

2015 *Annual Report*



We inspire people to plant, nurture, and celebrate trees.

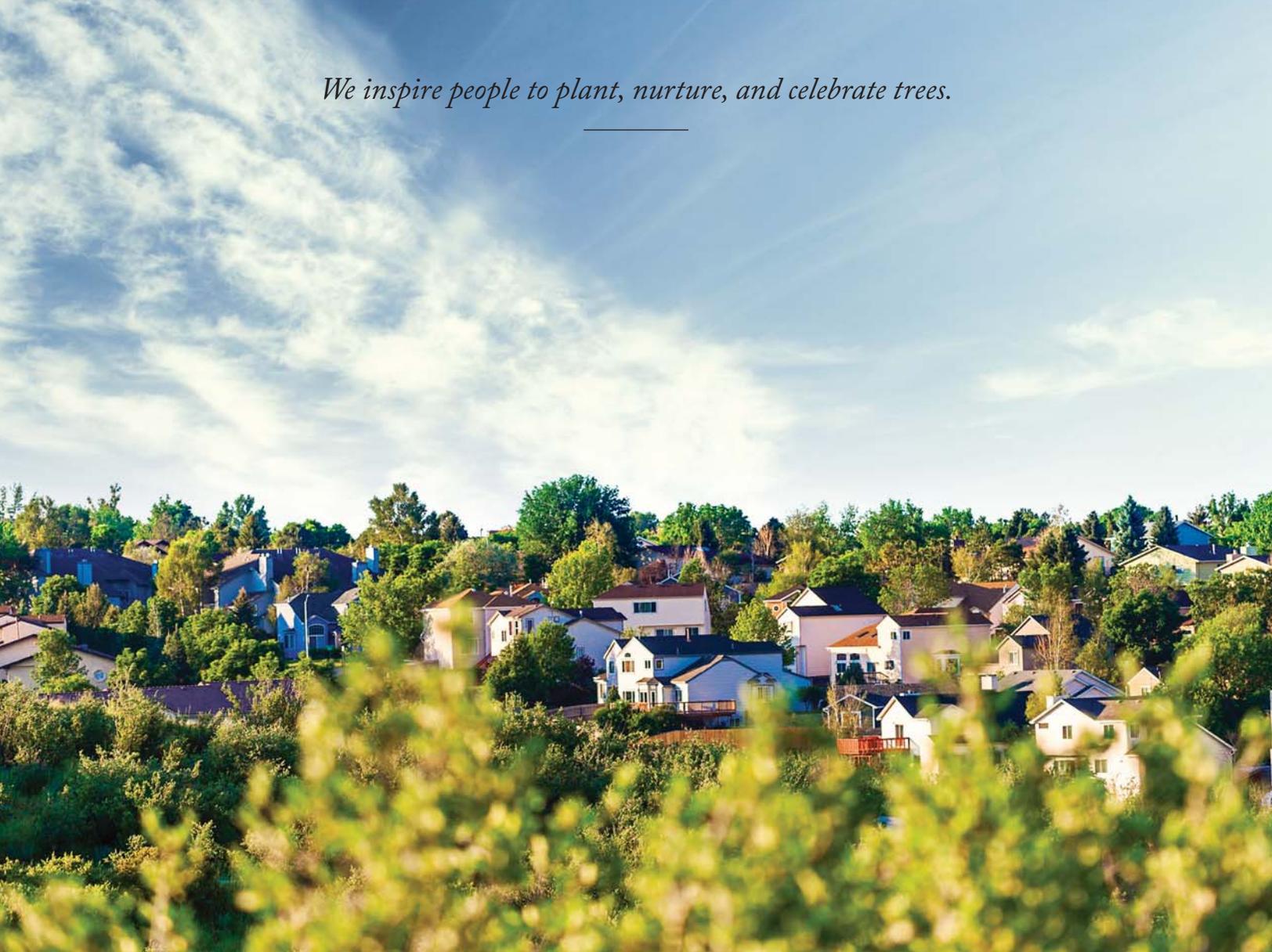




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DEAR MEMBERS AND FRIENDS,

It has been an exciting year. The pace of our work, the enthusiasm, and the growth of our conservation programs have propelled us to a new level of delivering positive impact on our world. In pursuing our vision to be a trusted leader in creating worldwide recognition and use of trees as a solution to global issues, it is clear that our programs influence a connection between trees and people. Trees change people's lives.

For example, more than 180 million people in the United States depend on healthy forests for their drinking water. Last year, we planted another 4 million trees in our nation's forests to help restore critical watersheds, including the Chesapeake Bay watershed, the Tahoe National Forest in California, and the South Platte watershed in the Pike National Forest, which is critical to the people of Denver. Recently, we also celebrated the planting of our 50 millionth tree in our nation's forests.

Another example of the connection between trees and people is demonstrated through our Community Tree Recovery program. Last year, we were able to give more than 1.1 million trees to people in communities hard hit by tornadoes, floods, and wildfires. In the aftermath, these trees brought hope and encouragement to thousands of people as they began to heal their communities.

Internationally, the Foundation's positive impact expanded to 17 countries last year. In 10 countries around the globe, we sourced shade-grown coffee from local farmers who grow premium beans under the shade of rain forest canopy. Many people enjoy the delicious coffee. Meanwhile, vital rain forests are saved and the lives of entire farming communities are improved. Our work in Madagascar helps create jobs for impoverished people to work in tree nurseries and on planting crews as hundreds of thousands of Foundation trees are planted for food and critical rain forest habitat.

Here at home, Lied Lodge & Conference Center at Arbor Day Farm underwent an unprecedented renovation last year. With new world-class amenities throughout, it is well-positioned to continue to draw leaders and policy makers, professional associations, conservation agencies, and families from across the country and around the world to become inspired and renew their commitment to the earth and its resources.

These milestones are examples of our momentum, and it's exciting. Of course our work in communities, in America's forests, and in forests around the globe is only possible thanks to generous support from loyal Foundation members, our corporate donors, and the many partner organizations we work with to make our world better. Thank you.

With deepest gratitude,

A handwritten signature in black ink that reads "Matt Harris". The signature is written in a cursive, flowing style.

Matt Harris
Chief Executive



DEAR MEMBERS AND FRIENDS,

A year ago we were excited about a new beginning for the Arbor Day Foundation. New energy, new leadership, and a clear vision for a bright future would propel us as we expanded the positive impact of our work here at home and around the world.

The first year of this new beginning has been remarkable. Our sights are set on growth again, and that growth has already gained great momentum. Our vision of being a leader in creating worldwide recognition and use of trees as a solution to global issues guides that growth. Steps taken in this first year of our new beginning prepares us to be that leader.

Planting trees to address global issues such as water quality, clean air, climate change, energy savings, poverty, and hunger is what we do. Our mission demands it. Such issues aren't waiting for us. They are there for us to use trees as part of the solution.

The positive impact of our work replanting trees in areas of our nation's forests is protecting critical water resources and addressing climate change. Meanwhile, habitat for wildlife and venues for recreation are being restored. The impact of members planting trees in their neighborhoods, delivering trees to communities in the wake of natural disasters, and growing our network of urban forestry partnerships addresses clean air and water, energy savings, and people's health and well-being.

And global reach requires thinking on a global scale. We very quickly expanded work to 17 countries last year. The positive impact of planting trees, saving rain forests, and changing lives is directly addressing the issues of climate change, habitat, poverty, and hunger.

