NATURAL HERITAGE TRUST

Financial Statements

March 31, 2022

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Financial Statements

Required Supplementary Information

NATURAL HERITAGE TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

The Natural Heritage Trust (the "Trust") is a New York State Public Benefit Corporation and State Authority. The Trust's mission is to receive and administer gifts, grants and contributions to further public programs for parks, recreation, cultural, land and water conservation and historic preservation purposes of the State of New York.

The Trust has a four-member Board of Directors consisting of the Commissioner of New York State Office of Parks, Recreation and Historic Preservation, the Chair of the State Council of Parks, the Commissioner of the Department of Environmental Conservation, and the Secretary of State of the Department of State. All Board members serve without compensation paid by the Trust.

The Management Discussion and Analysis (MD&A) of the Trust is an introduction to the major activities affecting the operation of the Trust and an overview and analysis of the financial statements of the Trust for the fiscal year ended March 31, 2022. The information contained in the MD&A should be considered in connection with the information contained in the financial statements and footnotes to the financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Trust's financial statements consist of three parts: 1) Management Discussion and Analysis (MD&A) (this section), 2) the basic financial statements, and 3) required supplementary information. The Trust is accounted for as a proprietary fund, and therefore the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.

Basic financial statements

The basic financial statements include the following:

- **Statement of Net Position** – The Statement of Net Position, or balance sheet, includes all assets and liabilities of the Trust using the accrual basis of accounting. The Statement of Net Position reports the Trust's net position, the difference between the total Trust assets, total Trust deferred outflows of resources, total Trust liabilities and total Trust deferred inflows of resources in three main categories, including net positions invested in capital assets, restricted net position and unrestricted net position.

- **Statement of Revenues, Expenses and Change in Net Position** – The Statement of Revenues, Expenses and Change in Net Position records revenue and expenses on the accrual basis. Revenues are recorded when measurable and earned and expenses are recorded when incurred, regardless of when cash is received or paid.

- **Statement of Cash Flows** – The Statement of Cash Flows provides information about the sources and uses of the Trust's cash through operating, noncapital financing, capital financing, and investing activities.

- **Notes to the Financial Statements** – The accompanying notes to the financial statements provide information essential to a full understanding of the Trust's financial statements and should be read in conjunction with the financial statements.

In addition, the Trust acts in a trustee capacity for individuals, private organizations, and other government units. These funds are not available to fund Trust operations, and accordingly, are accounted for as a fiduciary fund. The assets, liabilities, net position, revenue, and expenses related to these funds are reported in separate fiduciary fund financial statements. The fiduciary fund financial statements are presented using the flow of economic resources measurement focus and the accrual basis of accounting.

The fiduciary fund represents monies held in trust for restricted purposes in concert with the Trust's partner agencies and other organizations. Revenue is principally derived from gifts, grants, program activity fees, sponsorships, fundraising activity and investment income. Expenditures are project and program specific and support specific purposes under gift agreements, contracts, grant agreements and other arrangements.

The fiduciary fund financial statements include the following:

- **Statement of Fiduciary Net Position** – The Statement of Fiduciary Net Position presents financial information about the assets, liabilities and fiduciary net position held in trust by the Trust.

- **Statement of Changes in Fiduciary Net Position** – The Statement of Changes in Fiduciary Net Position presents fiduciary activities of the fiduciary fund. It accounts for all of the current year additions and deductions and measures the financial results of fiduciary fund operations over the past year

Required Supplementary Information

The required supplementary information consists of information that is required to be reported by the Governmental Accounting Standards Board in addition to the basic financial statements and includes the following:

The *Statement of Revenues, Expenditures and Changes in Net Position – Budget to Actual* provides a comparison of budget and actual information for the Trust's operations.

The *Schedule of Proportionate Share of Net Pension Liability (Asset)* provides current and historical information on the Trust's share of the New York State Employees' Retirement System Plan's net pension liability (asset).

The *Schedule of Contributions – Pension Plans* provides current and historical information on the Trust's required contributions to the New York State Employees' Retirement System Plan.

The *Schedule of Changes in the Total OPEB Liability and Related Ratios* provides current and historical information on the changes in the Trust's total OPEB liability.

Supplementary information begins immediately following the notes to the financial statements.

FINANCIAL ANALYSIS OF THE TRUST

Below is a condensed summary of the statement of net position as compared to the 2021 fiscal year.

SUMMARY OF ASSETS, LIABILITIES AND NET POSITION

	2022	2021
Assets	$ 65,869,279	$ 59,258,471
Deferred outflows of resources	2,238,695	2,024,299
Current liabilities	(61,133,986)	(53,246,491)
Long-term liabilities	(1,875,198)	(5,321,551)
Deferred inflows of resources	(3,149,191)	(337,189)
Unrestricted Net Position	$ 1,949,599	$ 2,377,539

The Trust's assets consist primarily of cash, money market funds, fixed income debt obligations and equity exchange traded funds. Funds received for the various fiduciary fund program accounts are deposited into the general fund and invested until they are subsequently disbursed for project and program purposes. Each fixed income debt obligation in the Trust's portfolio bears interest at a fixed rate. The market value of fixed income debt obligations fluctuates between purchase date and maturity date based on changes in market interest rates.

For internal accounting purposes, transactions from the fiduciary project accounts are tracked on a specific basis and recorded in accordance with established requirements relating to each project or program. As of March 31, 2022, the Trust had 192 of these fiduciary project accounts compared to 203 in the prior year. Total assets increased by about $6.6M.

Deferred outflows of resources are a separate financial statement element that represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. The deferred outflows reported on the statement of net position are related to pensions (see Note E to the financial statements).

