886</u>	<u>\$ -</u>
Contributions receivable from charitable trusts	\$ 34,144	\$ -	\$ -	\$ 34,144
Annuities payable	<u>\$ 1,033,391</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,033,391</u>

	2012			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Mutual funds				
Large cap	\$ 558,703	\$ 558,703	\$ -	\$ -
Mid cap	38,671	38,671	-	-
Small cap	2,583	2,583	-	-
International	145,171	145,171	-	-
High yield bond	3,007	3,007	-	-
Intermediate-term bond	186,629	186,629	-	-
Intermediate government bond	7	7	-	-
Short-term bond	139,068	139,068	-	-
World bond	70,892	70,892	-	-
Inflation-protected bond	68,694	68,694	-	-
Ultrashort bond	3,817	3,817	-	-
Agency bonds				
AA+/Aaa	78,341	-	78,341	-
Exchange traded funds				
Large blend	41,123	41,123	-	-
Foreign large blend	12,990	12,990	-	-
Mid cap value	14,328	14,328	-	-
	<u>\$ 1,364,024</u>	<u>\$ 1,285,683</u>	<u>\$ 78,341</u>	<u>\$ -</u>
Contributions receivable from charitable trusts	\$ 43,696	\$ -	\$ -	\$ 43,696
Annuities payable	<u>\$ 822,871</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 822,871</u>

The following table sets forth a summary of changes in the fair value of the Foundation's level 3 assets and liabilities for the years ended June 30, 2013 and 2012.

	Contributions Receivable from Charitable Trusts	Annuities Payable
Balance June 30, 2011	\$ 47,998	\$ 766,918
Annuity liabilities added	-	162,975
Annuity liabilities released	-	(62,842)
Payments on annuities	-	(168,997)
Actuarial change in split-interest agreements	(4,302)	124,817
Balance at June 30, 2012	\$ 43,696	\$ 822,871
Annuity liabilities added	-	231,797
Annuity liabilities released	-	-
Payments on annuities	-	(133,950)
Actuarial change in split-interest agreements	(9,552)	112,673
Balance at June 30, 2013	<u>\$ 34,144</u>	<u>\$ 1,033,391</u>

The following table sets forth the balances of assets and liabilities measured at fair value on a nonrecurring basis as of June 30, 2013.

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Property and equipment:				
Donated land	\$ 750,000	\$ -	\$ -	\$ 750,000

NOTE O - INCOME TAXES

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Foundation has hotel and conference center income, which is subject to tax on unrelated business income. For the years ended June 30, 2013 and 2012, the Foundation had no tax liability on unrelated business activity. The Foundation has Federal and Nebraska net operating loss carryforwards that may be offset against future taxable income. If not used, the Federal carryforward will expire between now and June 30, 2033 and the Nebraska carryforward will expire between now and June 30, 2018. The loss carryforwards at June 30, 2013 total \$17,310,043 Federal and \$4,302,331 Nebraska. No net operating loss is anticipated to be used prior to expiration; therefore, no deferred tax asset has been established. The Foundation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

The Foundation's federal Returns of Organization Exempt from Income Tax (Form 990) and Exempt Organization Business Income Tax Returns (Form 990T) for June 30, 2013, 2012, and 2011 are subject to examination by the IRS, generally for three years after they were filed.

NOTE P - CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist principally of cash and short-term investment accounts at a financial institution. Accounts at each institution are insured by the FDIC up to \$250,000. The bank accounts, at times, exceeded federally insured limits. The Foundation has mitigated this risk by collateralizing these balances with federal agency bonds.

NOTE Q - RELATED PARTY TRANSACTIONS AND COMMITMENTS

The Foundation and Dimensions Educational Research Foundation (Dimensions) collaborate on the creation of educational activities and programs that support the Nature Explore program. In connection therewith, for the years ended June 30, 2013 and 2012, the Foundation had the following transactions with Dimensions:

	2013	2012
General funding	\$ 650,000	\$ 600,000
Nature Explore Resources Book funding	-	235,550
Nature Explore public service announcement funding	79,188	38,794
Foundation contributions passed through	274,370	220,668
Online tools and equipment funding	-	17,563
Other funding	-	4,195
	<u>\$ 1,003,558</u>	<u>\$ 1,116,770</u>

These are considered related party transactions as the spouse of the Foundation's Chief Executive Officer is the Executive Director of Dimensions.

As of June 30, 2013, Dimensions had balances due to the Foundation of \$172,724.

As of June 30, 2013, the Foundation has committed in writing to making payments to Dimensions of not less than \$450,000 on both July 1, 2013 and July 1, 2014. The Foundation has subsequently paid the \$450,000 due on July 1, 2013.

NOTE R - SUBSEQUENT EVENTS

Subsequent events have been evaluated through the audit report date, the date the financial statements were available to be issued.

See Note Q for the subsequent payment of a commitment.





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