This first year of new leadership at the Arbor Day Foundation has been remarkable. Thank you for your support in helping us continue to grow and broaden our impact as stewards of the earth.

Sincerely,

A handwritten signature in black ink that reads "Ray Empson". The signature is fluid and cursive, with the first name "Ray" being particularly prominent.

Ray Empson, Chair
Board of Trustees



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Trees for America®



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

The Arbor Day Foundation's million members are vital to our shared mission to plant, nurture, and celebrate trees. Members plant trees in their neighborhoods and backyards, resulting in cleaner air and water, better stormwater 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. This past year, nearly 7 million trees were delivered to our tree-planting members doing their part to improve the environment and the communities where they live.

The Community Tree Recovery Program was created out of the great need for trees in the wake of natural disasters. The Arbor Day Foundation currently has Community Tree Recovery programs in 11 communities around the United States, six of which were embarked upon this past year.

On July 14, 2014, lightning sparked in four spots in Okanogan County, Washington. These lightning strikes produced four separate wildfires that, once merged together, produced the Carlton Complex Fire — the largest recorded fire in Washington's history. The Carlton Complex Fire

burned 256,108 acres and caused an estimated \$98 million in damage. It destroyed more than 300 homes and wreaked havoc on the area's beautiful tree canopy. To date, the Arbor Day Foundation has facilitated replanting of more than 5,000 trees in community spaces.

Another example is the community of Moore, Oklahoma, where a destructive EF5 tornado ripped through the community of Moore, Oklahoma. The tornado had peak wind speeds estimated at 210 mph, destroyed 1,150 homes, injured 377 people, took the lives of 24 community members, and caused an estimated \$2 million in damages. Entire neighborhoods were leveled, and both Plaza Towers Elementary School and Briarwood Elementary school were directly hit by the storm. As Moore residents continue to rebuild their community, the Arbor Day Foundation has formed a partnership to help restore the neighborhood trees that were lost. The Oklahoma Community Tree Recovery campaign is a multiyear partnership between the Oklahoma Forestry Commission, the Tree Bank of Oklahoma, and the Arbor Day Foundation. This recovery campaign has plans to help distribute thousands of trees to Moore residents for years to come. The 2015 tree distribution efforts were greatly enhanced this year by partner organizations committed to tree recovery and planting efforts in disaster-stricken areas throughout the country.

On April 17, 2014, an EF4 tornado touched down in Arkansas, wreaking havoc on the communities of Mayflower and Vilonia. The tornado remained on the ground for more than an hour — reaching wind speeds of up to 190 mph — and took 16 lives. It is considered among the most deadly tornadoes to hit Arkansas since 1968. The Arkansas Forestry Commission and the Arbor Day Foundation have formed the Arkansas Community Tree Recovery Campaign to help replant hope in the affected communities. This multiyear campaign is a joint partnership focused on distributing new trees to residents who have lost trees in this destructive storm. A diverse tree species mix will allow homeowners to select what best suits their home landscapes and greens up their neighborhoods.

Christina Saville is an Arkansas resident who was affected. Christina, her husband Michael, and their children were home when the tornado hit. They were in the bathroom and could see the entire house twist with the wind. FEMA later declared that the home was lifted off the ground and moved. The amazing part is that FEMA also declared that the trees around her home saved all their lives. They had two rows of pines on either side of their property and the trees folded in to form “hands” covering her house. She was ecstatic to be able to replace the trees she lost that had saved her family.

As members and supporters of the Arbor Day Foundation, we share a simple, noble, and invaluable part of the solution: planting trees. In other communities recovering from natural disasters, we also continue to plant trees and restore hope through our Community Tree Recovery campaigns in Alabama, Arkansas, Colorado, Kentucky, Mississippi, Missouri, Nebraska, and Texas. By working closely with our Foundation partners and our national sponsor, FedEx, to replant trees, we are also bringing healing and hope to local communities, families, and individuals. ■



QUICK FACTS

346 DISTRIBUTION EVENTS
to people in communities recovering from natural disasters since 2006



1,140,200 TREES

DISTRIBUTED to communities during 2014



62 TREE SPECIES
planted in various communities in 2014

REPLANTING OUR

NATIONAL FORESTS



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 more than 4 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 nearly 50 million trees in total through nearly 300 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 is critical in protecting vital water resources in lakes, streams, rivers, 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.

Arbor Day Foundation planting projects are numerous and diverse. Some examples include:

The Nebraska National Forest Reforestation Project - Due to the Wild Ash Wildfire and the Douthit Fire of



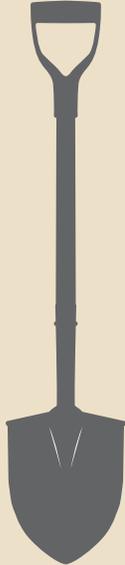
2012, more than 35,000 acres of the Nebraska National Forest were destroyed. These wildfires reduced the native ponderosa pine landscape to only a few islands of green forested areas. Through the replanting of nearly 40,000 trees, this project established future microclimate sites, allowing natural regeneration to fill in, and ensured the survival of a National Forest that would have disappeared.

The Chesapeake Bay restoration projects build on the 15 years of riparian tree planning success throughout the Chesapeake Bay watershed in Pennsylvania. The 2015 program is a key part of the larger Pennsylvania Watershed Restoration Program and will engage landowners to implement critical forested buffers.

The newly planted streamside forests will filter and absorb pollution, stabilize stream banks, provide habitat, and help regulate water temperatures. Ultimately this project will improve the health of rivers, streams, and the Bay by planting thousands of streamside forests through the engagement and education of volunteers.

The 2015 planting operation was completed throughout the months of April and May. The project supported the planting of 27 species and 13,360 trees on more than 550 acres of land. This critical work has led to the state calling for more than 170,000 additional acres of forest buffers by 2025, thanks to the successful efforts of the Arbor Day Foundation and its partners. ■

QUICK FACTS





50

MILLION
TREES PLANTED

in state and national forests

.....





47

DIFFERENT
NATIVE SPECIES

planted this year in state and national forests to help restore the land

.....

CRITICAL HABITAT restoration provided for threatened and endangered species including the Kirtland's warbler songbird, bald eagle, Florida black bear, Canada lynx, giant gopher tortoise, and many more





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, nearly 140 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. Its impact is deep and far-reaching.

For example, in Camp Verde, Arizona, trees are a surprisingly big part of this desert region — with stately sequoias and redwoods lining the Verde river.

Camp Verde's Economic Development Director, Steve Ayers, says becoming a Tree City USA Community helps illustrate who the residents are and what they care about.

"The trees are an expression of our values," said Ayers. "Our whole community has come together to make Camp Verde a more beautiful place to live, work, and visit."

The Tree City USA status has expanded Camp Verde's local tree board and has enhanced other beautification projects, such as the landscaping of the local library.

Another example comes from Bill Kincius, the manager of urban forestry in Indianapolis, Indiana, a 27-year Tree City USA.