Almost all current liabilities reflect the amount due to the fiduciary fund (approximately 99%).

The long-term liabilities are related to fringe benefits for Trust administrative and program staff (6 and 51 Full-Time Equivalents as of March 31, 2022, respectively) and consist of the Trust’s net OPEB obligation (for retirement health benefits) and net pension liability. These liabilities are based on an annual actuarial valuation and represent the estimated amount due for future employee retirement benefits. The liabilities are paid incrementally over future fiscal years.

Deferred inflows of resources are a separate financial statement element that represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until then. The deferred inflows reported on the statement of net position are related to pensions (see Note E to the financial statements).

SUMMARY OF CHANGES IN NET POSITION FROM OPERATING RESULTS

	2022	2021
Investment income	$ 487,218	$ 497,277
Indirect fringe benefit income	54,681	282,028
Administrative income	285,650	249,002
Unrealized gains (losses) on investments	(1,216,985)	(166,439)
Realized gains on investments	68,972	919,280
Contributed goods and services	13,657	16,825
Miscellaneous Income	3,546	4,365
Total Revenues	(303,261)	1,802,338
Salary and payroll related costs	539,329	511,956
Accrued value of unused vacation	(15,253)	26,566
Fringe benefit costs	225.320	242,740
Accrued pension expense	(261,676)	561,010
Professional fees	54,695	60,080
Bank investment fees and service charges	46,948	42,888
Contributed salaries and overhead	13,657	16,825
Travel	1,754	1,319
Office supplies and postage	35,758	51,145
Accrued other post-employment benefits expense	(518,410)	181,442
Miscellaneous	2,557	1,707
Total Expenditures	124,679	1,697,678
Deficiency of revenues over expenditures	(427,940)	104,660
Net position at beginning of year	2,377,539	2,272,879
Net position at end of year	$ 1,949,599	$ 2,377,539

The decrease in revenue is primarily due to significant unrealized losses on investments in the current year, compared to significant realized gains last year when the Trust transitioned to an Environmental Social and Governance ("ESG") investment policy. The unrealized losses are largely attributable to a sharp decrease in the market value of the Trust's fixed income investments relative to a rising interest rate environment and inflation running at 40-year highs. The Trust generally holds its bonds through maturity, so the Trust does not see risk of the unrealized losses becoming realized losses at this time.

With the exception of accrued pension and OPEB, these expenditures represent the costs to support the core administrative operations of the Trust, which include finance, accounting, contract management, development and donor relations, payroll and benefit administration. The accrued expenses are not actual cash outlays for the fiscal year.

The large decrease in expenditures is related to the accrued pension and OPEB expenses, which are significantly lower this year. These two categories of expenditures often fluctuate from year to year, but the variance this year is unusually high. This is because the actuarial valuations and related accounting entries for these items are closely tied to market factors – specifically the rate of return and market value of the New York State Common Retirement Fund (Fund) managed by the Office of the State Comptroller – as well as other actuarial rating factors specific to the NHT's payroll demographic. Due to its size, the valuation of the Fund is always lagged by a year, so the figures are based on the Fund's March 31, 2021valuation, which was at all-time high for the Fund.

Contributed goods and services recognizes the contributed services provided by the New York State Office of Parks, Recreation and Historic Preservation (OPRHP) and is offset by an equal amount of expenses (generally the office space provided).

FINANCIAL ANALYSIS OF THE FIDUCIARY FUND

The fiduciary fund represents monies held in trust for restricted purposes in concert with the Trust's partner agencies and other organizations. Below is a summary of the net position and the revenues, expenditures and change in net position for the years ended March 31, 2022 and 2021.

SUMMARY OF ASSETS, LIABILITIES AND NET POSITION – FIDUCIARY FUND

	2022	2021
Assets	$ 61,226,530	$ 54,001,712
Liabilities	$ 434,250	$ 540,749
Net Assets Held in Trust	60,792,280	53,460,963
	$ 61,226,530	$ 54,001,712

Included in the fiduciary fund is the 17 park or site-specific endowments managed by the Trust (up from 13 last year). The market value of these permanent endowments was $34.4M: the highest ever in the Trust's 54-year history. The remaining assets of the fiduciary fund support a wide variety of environmental, recreational, historic, and cultural programming and projects statewide.

SUMMARY OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - FIDUCIARY FUND

		2022		2021
Additions				
Gifts, donations and private grants	$	17,545,383	$	5,255,804
Grants and contracts		3,472,782		3,486,330
Activity and program income		585,294		243,423
Mitigation and environmental benefits		560,160		572,445
Investment income		476,860		526,730
Sponsorship and advertising		100,450		30,950
Realized gains on investments		218,787		7,862,365
Merchandise sales		-		-
Unrealized Gains (losses) on investments		(310,074)		170,038
Other revenue		37,994		42,466
		22,687,636		18,193,551
Expenditures				
Program support and personnel	$	4,830,551	$	4,731,647
Activity and event support		1,456,824		867,310
Capital construction and maintenance		8,029,062		4,494,054
Gift reassignment		498,221		1,932,732
Professional services		241,995		154,426
Promotional materials and merchandise for resale		161,881		109,074
Miscellaneous		137,785		70,847
		15,356,319		12,360,090
Change in net position		7,331,317		5,833,461
Net position at beginning of year		53,460,963		47,627,502
Net position at end of year	$	60,792,280	$	53,460,963

Restricted gifts and grants, program sponsorships, project activity fees and investment earnings, totaled approximately $22.7 million for the fiscal year ended March 31,2022 – the largest influx of new fiduciary program and project dollars ever. Overall, fiduciary revenue was up significantly from last year, mostly attributable to new large foundation grants received for major capital and trail work in western NY. The Trust received double the amount of program and sponsorship income, as pandemic restrictions were gradually lifted. Last year there were significant realized gains from transitioning all the endowment portfolios into ESG securities, which coincided with the equity markets being at all-time highs. This year investment income and realized gains were both lower and unrealized losses on the endowments totaled about $300k.

