

*Financial Statements*

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**UPPER SACO VALLEY LAND TRUST, INC.**

**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018  
AND  
INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

**UPPER SACO VALLEY LAND TRUST, INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

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To the Board of Directors  
Upper Saco Valley Land Trust, Inc.  
North Conway, New Hampshire

## **INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

We have reviewed the accompanying financial statements of Upper Saco Valley Land Trust, Inc. (a New Hampshire nonprofit corporation), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **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 misstatements whether due to fraud or error.

### **Accountants' Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountants' Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

### **Summarized Comparative Information**

We previously reviewed Upper Saco Valley Land Trust, Inc.'s financial statements and in our conclusion dated August 14, 2019, stated that based on our review, we were not aware of any material modifications that should be made to the 2018 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended December 31, 2018, for it to be consistent with the reviewed financial statements from which it has been derived.

*Leone, McDonnell & Roberts  
Professional Association*

August 18, 2020  
North Conway, New Hampshire

**UPPER SACO VALLEY LAND TRUST, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2019**  
**WITH SUMMARIZED COMPARATIVE TOTALS FOR 2018**

|  | <b><u>WITHOUT DONOR<br/>RESTRICTIONS</u></b> | <b><u>WITH DONOR<br/>RESTRICTIONS</u></b> | <b><u>2019<br/>TOTALS</u></b> | <b><u>2018<br/>TOTALS</u></b> |
|--|--|---|-------------------------------|-------------------------------|
| <b><u>ASSETS</u></b>                         |  |   |                               |                               |
| <b>CURRENT ASSETS</b>                        |  |   |                               |                               |
| Cash and cash equivalents                    | \$ 521,122                                   | \$ 260,850                                | \$ 781,972                    | \$ 645,456                    |
| Accounts receivable                          | 3,887  | -   | 3,887                         | -                             |
| Pledges receivable                           | 7,750  | -   | 7,750                         | -                             |
| Prepaid expenses                             | <u>10,086</u>                                | <u>-</u>                                  | <u>10,086</u>                 | <u>3,138</u>                  |
| Total current assets                         | <u>542,845</u>                               | <u>260,850</u>                            | <u>803,695</u>                | <u>648,594</u>                |
| <b>PROPERTY</b>                              |  |   |                               |                               |
| Conservation easements                       | -  | 51  | 51                            | 51                            |
| Land   | -  | 1,950,286                                 | 1,950,286                     | 1,628,286                     |
| Furniture and equipment                      | <u>24,641</u>                                | <u>-</u>                                  | <u>24,641</u>                 | <u>23,276</u>                 |
| Total property                               | 24,641                                       | 1,950,337                                 | 1,974,978                     | 1,651,613                     |
| Less accumulated depreciation                | <u>20,418</u>                                | <u>-</u>                                  | <u>20,418</u>                 | <u>17,798</u>                 |
| Property, net                                | <u>4,223</u>                                 | <u>1,950,337</u>                          | <u>1,954,560</u>              | <u>1,633,815</u>              |
| <b>OTHER ASSETS</b>                          |  |   |                               |                               |
| Beneficial interest in assets held by others | <u>-</u>                                     | <u>222,944</u>                            | <u>222,944</u>                | <u>189,165</u>                |
| Total other assets                           | <u>-</u>                                     | <u>222,944</u>                            | <u>222,944</u>                | <u>189,165</u>                |
| Total assets                                 | <u>\$ 547,068</u>                            | <u>\$ 2,434,131</u>                       | <u>\$ 2,981,199</u>           | <u>\$ 2,471,574</u>           |
| <br><b><u>LIABILITIES AND NET ASSETS</u></b> |  |   |                               |                               |
| <b>CURRENT LIABILITIES</b>                   |  |   |                               |                               |
| Accounts payable and accrued expenses        | \$ 39,201                                    | \$ -                                      | \$ 39,201                     | \$ 17,336                     |
| Total liabilities                            | <u>39,201</u>                                | <u>-</u>                                  | <u>39,201</u>                 | <u>17,336</u>                 |
| <b>NET ASSETS</b>                            |  |   |                               |                               |
| Without donor restrictions                   | 507,867                                      | -   | 507,867                       | 404,143                       |
| With donor restrictions                      | <u>-</u>                                     | <u>2,434,131</u>                          | <u>2,434,131</u>              | <u>2,050,095</u>              |
| Total net assets                             | <u>507,867</u>                               | <u>2,434,131</u>                          | <u>2,941,998</u>              | <u>2,454,238</u>              |
| Total  | <u>\$ 547,068</u>                            | <u>\$ 2,434,131</u>                       | <u>\$ 2,981,199</u>           | <u>\$ 2,471,574</u>           |

UPPER SACO VALLEY LAND TRUST, INC.