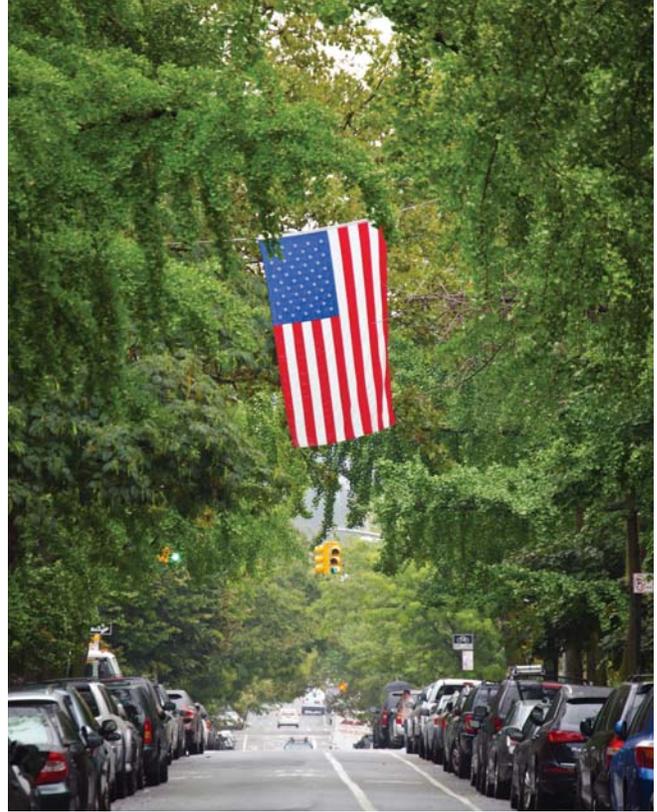
"Trees have brought the whole community together," Kincius said. "It's not just a civic project, but a project where our citizens are actively involved."

On average, Indianapolis plants 2,000 trees every year through a Youth Tree Program, a great example of giving the youth in the city job skills and life skills while exposing them to careers in arboriculture.

As part of fulfilling the Tree City USA requirements, Indianapolis is working on the protection of its ash trees in key public spaces: Holiday Park, Broad Ripple Park, and the Kennedy King Memorial. The city also works with its local energy provider to distribute 1,000 trees to area residents each year.

As Camp Verde and Indianapolis 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. Within the support of this framework, additional city foresters and arborists are hired, city budgets include worthwhile investment in trees, and millions of Americans are taking pride in community improvement. ■



QUICK FACTS

1976

TREE CITY USA LAUNCHED through a partnership with the U.S. Forest Service and the National Association of State Foresters.

— TODAY —



3,420

COMMUNITIES are Tree City USAs, with a combined population of nearly 140 million people.



COMMUNITIES NATIONWIDE exceeded basic standards by receiving a **Tree City USA Growth Award**.

4 TREE CITY USA STANDARDS must be maintained:

- 1 A tree board or department
- 2 A tree care ordinance
- 3 An annual community forestry budget of at least \$2 per capita
- 4 An Arbor Day observance and proclamation

Tree Line USA



The Arbor Day Foundation recognizes nearly 150 utility companies through the Tree Line USA program 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, recognizes public and private utilities for pursuing practices that protect and enhance America's community and urban forests — and helping customers plant the right trees in the right places to save energy.



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



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 be disconnected from nature than ever, spending time indoors rather than playing outdoors. If current trends continue, the next generation may face greater health challenges 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 by taking nature to children. Nature Explore Classroom sites include elementary schools, child care centers, domestic violence shelters, forest and wildlife refuge visitor centers, and other public places.

Nature Explore provides educators, school administrators, landscape architects, and families with research-based outdoor learning opportunities for children. 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 pine cones. They dig gardens, plant seeds, and share the delight of watching flowers bloom and vegetables grow.

This year, the network of Certified Nature Explore Classrooms has continued to grow, and the impacts were far-reaching.

For example:

Foresters such as Rick Cooksey enjoy the many benefits of working with a Nature Explore Classroom at the Hope Center in Denver, Colorado.

While Cooksey knew that Nature Explore Classrooms supported the Forest Service’s urban forestry mission, he was surprised by reports he received from many parents and teachers — reports of transformations that carry over into indoor classrooms and homes. In Cooksey’s words, “Sure, we expected kids to play and learn a little more about the outdoors, but we didn’t expect them to be calmer, happier people, in a relatively short amount of time — so much so that their parents chose to step forward and say, ‘Wow, you’re making a difference for my child’s life and how my child is in our home.’ That is huge.”

Several states away, Sherry Trebus is also changing the landscape for children and families as she works to improve child care quality in central Texas. Trebus systematically included funding for the design and creation of more than a dozen Nature Explore Classrooms and training in the region as part of a robust professional development system. Her vision included ample trees in the landscape plans.

Trebus explains why:

“I wanted to create Nature Explore Classrooms at child care facilities because I knew it would positively affect children’s growth and learning in the short term while producing long-range health and environmental benefits.”

Now, with the addition of these classrooms, four times as many trees will provide shade for hundreds of children as they spend more time outdoors growing healthy minds and bodies. The children are changed and so is the landscape.

Children benefit from 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 to nature-rich environments. The program includes Outdoor Classroom Design Consultations, workshops for educators and designers, a sourcebook for field-tested components, and Nature Explore Families Club.

As the network of Nature Explore Classrooms expands, the impact on children continues to grow. As children develop meaningful connections with nature, they have a far greater opportunity to become the next generation of tree planters and environmental stewards. ■



QUICK FACTS



OUTDOOR CLASSROOM DESIGN CONSULTATIONS were completed in 2015.

154

WORKSHOPS

Thousands of educators were inspired to help children make deeper connections with the natural world.



264

ACTIVE CERTIFIED CLASSROOMS

have been recognized to date, including **47 new sites** recognized this year, in meeting or exceeding research-based principles for creating an effective outdoor learning space.



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 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 medicines and cures, with many more yet to be discovered.

Rain forests are also home to millions of people. Rain Forest Rescue helps these people live in harmony with the land by providing education and economic incentives for farmers to preserve and restore rain forests through sustainable agroforestry, including coffee bean production. Our Arbor Day Foundation Coffee enhances the quality of life in rain forest communities.

Wyndham Vacation Ownership has played an ongoing key role in Rain Forest Rescue. This year, Wyndham purchased nearly 240,000 pounds of rain-forest-saving coffee.

In Madagascar, Rain Forest Rescue is supporting an effort to reverse the destruction of forest habitat that is



home to critically endangered lemurs and other wildlife species found nowhere else on Earth.

Under a unique program initiated by Dr. Edward E. Louis Jr. of the Omaha Henry Doorly Zoo and Aquarium, corridors of trees are being planted to restore habitat for the lemurs and other animals that depend on the rain forest.

Lemurs are small primates found exclusively in the forests of the island nation of Madagascar. As much as 80 percent of Madagascar’s forests have been destroyed, leading to a diminishing population of rare species. Lemurs are unique because they play a key role in the future of trees. Since 90 percent of a lemur’s diet is fruit, the focus is on creating nurseries to propagate fruit-bearing trees and use them along with sustainable timber species in the planting

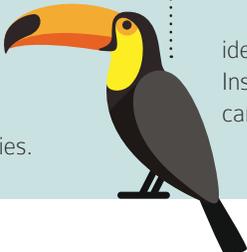
campaign. Moreover, Dr. Louis has found that, thanks to the voracious appetites and rapid digestive systems of lemurs, seeds that these creatures process have their coatings removed through partial digestion, making the seeds 100 percent viable in nursery production.