Expenses related to fiduciary fund activities totaled approximately $15.3 million; about $3 million more compared to 2021, and primarily due to an increase in construction costs as a result of the continued progression of several large capital projects that had a slow start due to the pandemic. Activity, event and programming expenses were all higher and much more on par with typical year program spending, as most parks and facilities reopened for public programming after the pandemic-related shutdowns in the year prior.

Requests for Information

The accompanying financial statements are designed to provide readers with a general overview of the Trust's finances and to demonstrate the Trust's accountability for the revenue it receives. Questions concerning any of the information provided in this report, or any request for additional information, should be addressed to the Executive Director, Natural Heritage Trust, Albany, NY 12238.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees and Audit Committee
Natural Heritage Trust

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Natural Heritage Trust (the "Trust"), a component unit of the State of New York, as of and for the year ended March 31, 2022, and the related notes to the financial statements, which collectively comprise the Trust's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Trust as of March 31, 2022, and the changes in financial position, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Trust and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1-7 and the budgetary comparison information and other schedules on pages 30-33, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Annual Report of the Trust as defined by Section 2800 of the New York State Public Authorities Law, *Annual Reports by Authorities*, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2022, on our consideration of the Trust'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 the effectiveness of the Trust's 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 the Trust's internal control over financial reporting and compliance.

Wojeski & Company, CPAs, P.C.

Albany, New York
June 29, 2022

NATURAL HERITAGE TRUST

Statement of Net Position

March 31, 2022

ASSETS		
Cash and cash equivalents		$ 5,263,038
Investments		60,518,865
Interest receivable		87,376
	TOTAL ASSETS	65,869,279
DEFERRED OUTFLOWS OF RESOURCES		
Pension related		2,238,695
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses		114,443
Due to fiduciary fund		61,019,543
	TOTAL CURRENT LIABILITIES	61,133,986
LONG-TERM LIABILITIES		
Net OPEB obligation		1,865,673
Net pension liability		9,525
		1,875,198
	TOTAL LIABILITIES	63,009,184
DEFERRED INFLOWS OF RESOURCES		
Pension related		3,149,191
NET POSITION		
Unrestricted		1,949,599
	TOTAL NET POSITION	$ 1,949,599

See accompanying notes to financial statements.

NATURAL HERITAGE TRUST

Statement of Revenues, Expenses and Change in Net Position

For the Year Ended March 31, 2022

OPERATING REVENUES		
Investment income, net	$	487,218
Indirect income, net		54,681
Administrative income		285,650
Realized gains on investments		68,972
Contributed goods and services		13,657
Unrealized loss on investments		(1,216,985)
Miscellaneous income		3,546
TOTAL OPERATING REVENUES		(303,261)
OPERATING EXPENSES		
Salary and payroll related costs		539,329
Accrued value of unused vacation		(15,253)
Fringe benefit costs		225,320
Professional fees		54,695
Office supplies and postage		35,758
Bank investment fees and service charges		46,948
Contributed salaries and overhead		13,657
Travel		1,754
Net pension benefit		(261,676)
Net other post retirement benefit		(518,410)
Other program expenses		2,557
TOTAL OPERATING EXPENSES		124,679
CHANGE IN NET POSITION		(427,940)
NET POSITION, beginning of year		2,377,539
NET POSITION, end of year	$	1,949,599

See accompanying notes to financial statements.

NATURAL HERITAGE TRUST

Statement of Cash Flows

For the Year Ended March 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Proceeds from fiduciary activities	$ 22,423,862
Proceeds from investment income	501,228
Proceeds from administrative income	285,650
Proceeds from other income	783,632
Proceeds from indirect fringe benefits	54,681
Payments for fiduciary activities	(15,462,818)
Payments for personnel expenses	(1,604,088)
Payments for other operating expenses	(138,076)
CASH PROVIDED BY OPERATING ACTIVITIES	6,844,071
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales of investments	4,900,395
Payments for purchases of investments	(7,640,513)
CASH USED IN INVESTING ACTIVITIES	(2,740,118)
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,103,953
Cash and cash equivalents at beginning of year	1,159,085
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 5,263,038
RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Change in net position	$ (427,940)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Realized gains on investments	(68,972)
Unrealized loss on investments	1,216,985
Changes in operating assets, liabilities, deferred outflows of resources and deferred inflows of resources:	
Interest receivable	14,010
Deferred outflows of resources - pension related	(214,396)
Accounts payable and accrued expenses	(2,309)
Due to fiduciary fund	6,961,044
Net OPEB obligation	(587,071)
Net pension liability	(2,859,282)
Deferred inflows of resources - pension related	2,812,002
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 6,844,071

See accompanying notes to financial statements.

NATURAL HERITAGE TRUST

Statement of Fiduciary Net Position

March 31, 2022

ASSETS		
Accounts receivable	$	206,987
Due from the Trust		61,019,543
TOTAL ASSETS	$	61,226,530
LIABILITIES AND NET POSITION HELD IN TRUST		
LIABILITIES		
Accounts payable and accrued expenses	$	119,296
Accrued payroll and related items		314,954
TOTAL LIABILITIES		434,250
NET POSITON HELD IN TRUST		60,792,280
TOTAL LIABILITIES AND NET POSITION HELD IN TRUST	$	61,226,530

See accompanying notes to financial statements.

NATURAL HERITAGE TRUST

Statement of Changes in Fiduciary Net Position

For the Year Ended March 31, 2022

ADDITIONS		
Gifts, donations and private grants	$	17,545,383
Grants and contracts		3,472,782
Activity and program income		585,294
Mitigation and environmental benefits		560,160
Investment income		476,860
Realized gains on investments		218,787
Sponsorship and advertising		100,450
Other revenue		37,994
Unrealized losses on investments		(310,074)
TOTAL ADDITIONS		22,687,636
PROGRAM EXPENSES		
Capital construction and maintenance		8,029,062
Program support and personnel		4,830,551
Activity and event support		1,456,824
Gift reassignment		498,221
Professional services		241,995
Promotional materials and merchandise for resale		161,881
Miscellaneous		137,785
TOTAL PROGRAM EXPENSES		15,356,319
CHANGE IN NET POSITION HELD IN TRUST		7,331,317
Net position held in trust at beginning of year		53,460,963
NET POSITION HELD IN TRUST AT END OF YEAR	$	60,792,280

See accompanying notes to financial statements.

NOTE A--ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Natural Heritage Trust (the "Trust"), a public benefit corporation, was created in 1968 under Article 55 of the New York State Arts and Cultural Affairs Law to receive and administer private gifts, grants, devises and bequests of real and personal property donated to further conservation, outdoor recreation and historic preservation and to cooperate with other public and private organizations with interests in appropriate projects intended to preserve and improve the natural and historic preservation of resources of New York State and advance public understanding, revitalization, and restoration of New York's waterfronts. The Trust is administered at the direction of the Board of Directors ("Board") comprised of the Commissioner of the New York State Office of Parks, Recreation and Historic Preservation, Chair of the State Council of Parks, Commissioner of the New York State Department of Environmental Conservation and Secretary of State. The Trust is a component unit of the State of New York for financial reporting purposes and is included in the State's basic financial statements.

A summary of the Trust's significant accounting policies follows:

Basis of Presentation

The financial statements of the Trust are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Trust applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The accounting and financial reporting treatment applied to the Trust is determined by its measurement focus. The transactions of the Trust are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with operations are included in the statement of net position with revenues recorded when earned and expenses recorded at the time liabilities are incurred.

Net position is classified into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

> Net investment in capital assets: This component of net position consists of capital assets, net of accumulated depreciation and accumulated amortization, reduced by the outstanding balances of bonds, notes, and other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of investment in capital assets, net of related debt. Rather that portion of the debt is included in restricted net position. The Trust did not have any net investment in capital assets at March 31, 2022.

NOTE A--ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES--Continued

Restricted net position: This component of net position represents external restrictions on net position imposed by creditors, grantors, contributors, laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The Trust did not have any restricted net position at March 31, 2022.

Unrestricted net position: This component represents net position that does not meet the definition of "restricted" or "net investment in capital assets."

The Trust would typically use restricted resources first, as appropriate opportunities arise, but reserves the right to selectively spend unrestricted resources first to defer the use of these other restricted resources.

The Trust distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Trust's principal ongoing operations. All revenue and expenses that do not meet this definition are reported as nonoperating revenues and expenses.

Fiduciary Fund Financial Statements

This fund is used to account for assets held by the Trust in a trustee capacity for individuals, private organizations, and other governmental units. Fiduciary fund financial statements are presented using the flow of economic resources measurement focus and the accrual basis of accounting. The Trust reports the following fiduciary fund:

Private-Purpose Trust Funds

Private-purpose trust funds represent grants and programs and activities established for a definite purpose in concert with the Trust's partner agencies and other organizations. These trust funds generate revenue and expenditures that are administered by the Trust and are subject to oversight by the Trust. As of March 31, 2022, the Trust held funds received through relationships with its partner agencies and organizations for approximately 215 different programs and projects. The five (5) largest trust fund accounts in terms of revenue accounted for approximately 55% of all restricted funds for the year ended March 31, 2022. The five (5) largest trust fund accounts in terms of expenditures incurred 44% of program expenses for the same period.

Use of Estimates

Management of the Trust has made estimates and assumptions relating to the reporting of assets and liabilities and disclosure of contingent assets and liabilities to prepare these financial statements in accordance with generally accepted accounting principles. Actual results could differ from those estimates.

NOTE A--ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES--Continued

<u>Restricted Gifts, Grants and Other Funds</u>
The Trust receives gifts, grants and other raised funds from outside organizations, including government entities that are restricted for specific purposes.

<u>Accounts Receivable</u>
Accounts receivable are non-interest bearing and are carried at their estimated collectible amounts. Accounts receivable are periodically evaluated for collectability based on a review of outstanding receivables, historical collection information and current economic conditions. In the opinion of Trust management, all receivables are collectible, accordingly, no allowance for doubtful accounts has been recorded.

<u>Investments</u>
Investments are recorded at fair value. Investments received by gift are recorded at fair value at the date of the gift.

<u>Fair Value Measurements</u>
The Trust records fair value adjustments to certain assets and liabilities in accordance with GASB Statement No. 72, *Fair Value Measurement and Application* (GASB 72). GASB 72 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs are inputs, other than quoted market prices that are observable for the asset or liability, either directly or indirectly, and Level 3 inputs are unobservable and generally consist of assumptions and are developed using the best information available in the circumstances and have the lowest priority. When available, the Trust measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

<u>Deferred Outflows/Inflows of Resources</u>
In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The Trust reports deferred outflows related to pensions in the Statement of Net Position. The types of deferred outflows related to pensions are described in Note E. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Trust reports deferred inflows related to pensions in the Statement of Net Position. The types of deferred inflows related to pensions are described in Note E.