On one mountaintop, as of 2015, the population increased to six times what it was, with a lemur population of 50. The impact of the reforestation effort in Madagascar has helped more than just the forest; it is helping bring back a species from the brink of extinction.

With the generous support of Arbor Day Foundation members, we’ve increased our commitment to plant 325,000 trees in Madagascar each year. ■

QUICK FACTS

2%
OF EARTH’S SURFACE
is covered by rain forests,
but these forests
provide habitat
and nutritional
support for nearly
half of the Earth’s
known living species.



70%
of plants
identified by the National Cancer
Institute as useful in the treatment of
cancer are found in rain forests.

64
RAIN FOREST RESCUE
PROJECTS
have engaged the Foundation and
our partners in 13 countries.



Energy-Saving Trees™

Customers strategically plant trees in partnership with their utility providers.

The Arbor Day Foundation's newest program, Energy-Saving Trees, was launched three years ago to help conserve energy, reduce peak demand, and lower utility bills through strategic tree planting.

Last year, working with 23 different utility partners across the country, more than 125,000 trees were distributed through the Energy-Saving Trees program.

Energy-Saving Trees, the most recent example of the spirit of innovation that is core to the Foundation's continued growth, helps people through our utility partners to strategically plant trees. Central to 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 energy savings benefits over time. Other benefits of planting trees include clean air, clean water, and wildlife habitat. People use the online tool to personally plot their yard as seen from satellite imagery in order to select the right tree — provided by their utility provider — and the right place for planting that will yield the greatest energy and cost



savings. The Energy-Saving Trees program is an innovative example of how the Arbor Day Foundation works with members and partners to help people save costs and energy through planting trees. ■

Last year, working with **23** different utility partners across the country, more than **125,000 trees** were distributed through the Energy-Saving Trees program.

QUICK FACTS



TO AN ONLINE GUIDE

Utility customers can map their property and calculate energy savings by selecting and positioning the right trees in their yards.

.....

AS MUCH AS

20-50%
REDUCTION IN ENERGY
USED FOR HEATING

and 30 percent reduction in air conditioning needs when trees are properly placed around households.

.....

50 MILLION SHADE TREES

properly planted in strategic, energy-saving locations could eliminate the need for seven 100-megawatt power plants.





Tree Campus USA[®]



254 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 on the success of the Tree City USA program, the Arbor Day Foundation also recognizes campuses that practice sound tree management and care. With crucial support from Toyota, the Foundation launched Tree Campus USA in 2008. This year, 254 colleges and universities with a combined enrollment of more than 3 million students received Tree Campus USA recognition.

The Foundation and Toyota sponsored tree-planting events throughout the country this year 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. One of the participating campuses is Colorado State University.

CSU became a designated Tree Campus USA in 2011. Since participating in the Tree Campus USA program, the university has gained momentum for urban and community

forestry. Students and the broader CSU community have formed new partnerships with the Colorado State Forest Service, CSU Facilities Management, the Warner College of Natural Resources, as well as the City of Fort Collins. Through assistance of these partners, students have restored CSU's Historic Oval, planting 28 Valley Forge American elms. This planting helped to preserve the tradition of the Oval, which was originally planted in 1881.

“More than 100 students, alumni, and other members of the campus community joined together this past Arbor Day for a very memorable celebration,” said Jamie Dahl, CSU experimental learning coordinator.

In addition to hosting tree-planting events, CSU has once again begun teaching Community Forestry for the first time in a decade. Now almost a dozen students from various majors are taking this elective course. Students inventory environmental benefits using i-Tree technology and perform street inventories using GPS units. Through this course work, students write a professional urban forestry management plan and gain a greater understanding of the economic, ecological, and social values of urban forestry and associated landscapes. Students are also able to understand the technical, managerial, political, and administrative aspects of executing an urban forestry plan.

“The new learning opportunities brought by participation in the Tree Campus USA program have paved the way for students, faculty, and partners to work together making CSU and inspiring place to be,” Dahl added. ■



QUICK FACTS



254 COLLEGES AND UNIVERSITIES

are now recognized as a Tree Campus USA.

5 CORE STANDARDS

for Tree Campus USA recognition are required for sustainable campus forestry:



A tree advisory committee



A campus tree-care plan



Dedicated annual expenditures to the campus tree program



An Arbor Day observance



Student service-learning projects

\$36 MILLION

was collectively invested by Tree Campus USA colleges and universities in campus forest management last year.



STATE ARBOR DAYS

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

In 1872, 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 43 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. Policies and practices 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 and community 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 2015, we recognized some of the unassuming heroes who work to advance the mission we all share.

The Arbor Day Foundation awarded Howard Neukrug, commissioner and chief executive officer of Philadelphia Water, a 2015 Arbor Day Award for Excellence in Urban Forest Leadership, honoring his outstanding contribution to tree planting, conservation, and stewardship.

Neukrug, with the vital support of city agencies and public and private partners, helped to create Green City, Clean Waters (GCCW), a comprehensive, community-enhancing, green stormwater management plan that boosts the sustainability and greening goals of Philadelphia's overarching Greenworks Plan. GCCW's Green Streets component uses trees to supplement the work of traditional storm drains to manage street runoff, resulting in newly tree-lined streets. GCCW trees are multitaskers, as they manage stormwater, enhance air quality, improve property values, and beautify Philadelphia neighborhoods.

We celebrate the many Arbor Day Award winners — shining examples of passion and purpose in planting trees for the myriad benefits that they provide to this and future generations. ■





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 program encourages personal responsibility for environmental stewardship, working with farmers, ranchers, and landowners to strengthen the link between private property ownership and a greening of land conservation practices.



For example, 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 hazelnut plants that will thrive in a variety of soils and climates.

This year, the Foundation has again been collecting hazelnuts from participating members nationwide, putting together a growing stock of hybrids that have successfully adapted to new climates. After careful cultivation and cross-pollination at Arbor Day Farm, improved hybrids will come full circle as they return to members to test across the country.



Member BJ Wahl participates in The Hazelnut Project at her home in New Hampshire.



The benefits of hazelnuts as a perennial woody crop are wide-ranging. 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 better withstand climate changes. And protein-rich hazelnuts provide a healthy source of nutrition for our rapidly increasing world population. One day, the hazelnut could help feed hungry nations.

The Foundation also joins with partners, such as the U.S. Forest Service, to plant seedlings on private land. Some of these plantings occur along important tributaries, where select species are chosen due to their toughness and ability to grow quickly, helping to make the planted area better able to withstand future flooding.

Projects such as these are 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 safe and clean. Or they 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 ever-abundant earth. ■

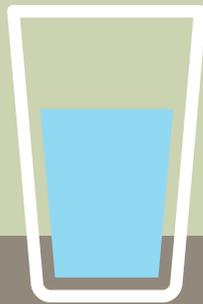
QUICK FACTS

100,000 

FOUNDATION MEMBERS

are engaged in **The Hazelnut Project.**

.....

TREES IMPROVE WATER QUALITY

by reducing 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 in Nebraska City, Nebraska, is where the Arbor Day Foundation's mission truly comes to life.