NOTE A--ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES--Continued

Tax Status

The Trust has been granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. The Trust qualifies for the charitable contribution deduction for individual donors. The Trust does not conduct unrelated business income activities and, therefore, has made no provision for income taxes in the accompanying financial statements.

Management has evaluated the Trust's tax positions, including interest and penalties attributable thereto, and concluded that the Trust has taken no tax positions that required adjustment in its financial statements as of March 31, 2022.

The Trust's information return filings are subject to examinations by the Internal Revenue Service. The Trust is no longer subject to examinations for the years ending before March 31, 2019, and currently, there are no examinations in process nor has the Trust been informed of any pending examinations.

Subsequent Events

The Trust evaluates transactions that occur subsequent to year end for potential recognition or disclosure in the financial statements through the date on which the financial statements are available to be issued. The financial statements were available to be issued on June 29, 2022.

NOTE B--CASH AND CASH EQUIVALENTS

Cash and cash equivalents are carried at cost plus accrued interest. Nearly all cash and cash equivalents needed for short-term check writing purposes are maintained at one financial institution

Cash and cash equivalents are maintained in Federal Deposit Insurance Corporation (FDIC) insured accounts and may at times exceed FDIC insurance limits. The Trust has written agreements with the financial institutions for the collateralization of funds in excess of FDIC insurance coverage limits.

At March 31, 2022, the book amount of the Trust's deposits was $5,263,038 and the related bank balance was $5,315,685. The total amount of collateralized uninsured deposits was approximately $4,748,985 for the year ended March 31, 2022.

NATURAL HERITAGE TRUST

Notes to Financial Statements--Continued

NOTE C--INVESTMENTS

The Trust has adopted an investment policy in accordance with the NYS Public Authorities Law and rules and regulations of the State of New York Office of the State Comptroller ("OSC"). The Trust's written investment policy has been approved by the Board of Directors. Cash, cash equivalents and investments in the Trust's investment accounts consists of the following at March 31, 2022:

	Cost	Market
Corporate and Government Bond Funds	$ 17,826,771	$ 16,974,922
Closed-end Equity Mutual Funds	14,226,255	15,401,634
Corporate and Foreign Bonds	9,378,267	9,063,817
International Closed-end Funds	8,525,692	7,940,059
U.S. Treasury Obligations	7,027,001	6,908,656
Cash and Money Market Funds	2,465,731	2,465,731
U.S. Government Agencies	1,801,105	1,764,046
	$ 61,250,822	$ 60,518,865

The estimated fair values of the Trust's financial instruments, none of which are held for trading purposes, are as follows:

	Carrying Amount	Level 1	Level 2
Corporate and Government Bond Funds	$ 16,974,922	$ 16,974,922	$ -
Closed-end Equity Mutual Funds	15,401,634	15,401,634	-
Corporate and Foreign Bonds	9,063,817	-	9,063,817
International Closed-end Funds	7,940,059	7,940,059	-
U.S. Treasury Obligations	6,908,656	6,908,656	-
Cash and Money Market Funds	2,465,731	2,465,731	-
U.S. Government Agencies	1,764,046	1,764,046	-
	$ 60,518,865	$ 51,455,048	$ 9,063,817

NATURAL HERITAGE TRUST

Notes to Financial Statements--Continued

NOTE C--INVESTMENTS--Continued

Corporate and foreign bonds consist of the following at March 31, 2022:

	Cost	Market
3M Company	$ 267,906	$ 250,925
Aust and NZ Banking Group	252,997	250,525
Amazon	99,825	94,575
Bank of Nova Scotia	254,014	235,537
Bank of NY Mellon	410,911	403,244
Bank of Montreal	360,650	336,354
BB&T Corporation	101,451	99,926
Blackrock Inc.	150,404	150,504
Bristol-Myers Squibb Co.	420,068	403,500
Canadian Imperial Bank	250,000	249,780
Caterpillar Financial Services	356,337	335,438
Charles Schwab Corp	358,544	355,831
Cisco Systems	267,544	251,878
Citibank	102,452	101,760
Florida Power and Light Co.	265,024	251,752
General Dynamics	205,317	201,098
Gilead Sciences, Inc.	153,457	152,680
Glaxosmithkline Capital	400,480	393,236
Hershey Co.	150,168	141,212
Home Depot, Inc.	376,425	352,797
Honeywell International	353,914	343,050
Huntington National Bank	470,082	455,094
Illinois Tools Works Inc.	102,124	101,644
Intel Corp.	99,922	100,594
John Deere	377,137	356,396
JP Morgan	100,976	101,050
KeyBank	150,082	147,794
Merck & Co Inc.	258,370	251,559
PepsiCo.	319,055	302,097
PNC Bank	250,070	250,740
Proctor and Gamble	265,882	250,423
Royal Bank of Canada	313,215	298,641
Suntrust Bank	100,716	100,667
Target Corp	260,121	246,447
TD Ameritrade	350,000	350,000
Walt Disney Co	150,504	150,627
Wisconsin Electric Power	252,123	244,442
	$ 9,378,267	$ 9,063,817

NOTE C—INVESTMENTS--Continued

The Trust has established individual investment policy statements for Operating Accounts, Capital Project/Reserve Accounts and Long-Term Investment Accounts. The investment policy statements having the following credit quality ratings from a nationally recognized statistical rating organization (NRSRO) for the following investment categories:

	Operating Accounts	Capital Project/Reserve Accounts	Long-Term Investment Accounts
Corporate Bonds	BBB/Baa	BBB/Baa	BBB/Baa
Commercial Paper	A1/P1	A1/P1	A1/P1
Taxable Municipal Bonds	A	BBB/Baa	BBB/Baa
Money Market Funds	AAAm	AAAm	AAAm
Mutual Funds and Exchange Traded Funds	A	BBB/Baa	BBB/Baa

The individual investment policy statements establish minimums and maximums that may be invested in fixed income, equities and cash holdings. The policy statements also establish limits within the fixed income investments for concentration of investments within the portfolio.

NOTE D--DUE TO/FROM OTHER FUNDS

All private purpose trust fund revenue is deposited into the Trust cash and investment accounts. These monies are held and invested in the Trust accounts until disbursements are requested by the authorized signatory. Accordingly, outstanding balances between the Trust and the fiduciary fund are reported as "due to/from" the respective financial statements.

NOTE E--PENSION PLAN

The Trust participates in the New York State and Local Employee's Retirement System (NYSERS). This is a cost sharing multiple-employer retirement system, providing retirement benefits as well as death and disability benefits. The net position of the NYSERS is held in the New York State Common Retirement Fund (the Fund), established to hold all net position and record changes in plan net position allocated to the NYSERS. The NYSERS benefits are established under the provisions of the New York State Retirement and Social Security law. Once an employer elects to participate in the NYSERS, the election is irrevocable.

NOTE E--PENSION PLAN--Continued

The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of State statute. The system issues a publicly available financial report that includes financial statements and required supplementary information. That report may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244-0001.

NYSERS is noncontributory for employees who joined NYSERS prior to July 27, 1976. For employees who joined NYSERS after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in NYSERS for more than ten years are no longer required to contribute. Employees that join NYSERS after January 1, 2010 and prior to April 1, 2012 are required to contribute 3% of their salaries throughout their active membership. Employees that join after April 1, 2012 are required to contribute 3% to 6% of their salaries, depending on their salaries, throughout their active membership.

The Trust is required to contribute at an actuarially determined rate. The Trust contributions made to NYSERS were equal to 100% of the contributions required each year. The required contributions for the current year and two preceding years were:

March 31, 2022	$	286,046
March 31, 2021	$	314,005
March 31, 2020	$	362,131

At March 31, 2022, the Trust reported a net pension liability of $9,525 for its proportionate share of the NYSERS net pension liability. The net pension liability was measured as of March 31, 2021, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of that date. The Trust's proportion of the net pension liability was based on a projection of the Trust's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

As of March 31, 2022, the Trust's proportion was 0.0095657%.

For the year ended March 31, 2022, the Trust recognized pension expense of $87,929. At March 31, 2022, the Trust reported deferred outflows/inflows of resources related to pensions from the following sources:

NOTE E--PENSION PLAN--Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources Related to Pensions

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 116,325	$ -
Changes of assumptions	1,751,331	33,031
Net difference between projected and actual earnings on pension plan investments	-	2,736,126
Changes in proportion and differences between the Trust's contributions and proportionate share of contributions	21,440	380,034
Contributions subsequent to the measurement date	349,599	-
	$ 2,238,695	$ 3,149,191

The Trust recognized $349,599 as deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2021, which will be recognized as a reduction of the net pension liability in the year ended March 31, 2023.

Changes of assumptions reflect a change in the discount rate for the year ended March 31, 2022. The discount rate was updated from 6.8% as of March 31, 2021 to 5.9% as of March 31, 2022.

The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending March 31:	
2022	$ (278,710)
2023	(166,620)
2024	(237,617)
2025	(577,148)
2026	-
	$ (1,260,095)

The total pension liability at March 31, 2021 (measurement date) was determined using an actuarial valuation as of April 1, 2020, with update procedures used to roll forward the total pension liability to March 31, 2021.

NOTE E--PENSION PLAN--Continued

Actuarial Assumptions

The actuarial valuation used the following actuarial assumptions:

Measurement Date	March 31, 2021
Actuarial Valuation Date	April 1, 2020
Inflation	2.7%
Salary scale	4.4 % indexed by service
Projected COLAs	1.4% compounded annually
Decrements	Developed from the Plan's 2015 experience study of the period April 1, 2010 through March 31, 2015.
Mortality improvement	Society of Actuaries Scale MP-2020
Investment rate of return	5.9% compounded annually, net of investment expense

The long-term rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for equities and fixed income as well as historical investment data and plan performance.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2021, are summarized below:

Asset Type	Target Allocations in %	Long-Term expected real rate of return in %
Domestic Equity	32.0	4.05
International Equity	15.0	6.30
Private Equity	10.0	6.75
Real Estate	9.0	4.95
Opportunistic Portfolio	3.0	4.50
Credit	4.0	3.63
Real Assets	3.0	5.95
Fixed Income	23.0	0.00
Cash	1.0	0.50
	100%	

NOTE E--PENSION PLAN--Continued

Discount Rate

The discount rate used to calculate the total pension liability was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the New Pension Liability to the Discount Rate Assumption

The following presents the Trust's proportionate share of the net pension liability calculated using the discount rate of 5.9%, as well as what the Trust's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (4.9%) or 1% higher (6.9%) than the current rate:

	1% Decrease (4.9%)	Current Discount (5.9%)	1% Increase (6.9%)
Proportionate share of net pension liability	$ 2,643,757	$ 9,525	$ (2,419,854)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers participating in the New York State and Local Employees Retirement System as of the March 31, 2021 measurement date were as follows (in thousands of dollars):

Total pension liability	$ 220,680,157
Net position	(220,580,583)
Net pension liability	$ 99,574
NYSERS net position as a percentage of total pension liability	99.95%

NOTE F--OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION

General Information about the OPEB Plan

Plan description – The Trust's defined benefit OPEB Plan, the Natural Heritage Trust Retiree Health Reimbursement Arrangement Plan (NHT HRA), provides other postemployment benefits for all employees hired prior to December 31, 2017 who have, at the time of retirement, earned 10 or more years of continuous creditable service time with the Trust, and has met the age and vesting requirements to receive benefits from the New York State Employee Retirement System or the New York State Voluntary Defined Contribution Plan. The NHT HRA is a single employer plan administered by the Trust.