For more than two decades, Lied Lodge & Conference Center at Arbor Day Farm 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, international nonprofit organizations such as The Nature Conservancy, global organizations such as the 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 among colleagues from different parts of the world, and countless lessons have been taught by the world's leading experts in their respective fields. Programs such as Nature Explore have grown from one demonstration area at Arbor Day Farm to more than 250 research-based Nature Explore Outdoor Classrooms, which are connecting

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 Arbor Day Farm's Tree Adventure attraction, visitors have a first-hand experience of orchards, vineyards, conservation demonstrations, and more through their own exploration and by guided tours. In the spring and fall, visitors can watch team members ship many of the 6 million tree seedlings that are delivered to Foundation members across America.

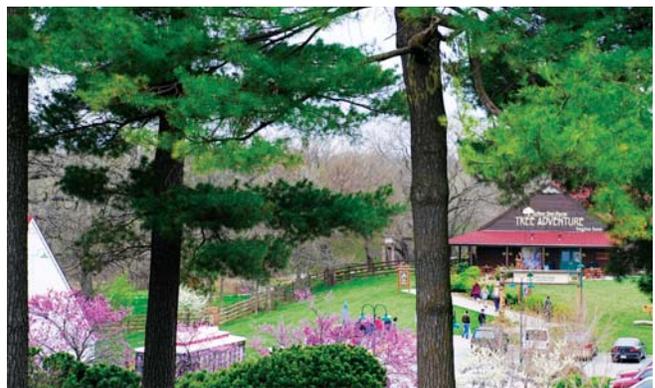
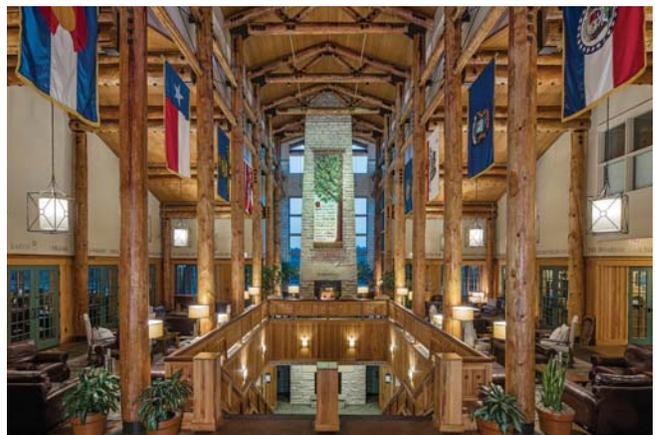
This year, the Arbor Day Foundation also assumed management of the adjacent Arbor Lodge State Historical Park, including Arbor Lodge Mansion, the original home of J. Sterling Morton. Morton originally built a four-room frame structure and expanded the home in 1903 to what is now a 52-room mansion. Arbor Lodge Mansion currently serves as a museum and still contains countless historic artifacts belonging to the Morton Family.

Lied Lodge and Conference Center also underwent an extensive renovation this past year. The Arbor Day Foundation and long-time corporate partner Wyndham Vacation Ownership led a joint campaign for a complete renewal. Wyndham brought experience, leadership, and a network of design, product, and construction companies to the undertaking. The \$9 million renewal includes new and efficient lighting, modern room amenities, energy-efficient windows, improved conference facilities, new recycled-material carpeting, state-of-the-art kitchen facilities, refinishing of surfaces inside and outside, and other updates.

As we look to the future, education and environmental stewardship will be needed more than ever. To ensure that visitors will continue to meet, learn, and renew their commitment to personal and professional action on behalf of the Earth and its resources, Lied Lodge & Conference Center's comprehensive renewal ensures the Arbor Day Foundation's educational resource center continues as an inspiring destination for ideas to grow, friendships to develop, and memories to last. 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. We are grateful for the support of our members and partners in helping to position Arbor Day Farm and Lied Lodge & Conference Center for continued success now and into the future. ■



The improvements will allow the Arbor Day Foundation to further develop its educational resource center as an inspiring destination for ideas to grow, friendships to develop, and memories to last.



QUICK FACTS



22nd ANNIVERSARY
of Lied Lodge & Conference Center



41,883 VISITORS

to the Tree Adventure in its 11th year



Financial Statements

YEAR ENDED JUNE 30, 2015, WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2014

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

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, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

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 auditing standards generally accepted in the United States of America 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 from 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,

2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited National Arbor Day Foundation d/b/a Arbor Day Foundation's June 30, 2014, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 22, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2015, on our consideration of National Arbor Day Foundation d/b/a Arbor Day Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering National Arbor Day Foundation d/b/a Arbor Day Foundation's internal control over financial reporting and compliance.

HBE Becker Meyer Love LLP
Lincoln, Nebraska
October 29, 2015

Statement of Financial Position

JUNE 30, 2015, WITH COMPARATIVE TOTALS AS OF JUNE 30, 2014

ASSETS	2015	2014
CURRENT ASSETS		
Cash and cash equivalents (notes A and E)	\$ 4,759,867	\$ 6,057,438
Investments (notes A, B, E, and N)	1,651,993	1,844,521
Accounts receivable (note A)	1,636,040	1,422,403
Grants receivable (note A)	755,400	685,814
Prepaid expense	323,916	307,188
Inventory (notes A and C)	1,243,368	1,145,097
Total current assets	10,370,584	11,462,461
PROPERTY AND EQUIPMENT, net (notes A and D)	30,001,810	24,559,959
OTHER ASSETS		
Contributions receivable from charitable trusts (notes E and N)	27,927	28,394
Total assets	\$ 40,400,321	\$ 36,050,814
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 1,447,991	\$ 1,264,585
Accrued expenses (note A)	3,740,982	3,385,380
Current maturities of long-term obligations (note G)	802,142	343,885
Current maturities of obligations under capital lease (notes A and O)	55,300	-
Deferred revenue (note A)	973,800	966,620
Total current liabilities	7,020,215	5,960,470
LONG-TERM OBLIGATIONS		
Long-term obligations, net of current maturities (note G)	2,529,292	330,508
Obligations under capital lease, net of current maturities (notes A and O)	98,080	-
Total long-term obligations	2,627,372	330,508
OTHER LIABILITIES		
Annuities payable (notes E and N)	859,786	875,670
Total liabilities	10,507,373	7,166,648
NET ASSETS (notes A and H)		
Unrestricted		
Undesignated	24,356,295	23,167,283
Designated	4,625,797	4,617,967
Temporarily restricted	870,413	1,058,473
Permanently restricted	40,443	40,443
Total net assets	29,892,948	28,884,166
Total liabilities and net assets	\$ 40,400,321	\$ 36,050,814

Statement of Activities

YEAR ENDED JUNE 30, 2015, WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2014