In addition, the Trust provides other postemployment healthcare benefits to two grandfathered employees who receive benefits through the New York State Health Insurance Program (NYSHIP). Benefits provided through NYSHIP are considered part of a single employer plan administered by the Trust. Non-grandfathered Trust employees are no longer eligible for other postemployment healthcare benefits through the NYSHIP.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits provided – The NHT HRA plan provides for the reimbursement of out-of-pocket medical, dental, vision and long-term care expenses incurred by the retiree and their dependents. The plan will provide an annual contribution between $4,800 and $9,600 depending on the retiree's years of service. Retiree benefits continue for the life of the retiree. In the event of the retiree's death, the surviving spouse benefits will continue for the life of the surviving spouse. The surviving spouse will receive 50% of the annual contribution made while the retiree was alive. The Trust reserves the right to amend or cancel the plan.

The two grandfathered employees who receive healthcare coverage through NYSHIP are provided with health insurance coverage through plans offered by NYSHIP (NYSHIP Empire Plan and Capital District PHP Plan) that continue for the life of the retiree and surviving spouse. Retirees are required to contribute 10% of the single person premium and 25% of the difference between the single person and family coverage premium for dependents. Surviving spouses are required to make the same contribution percentage that was made when the retiree was alive.

The Trust supports the annual OPEB cost on an ongoing basis with indirect fringe benefit income assessed on those program accounts with payroll expenses, over the actual fringe benefit amounts paid out by the Trust.

NOTE F--OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION--Continued

Employees Covered by Benefit Terms

At March 31, 2022, the following employees or beneficiaries were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	5
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	13
	18

The plan is closed to all employees hired after December 31, 2017.

Total OPEB Liability

The Trust's total OPEB liability of $1,994,550 was measured as of March 31, 2022 and was determined by an actuarial valuation as of April 1, 2021. The alternative measurement method was used to calculate the OPEB liability.

For the year ended March 31, 2022, the Trust recognized OPEB benefit of $409,840.

Actuarial Assumptions and Other Inputs

The total OPEB liability as of March 31, 2022 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary increases	3.00%
Discount rate	2.83%
Healthcare cost trend rates – Medical	4.5% for 2022, decreasing to an ultimate trend rate of 3.78% for 2075 and later years.
Healthcare cost trend rates – Prescription Drug	7.0% for 2022, decreasing to an ultimate trend rate of 3.78% for 2075 and later years.
Retirees' share of benefit-related costs	100% of projected health insurance premiums for retirees. Grandfathered employees pay 10% of single coverage and 25% of the cost difference between single and family coverage for dependents.

The discount rate was based on an analysis of returns on the Fidelity General Obligation 20-Year AA Municipal Bond Index as of March 31, 2022.

NOTE F--OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION--Continued

Mortality rates for active employees, healthy retirees, and contingent survivors were based on the MP-2021 mortality improvement scale released in October 2021 which reflects the U.S. population mortality experience through 2018.

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at March 31, 2021	$ 2,452,744
Changes for the year:	
Service cost	18,934
Interest	52,863
Differences between expected and actual experience and changes in assumptions or other inputs	(590,208)
Benefit payments	(68,660)
Net changes	(587,071)
Balance at March 31, 2022	$ 1,865,673

Changes of assumptions and other inputs reflect a change in the discount rate and Healthcare cost trend rates for the year ended March 31, 2022. The discount rate was updated from 2.27% as of March 31, 2021 to 2.83% as of March 31, 2022.

The healthcare trend rate remained consistent at 4.5% for medical and 7% for prescription drugs for the year ended March 31, 2022.

The change in assumptions resulted in a decrease in the Total OPEB Liability.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Trust, as well as what the Trust's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.83%) or 1% higher (3.83%) than the current discount rate:

	1% Decrease (1.83%)	Current Discount (2.83%)	1% Increase (3.83%)
Total OPEB Liability	$ 2,215,010	$ 1,865,673	$ 1,591,716

NOTE F--OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION--Continued

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Trust, as well as what the Trust's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (3.5%) or 1% higher (5.5%) than the current healthcare cost trend rates:

	1% Decrease (3.5% decreasing to 2.78%)	Healthcare Cost Trend Rates (4.5% decreasing to 3.78%)	1% Increase (5.5% decreasing to 4.78%)
Total OPEB Liability	$ 1,785,852	$ 1,865,673	$ 1,959,785

REQUIRED SUPPLEMENTARY INFORMATION

NATURAL HERITAGE TRUST

Statement of Revenues, Expenditures and Changes in Net Position - Budget to Actual