CHANGES IN NET ASSETS	2015			2014	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Revenue and support					
Membership dues	\$ 13,856,064	\$ -	\$ -	\$ 13,856,064	\$ 14,176,547
Contributions	13,667,124	29,063	-	13,696,187	10,029,360
Trees for America	4,467,959	-	-	4,467,959	4,240,860
Program grant income (note I)	2,153,534	-	-	2,153,534	2,656,000
Arbor Day Farm income	7,573,271	-	-	7,573,271	7,876,633
Arbor Day Coffee income	2,432,790	-	-	2,432,790	2,552,403
Other income (loss) (note J)	92,508	(217,123)	-	(124,615)	1,248,069
Total revenue and support	44,243,250	(188,060)	-	44,055,190	42,779,872
Expenses					
<i>Program services</i>					
Tree City USA	1,714,704	-	-	1,714,704	1,664,930
Arbor Day/Youth Education	2,912,557	-	-	2,912,557	2,813,465
Conservation Trees	21,228	-	-	21,228	281,528
Rain Forest Rescue	3,726,494	-	-	3,726,494	3,388,642
Trees for America	16,728,498	-	-	16,728,498	17,362,895
Arbor Day Farm	12,614,533	-	-	12,614,533	10,877,954
Conference programs	695,133	-	-	695,133	617,823
<i>Supporting activities</i>					
General and administrative	1,205,589	-	-	1,205,589	1,220,094
Membership development	2,432,742	-	-	2,432,742	2,019,705
Fundraising	994,930	-	-	994,930	969,731
Total expenses	43,046,408	-	-	43,046,408	41,216,767
INCREASE (DECREASE) IN NET ASSETS	1,196,842	(188,060)	-	1,008,782	1,563,105
Net assets, beginning of year	27,785,250	1,058,473	40,443	28,884,166	27,321,061
Net assets, end of year	\$ 28,982,092	\$ 870,413	\$ 40,443	\$ 29,892,948	\$ 28,884,166

See accompanying notes to financial statements.



Statement of Functional Expenses

YEAR ENDED JUNE 30, 2015, WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2014

	Program Services							Support Activities			2015 Totals	2014 Totals	
	Tree City USA	Arbor Day/ Youth Education	Conser- vation Trees	Rain Forest Rescue	Trees for America	Arbor Day Farm	Conference Programs	Total Program Services	General and Admin- istrative	Membership Develop- ment			Fund- raising
Salaries, payroll taxes and employee benefits (note L)	\$ 874,872	\$ 744,814	\$ -	\$ 323,304	\$ 2,562,635	\$ 5,615,663	\$ 292,307	\$ 10,413,595	\$ 701,462	\$ 338,357	\$ 694,909	\$ 12,148,323	\$ 12,010,840
Contract labor	-	650	-	-	1,933	56,313	-	58,896	-	-	-	58,896	66,701
Advertising and promotion (note A)	30,713	-	-	6,976	344,194	253,159	-	635,042	56,021	-	1,448	692,511	676,100
Printing, publications, mailing and photography	132,484	633,373	-	1,082,246	2,987,258	206,000	20,987	5,062,348	50,744	1,355,932	64,807	6,533,831	6,607,699
Travel and mileage	41,855	63,705	5,095	29,717	89,682	125,310	144,557	499,921	24,202	1,274	18,047	543,444	523,344
Professional services	104,643	947,980	-	63,540	994,187	144,866	41,754	2,296,970	59,939	40,900	44,848	2,442,657	2,088,913
Recognition material	424	1,395	-	20	325	11,730	20	13,914	4,298	-	80	18,292	29,244
Professional development	2,875	3,180	-	1,999	10,274	12,767	2,433	33,528	2,936	1,712	4,429	42,605	62,074
Taxes	3	2	-	111	1	229,424	-	229,541	98,182	-	5,351	333,074	304,641
Repairs and maintenance	8,901	8,901	1,272	1,808	85,759	1,318,027	1,272	1,425,940	6,358	6,358	6,358	1,445,014	353,313
Tree purchases and shipping expenses	41,068	25,278	24	17,362	4,988,045	1,290	-	5,073,067	-	5,607	12,207	5,090,881	5,154,667
Rain forest preservation	-	-	-	61,506	-	-	-	61,506	-	-	-	61,506	66,510
Inventory purchases	251,900	20,334	-	1,650,090	-	1,416,771	-	3,339,095	20	-	3,575	3,342,690	3,159,480
Computer services	10,908	50,790	3,589	7,301	348,672	51,438	10,780	483,478	10,767	7,178	4,170	505,593	567,209
Bank charges	-	-	-	16,385	250,136	136,405	81	403,007	161	-	-	403,168	389,648
Insurance	5,978	5,978	854	854	58,530	179,587	854	252,635	4,270	4,270	4,270	265,445	248,116
Telephone and utilities	13,372	9,369	1,283	3,925	132,825	605,633	1,784	768,191	6,414	6,431	9,668	790,704	788,243
Postage	105,697	272,011	-	410,646	3,333,740	121,772	3,008	4,246,874	2,848	606,196	40,320	4,896,238	4,899,409
Office supplies	122	21	-	6	883	13,526	10	14,568	19	11	215	14,813	14,859
Operating supplies	3,886	6,484	-	6,241	27,541	462,200	92,236	598,588	78,635	479	1,255	678,957	597,660
Dues and subscriptions	1,611	591	-	985	2,731	13,363	591	19,872	4,109	-	1,008	24,989	19,688
Interest expense	-	-	-	-	8,833	27,778	-	36,611	465	-	-	37,076	43,646
Bad debts	259	244	244	1,749	3,215	384	244	6,339	147	147	98	6,731	23,136
Rental expense (note K)	12,289	17,657	3,059	3,059	1,152	60,814	34,889	132,919	6,119	6,119	6,119	151,276	180,670
Depreciation (note D)	60,072	86,771	-	26,699	254,599	1,490,800	40,048	1,958,989	80,097	46,723	40,048	2,125,857	1,868,288
Delivery expense	-	-	-	-	9	-	(80)	(71)	-	-	9	(62)	-
Miscellaneous	10,772	13,029	5,808	9,965	241,339	59,513	7,358	347,784	7,376	5,048	31,691	391,899	472,669
TOTAL EXPENSES	\$ 1,714,704	\$ 2,912,557	\$ 21,228	\$ 3,726,494	\$ 16,728,498	\$ 12,614,533	\$ 695,133	\$ 38,413,147	\$ 1,205,589	\$ 2,432,742	\$ 994,930	\$ 43,046,408	
TOTAL EXPENSES													
June 30, 2014	\$ 1,664,930	\$ 2,813,465	\$ 281,528	\$ 3,388,642	\$ 17,362,895	\$ 10,877,954	\$ 617,823	\$ 37,007,237	\$ 1,220,094	\$ 2,019,705	\$ 969,731		\$ 41,216,767

See accompanying notes to financial statements.

Statement of Cash Flows

YEAR ENDED JUNE 30, 2015, WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2014

	2015	2014		2015	2014
Cash flows from operating activities			Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Cash received from revenue and support	\$ 41,064,180	\$ 41,970,062	Increase in net assets	\$ 1,008,782	\$ 1,563,105
Cash paid to employees and suppliers	(40,355,950)	(39,376,098)	Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Interest received	2,358	1,735	Depreciation	2,125,857	1,868,288
Interest paid	(33,416)	(44,525)	Investment gain	(10,396)	(254,186)
Net cash provided by operating activities	677,172	2,551,174	Actuarial loss on annuities	88,493	14,355
Cash flows from investing activities			(Increase) decrease in contributions for annuity liabilities	26,252	(33,758)
Purchase of investments	(50,000)	(135,000)	Loss on disposal of property and equipment	1,084,489	6,905
Proceeds from the sale of investments	253,390	247,680	Donated property and equipment	(3,901,447)	-
Proceeds from sale of property and equipment	59,358	13,680	(Increase) decrease in assets		
Purchase of property and equipment	(4,745,716)	(937,964)	Accounts receivable	(213,637)	181,229
Net cash used by investing activities	(4,482,968)	(811,604)	Grants receivable	(69,586)	(471,993)
Cash flows from financing activities			Prepaid expense	(16,728)	(107,668)
Proceeds from long-term obligations	3,000,000	-	Inventory	(98,271)	28,581
Principal payments on long-term obligations	(342,959)	(473,663)	Increase (decrease) in liabilities		
Principal payments on capital lease	(18,187)	-	Accounts payable	290,582	289,857
Payments on annuities	(130,629)	(132,568)	Accrued expenses	355,602	(282,914)
Net cash provided (used) by financing activities	2,508,225	(606,231)	Deferred revenue	7,180	(250,627)
Net increase (decrease) in cash	(1,297,571)	1,133,339	Total adjustments to increase in net assets	(331,610)	988,069
Cash and cash equivalents, beginning of year	6,057,438	4,924,099	Net cash provided by operating activities	\$ 677,172	\$ 2,551,174
Cash and cash equivalents, end of year	\$ 4,759,867	\$ 6,057,438	Supplemental disclosure of noncash information:		
			Noncash investing activities		
			Accounts payable assumed for property and equipment purchases	\$ 553,018	\$ 160,194
			In-kind donations of property and equipment	\$ 3,901,447	\$ -
			Noncash financing activities		
			Equipment acquired under capital lease	\$ 171,567	\$ -

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 worldwide 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 & 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 160 hours of accrued vacation time may be carried into a new calendar year but no more than 160 hours may be accumulated and unused at any time. All accumulated vacation time is paid out upon termination. Accrued vacation for the years ended June 30, 2015 and 2014 was \$425,470 and \$352,679, 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, 2015 and 2014 was \$692,511 and \$676,100, 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 | <p>Inputs to the valuation methodology include:</p> <ul style="list-style-type: none"> • 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. <p>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.</p> |
| 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, 2014, from which the summarized information was derived.

NOTE B — INVESTMENTS

	2015		2014	
	Cost	Fair Value	Cost	Fair Value
Investments consist of:				
Mutual funds	\$1,388,712	\$1,534,933	\$1,423,989	\$1,703,229
Agency bonds	57,158	53,519	74,790	72,234
Exchange traded funds	36,468	63,541	37,985	69,058
	\$1,482,338	\$1,651,993	\$1,536,764	\$1,844,521
Unrealized gains		\$ 169,655		\$ 307,757

NOTE C — INVENTORY

	2015	2014
Inventory consists of:		
Food and beverage inventory	\$ 313,272	\$ 386,529
Merchandise inventory	89,911	86,520
Coffee inventory	449,410	259,622
Catalog inventory	209,174	224,880
Other print inventory	78,708	86,265
Greenhouse inventory	91,443	94,074
Miscellaneous inventory	11,450	7,207
	\$ 1,243,368	\$ 1,145,097

NOTE D — PROPERTY AND EQUIPMENT

	2015	2014
Property and equipment consists of:		
Land	\$ 2,169,917	\$ 2,169,917
Buildings	33,449,401	29,057,745
Leasehold improvements	125,082	125,082
Farm improvements	1,525,445	1,520,399
Orchards	60,625	59,025
Computer hardware	2,078,552	1,840,404
Lied Lodge & Conference Center equipment and improvements	4,491,101	2,842,252
Furniture and equipment	3,620,713	3,443,072
Computer software	3,513,177	3,473,237
Traveling exhibit	844,724	844,724
	\$ 51,878,737	\$ 45,375,857
Less accumulated depreciation	(21,876,927)	(20,815,898)
	\$ 30,001,810	\$ 24,559,959

Depreciation expense for the years ended June 30, 2015 and 2014 was \$2,125,857 and \$1,868,288, 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, 2015 and 2014, contributions include gift annuity contracts valued at \$21,139 and \$36,465, 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:

	2015	2014
Cash and cash equivalents	\$ 12,424	\$ 15,933
Investments	1,432,811	1,633,124
	\$ 1,445,235	\$ 1,649,057

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, 2015 and 2014. The revolving credit note expires January 31, 2016.

In addition, the Foundation has established an irrevocable letter of credit of \$890,000 and \$604,079 as of June 30, 2015 and 2014, 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, 2015 and 2014.

NOTE G — LONG-TERM OBLIGATIONS

Long-term obligations consist of:	2015	2014
Note payable to Union Bank & Trust Co., Lincoln, Nebraska, with 3.75% interest. Secured by substantially all of the assets of the Foundation. Payable in monthly installments of \$54,949, maturing June 17, 2020.	\$ 3,000,000	\$ -
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.	-	102,153
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.	63,740	86,990
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 6.5%. Secured by real estate in Lincoln, Nebraska. Payable in monthly installments of \$500, maturing November 30, 2017.	13,382	18,333
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.	-	5,272
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.	254,312	461,645
	\$ 3,331,434	\$ 674,393
Less current maturities	(802,142)	(343,885)
	\$ 2,529,292	\$ 330,508

Aggregate annual maturities of long-term obligations for the years following June 30, 2015, are as follows:

Year ending June 30,	
2016	\$ 802,142
2017	647,016
2018	613,465
2019	622,377
2020	646,434
	\$ 3,331,434

NOTE H — NET ASSETS

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

	2015	2014
Board designated reserve fund (cash)	\$ 3,687,293	\$ 3,686,169
Board designated reserve fund (property)	750,000	750,000
Quasi-endowment fund	188,504	181,798
	\$ 4,625,797	\$ 4,617,967

Temporarily restricted net assets are available for the following purposes:

Split-interest agreements	\$ 612,642	\$ 801,782
Exhibition center	209,000	209,000
Earnings on permanently restricted endowment funds	16,020	14,940
Hazelnut project	32,751	32,751
	\$ 870,413	\$ 1,058,473

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

NOTE I — PROGRAM GRANTS

During the years ended June 30, 2015 and 2014, grant income consisted of:

Grant Source	Grant Purpose	2015	2014
<i>Government:</i>			
U.S. Dept. of Agriculture	Training Academy	\$ -	\$ 157,247
	Tree City USA	204,798	380,202
	Public Service Ads	140,000	140,000
	Faces of Urban Forestry	58,976	57,047
	Energy-Saving Trees	89,653	354,064
	Nature Explore Classrooms	135,000	150,000
	Partners Conference	20,664	20,841
U.S. Dept. of Housing and Urban Development	Block Grant	220,400	-
U.S. Dept. of the Interior	Fish and Wildlife Grant	-	231
Others		-	137,000
Government grant income		869,491	1,396,632
<i>Private:</i>			
Toyota Foundation		758,620	728,380
PricewaterhouseCoopers		-	200,000
TD Green Streets		195,000	200,000
Sunderland Foundation		300,000	-
Others		30,423	130,988
Private grant income		1,284,043	1,259,368
Total grant income		\$ 2,153,534	\$ 2,656,000

NOTE J — OTHER INCOME

Other income consists of:

	2015	2014
List rental income	\$ 510,758	\$ 491,443
Education materials sales	58,852	90,774
Tree City USA material sales	40,330	42,719
Conference and training	234,667	176,811
Rental income	132,563	109,853
Gain (loss) on investments	(64,843)	226,458
Interest income	2,358	1,735
Loss on sale or disposal of property and equipment	(1,084,489)	(6,905)
Other	45,189	115,181
	\$ (124,615)	\$ 1,248,069

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 were \$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 June 2020.