For the Year Ended March 31, 2022

	Original Budget	**Revisions**	**Revised Budget**	**Total Actual Budgeted**	**Total Actual Unbudgeted**	**Total Actual**	**Variance Favorable/ (Unfavorable)**
REVENUES							
Investment income, net	$ 460,000	$ -	$ 460,000	$ 487,218	$ -	$ 487,218	$ 27,218
Indirect fringe benefit income	30,000	-	30,000	54,681	-	54,681	24,681
Administrative income	275,000	-	275,000	285,650	-	285,650	10,650
Realized gains on investments	-	-	-	-	68,972	68,972	68,972
Unrealized losses on investments	-	-	-	-	(1,216,985)	(1,216,985)	(1,216,985)
Contributed goods and services	-	-	-	-	13,657	13,657	13,657
Miscellaneous income	-	-	-	-	3,546	3,546	3,546
	765,000	-	765,000	827,549	(1,130,810)	(303,261)	(1,068,261)
EXPENDITURES							
Salaries and payroll related costs	530,000	-	530,000	539,329	-	539,329	(9,329)
Accrued value of unused vacation	-	-	-	-	(15,253)	(15,253)	15,253
Fringe benefit costs	225,000	-	225,000	225,320	-	225,320	(320)
Contributed salaries and overhead	-	-	-		13,657	13,657	(13,657)
Net pension benefit	-	-	-	-	(261,676)	(261,676)	261,676
Net other post retirement benefit	40,000	-	40,000	-	(518,410)	(518,410)	558,410
Bank investment fees and service charges	45,000	-	45,000	46,948	-	46,948	(1,948)
Professional fees	50,000	-	50,000	54,695	-	54,695	(4,695)
Office supplies and postage	40,000	-	40,000	35,758	-	35,758	4,242
Travel	2,000	-	2,000	1,754	-	1,754	246
Huttleston program	5,000	-	5,000	-	-	-	5,000
Other program expenses	3,000	-	3,000	2,557	-	2,557	443
	940,000	-	940,000	906,361	(781,682)	124,679	815,321
EXCESS OF REVENUES OVER EXPENDITURES	$ (175,000)	$ -	$ (175,000)	$ (78,812)	$ (349,128)	$ (427,940)	$ (252,940)

See independent auditor's report.

NATURAL HERITAGE TRUST

Schedule of Proportionate Share of Net Pension Liability (Asset)

March 31, 2022

	Last 10 Fiscal Years									
New York State Employees' Retirement System Plan	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Proportion of net pension liability (asset)	0.0095657%	0.0108336%	0.0121229%	0.0119344%	0.0103594%	0.0103427%	0.0122732%	**Information for periods prior to the implementation of GASB 68 is unavailable and will be completed for each year going forward as information becomes available**		
Proportionate share of net pension liability (asset)	$ 9,525	$ 2,868,807	$ 858,948	$ 385,177	$ 973,389	$ 1,660,040	$ 414,618			
Covered-employee payroll	$ 3,415,609	$ 3,115,714	$ 2,928,680	$ 3,233,186	$ 3,430,527	$ 2,626,717	$ 2,729,006			
Proportionate share of net pension liability (asset) as a percentage of its covered-employee payroll	0.28%	92.08%	29.33%	11.91%	28.37%	63.20%	15.19%			
Plan fiduciary net position as a percentage of the total pension liability (asset)	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%			

See independent auditor's report.

NATURAL HERITAGE TRUST

Schedule of Contributions - Pension Plans

March 31, 2022

New York State Employees' Retirement System Plan	Last 10 Fiscal Years 2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 286,046	$ 314,005	$ 362,131	$ 343,702	$ 318,502	$ 287,971	$ 494,651	**Information for periods prior to the implementation of GASB 68 is unavailable and will be completed for each year going forward**		
Contributions in relation to the contractually required contribution	286,046	314,005	362,131	343,702	318,502	287,971	494,651			
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -			
Agency's covered-employee payroll	$ 3,415,609	$ 3,115,714	$ 2,928,680	$ 3,233,186	$ 3,430,527	$ 2,626,717	$ 2,729,006			
Contributions as a percentage of covered-employee payroll	8.37%	10.08%	12.36%	10.63%	9.28%	10.96%	18.13%			

See independent auditor's report.

NATURAL HERITAGE TRUST

Schedule of Changes in the Total OPEB Liability and Related Ratios

March 31, 2022

	Last 10 Fiscal Years									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total OPEB Liability										
Service cost	$ 18,934	$ 16,839	$ 25,530	$ 23,067	$ 21,124	**Information for periods prior to the implementation of GASB 75 is unavailable and will be completed for each year going forward as information becomes available**				
Interest	52,863	54,827	82,306	91,186	91,144					
Changes of benefit terms	-	-	-	-	-					
Differences between expected and actual experience and changes of assumptions or other inputs	(590,208)	109,776	(228,574)	(166,413)	79,527					
Benefit payments	(68,660)	(38,689)	(44,591)	(30,919)	(42,664)					
Net change in total OPEB liability	(587,071)	142,753	(165,329)	(83,079)	149,131					
Total OPEB liability - beginning	2,452,744	2,309,991	2,475,320	2,558,399	2,409,268					
Total OPEB liability - ending	$ 1,865,673	$ 2,452,744	$ 2,309,991	$ 2,475,320	$ 2,558,399					
Covered-employee payroll	$ 3,415,609	$ 3,115,714	$ 2,928,680	$ 3,233,186	$ 3,430,527					
Total OPEB liability as a percentage of covered-employee payroll	54.62%	78.72%	78.87%	76.56%	74.58%					

See independent auditor's report.

COMPLIANCE REPORT

WOJESKI & COMPANY CPAs, P.C.
159 Wolf Road, Albany, New York 12205 | Phone 518-477-1102 | Fax 518-477-1302 | www.wojeskico.com

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Natural Heritage Trust
Albany, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Natural Heritage Trust (the "Trust") as of and for the year ended March 31, 2022, and the related notes to the financial statements, which collectively comprise the Trust's basic financial statements and have issued our report thereon dated June 29, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Trust's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Trust's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Trust's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wojeski & Company, CPAs, P.C.

Albany, New York
June 29, 2022