The Foundation leases residential space under an operating lease agreement. The term of the lease is from August 1, 2014, through July 31, 2015. Under the agreement, lease payments are \$9,300 annually.

The Foundation leases residential space under an operating lease agreement. The term of the lease is from January 15, 2015, through January 14, 2016. Under the agreement, lease payments are \$8,400 annually.

Rent expense for the years ended June 30, 2015 and 2014 was \$151,279 and \$180,670, respectively.

Future minimum lease payments for the years following June 30, 2015, are as follows:

Year ending June 30,	
2016	\$ 75,054
2017	60,736
2018	60,736
2019	48,038
2020	35,340
2021 and thereafter	726,000
	\$ 1,005,904

NOTE K — LEASE — 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 \$97,156 annually from until 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, 2015 and 2014 was \$132,563 and \$109,853, respectively.

Future minimum lease revenue for the years following June 30, 2015, is as follows:

Year ending June 30,	
2016	\$ 97,156
2017	97,156
2018	97,156
2019	48,578
	\$ 340,046

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 \$177,155 and \$186,744 for the years ended June 30, 2015 and 2014, 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:

	2015	2014
Total joint costs allocated to program services	\$ 2,307,820	\$ 3,126,626
Total joint costs allocated to fundraising	576,915	516,605
	\$ 2,884,735	\$ 3,643,231

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, 2015 and 2014.

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 2.00 percent (2015) and 2.40 percent (2014) as provided in Internal Revenue Service (IRS) guidelines, and the estimated remaining life of the donor as provided in actuarial tables.

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.

Lied Lodge & Conference Center equipment and improvements: Valued using quoted prices for similar assets as provided by the vendors of such assets.

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, 2015 and 2014.

	2015			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<i>Investments:</i>				
Mutual funds				
Large cap	\$ 655,716	\$ 655,716	\$ -	\$ -
Mid cap	47,202	47,202	-	-
Small cap	23,352	23,352	-	-
International	209,869	209,869	-	-
High yield bond	29,813	29,813	-	-
Intermediate-term bond	222,505	222,505	-	-
Short-term bond	222,370	222,370	-	-
World bond	59,058	59,058	-	-
Inflation-protected bond	59,402	59,402	-	-
Commodity	5,646	5,646	-	-
Agency bonds				
AA+/Aaa	53,519	-	53,519	-
Exchange traded funds				
Large blend	33,237	33,237	-	-
Foreign large blend	14,864	14,864	-	-
Mid cap value	15,440	15,440	-	-
	\$ 1,651,993	\$ 1,598,474	\$ 53,519	\$ -
Contributions receivable from charitable trusts	\$ 27,927	\$ -	\$ -	\$ 27,927
Annuities payable	\$ 859,786	\$ -	\$ -	\$ 859,786

NOTE N — FAIR VALUE MEASUREMENTS — CONTINUED

2014				
Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<i>Investments:</i>				
<i>Mutual funds</i>				
Large cap	\$ 790,246	\$ 790,246	\$ -	\$ -
Mid cap	66,573	66,573	-	-
Small cap	8,457	8,457	-	-
International	229,829	229,829	-	-
High yield bond	10,060	10,060	-	-
Intermediate-term bond	242,302	242,302	-	-
Intermediate government bond	299	299	-	-
Short-term bond	192,535	192,535	-	-
World bond	92,847	92,847	-	-
Inflation-protected bond	70,081	70,081	-	-
<i>Agency bonds</i>				
AA+/Aaa	72,234	-	72,234	-
<i>Exchange traded funds</i>				
Large blend	34,603	34,603	-	-
Foreign large blend	16,750	16,750	-	-
Mid cap value	17,705	17,705	-	-
	\$ 1,844,521	\$ 1,772,287	\$ 72,234	\$ -
Contributions receivable from charitable trusts	\$ 28,394	\$ -	\$ -	\$ 28,394
Annuities payable	\$ 875,670	\$ -	\$ -	\$ 875,670

The following table sets forth the balances of assets and liabilities measured at fair value on a recurring basis as of June 30, 2015.

Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<i>Property and equipment:</i>				
Lied Lodge & Conference Center equipment and improvements	\$ 3,091,447	\$ 3,091,447	\$ -	\$ -

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, 2015 and 2014.

	Contributions Receivable from Charitable Trusts	Annuities Payable
Balance at June 30, 2013	\$ 34,144	\$ 1,033,391
Annuity liabilities added	-	98,535
Annuity liabilities released	-	(132,293)
Payments on annuities	-	(132,568)
Actuarial change in split- interest agreements	(5,750)	8,605
Balance at June 30, 2014	\$ 28,394	\$ 875,670
Annuity liabilities added	-	34,118
Annuity liabilities released	-	(7,866)
Payments on annuities	-	(130,629)
Actuarial change in split- interest agreements	(467)	88,493
Balance at June 30, 2015	\$ 27,927	\$ 859,786

NOTE O — CAPITAL LEASE OBLIGATION

The Foundation leases equipment under a long-term capital lease. The capital lease has a three-year term. Lease amortization is included in depreciation expense.

Future minimum lease payments under capitalized leases are as follows:

Year ending June 30,	
2016	\$ 55,300
2017	60,327
2018	45,245
Total minimum lease payments	160,872
Less amounts representing interest	(7,492)
	\$ 153,380

The capital lease obligation is included in the statement of financial position as follows:

	2015	2014
Total capital lease obligation	\$ 153,380	\$ -
Less current maturities of capital lease obligation	(52,044)	-
Long-term capital lease obligation	\$ 205,424	\$ -

Leased equipment is included in the statement of financial position as follows:

	2015	2014
Equipment	\$ 171,567	\$ -
Less accumulated depreciation	(8,396)	-
	\$ 163,171	\$ -

NOTE P — CONDITIONAL PROMISES TO GIVE

During the fiscal year ended June 30, 2015, the Foundation was awarded two grants totaling \$750,000. The grants are set to be disbursed when the Foundation raises matching funds and are intended to be used for the Lied Lodge renewal project. As of June 30, 2015, no matching funds have been raised.

NOTE Q — 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, 2015 and 2014, 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, 2035, and the Nebraska carryforward will expire between now and June 30, 2020. The loss carryforwards at June 30, 2015, total \$14,619,034 Federal and \$3,848,626 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, 2015, 2014, and 2013 are subject to examination by the IRS, generally for three years after they were filed.

NOTE R — 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 S — RELATED PARTY TRANSACTIONS

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 year ended June 30, 2014, the Foundation had the following transactions with Dimensions:

	2014
General funding	\$ 450,000
Nature Explore public service announcement funding	58,100
Foundation contributions passed through	184,450
	\$ 692,550

These were considered related party transactions as the spouse of the Foundation's Chief Executive Officer as of June 30, 2014, was the Executive Director of Dimensions. While transactions with Dimensions continued during the year ended June 30, 2015, the Chief Executive Officer retired as of June 30, 2014. Therefore, there were no related party transactions during the year ended June 30, 2015.

As of June 30, 2015 and 2014, Dimensions had balances due to the Foundation of \$3,290 and \$152,635, respectively.

NOTE T — COMMITMENT

As of June 30, 2015, the Foundation has committed in writing to making payments for consulting services through June 30, 2016, to the Foundation's former Chief Executive Officer in the amount of \$435,188.

NOTE U — SUBSEQUENT EVENTS

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





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