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019  
WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2018

|   | WITHOUT DONOR<br>RESTRICTIONS | WITH DONOR<br>RESTRICTIONS | 2019<br>TOTALS      | 2018<br>TOTALS      |
|---|-------------------------------|----------------------------|---------------------|---------------------|
| <b>REVENUE AND SUPPORT</b>                          |                               |                            |                     |                     |
| Gifts, grants and contributions                     | \$ 185,441                    | \$ -                       | \$ 185,441          | \$ 192,768          |
| Net investment income (loss)                        | 68,094                        | -                          | 68,094              | (13,848)            |
| Special events, net of direct costs of \$23,281     | <u>37,414</u>                 | <u>-</u>                   | <u>37,414</u>       | <u>24,743</u>       |
| Total revenues, gains and other support             | <u>290,949</u>                | <u>-</u>                   | <u>290,949</u>      | <u>203,663</u>      |
| <b>NET ASSETS TRANSFERS</b>                         |                               |                            |                     |                     |
| Net assets released from donor-imposed restrictions | <u>5,643</u>                  | <u>(5,643)</u>             | <u>-</u>            | <u>-</u>            |
| <b>EXPENSES</b>                                     |                               |                            |                     |                     |
| Program services                                    | 223,304                       | -                          | 223,304             | 200,904             |
| Management and general                              | 39,310                        | -                          | 39,310              | 43,230              |
| Fundraising   | <u>9,451</u>                  | <u>-</u>                   | <u>9,451</u>        | <u>11,995</u>       |
| Total expenses                                      | <u>272,065</u>                | <u>-</u>                   | <u>272,065</u>      | <u>256,129</u>      |
| Net operating increase (decrease)                   | <u>24,527</u>                 | <u>(5,643)</u>             | <u>18,884</u>       | <u>(52,466)</u>     |
| <b>SPECIAL PROJECTS</b>                             |                               |                            |                     |                     |
| Special projects income                             | 220,829                       | 389,679                    | 610,508             | 432,248             |
| Special projects expense                            | <u>(141,632)</u>              | <u>-</u>                   | <u>(141,632)</u>    | <u>(123,398)</u>    |
| Net increase from special projects                  | <u>79,197</u>                 | <u>389,679</u>             | <u>468,876</u>      | <u>308,850</u>      |
| CHANGE IN NET ASSETS                                | 103,724                       | 384,036                    | 487,760             | 256,384             |
| NET ASSETS, BEGINNING OF YEAR                       | <u>404,143</u>                | <u>2,050,095</u>           | <u>2,454,238</u>    | <u>2,197,854</u>    |
| NET ASSETS, END OF YEAR                             | <u>\$ 507,867</u>             | <u>\$ 2,434,131</u>        | <u>\$ 2,941,998</u> | <u>\$ 2,454,238</u> |

See Independent Accountants' Review Report  
and  
Notes to Financial Statements

UPPER SACO VALLEY LAND TRUST, INC.

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2018

|   | <u>WITHOUT DONOR<br/>RESTRICTIONS</u> | <u>WITH DONOR<br/>RESTRICTIONS</u> | <u>2019<br/>TOTALS</u> | <u>2018<br/>TOTALS</u> |
|---|---------------------------------------|------------------------------------|------------------------|------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                                       |                                    |                        |                        |
| Change in net assets  | \$ 103,724                            | \$ 384,036                         | \$ 487,760             | \$ 256,384             |
| Adjustments to reconcile change in net assets to net cash<br>from operating activities: |                                       |                                    |                        |                        |
| Net change on beneficial interest in assets held by others                              | -                                     | (33,779)                           | (33,779)               | 8,371                  |
| Depreciation  | 2,621                                 | -                                  | 2,621                  | 2,566                  |
| (Increase) decrease in assets:  |                                       |                                    |                        |                        |
| Accounts receivable   | (3,888)                               | -                                  | (3,888)                | -                      |
| Pledges receivable  | -                                     | (7,750)                            | (7,750)                | 402,500                |
| Prepaid expenses  | (6,948)                               | -                                  | (6,948)                | 2,086                  |
| Increase (decrease) in liabilities:   |                                       |                                    |                        |                        |
| Accounts payable and accrued expenses   | 21,865                                | -                                  | 21,865                 | 2,572                  |
| Deferred income   | -                                     | -                                  | -                      | (6,000)                |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>  | <u>117,374</u>                        | <u>342,507</u>                     | <u>459,881</u>         | <u>668,479</u>         |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                                       |                                    |                        |                        |
| Easement purchases  | -                                     | -                                  | -                      | (1)                    |
| Land purchases  | -                                     | (322,000)                          | (322,000)              | (492,474)              |
| Purchase of property  | <u>(1,365)</u>                        | <u>-</u>                           | <u>(1,365)</u>         | <u>(1,110)</u>         |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>  | <u>(1,365)</u>                        | <u>(322,000)</u>                   | <u>(323,365)</u>       | <u>(493,585)</u>       |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>  | 116,009                               | 20,507                             | 136,516                | 174,894                |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>                                     | <u>412,863</u>                        | <u>232,593</u>                     | <u>645,456</u>         | <u>470,562</u>         |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>   | <u>\$ 528,872</u>                     | <u>\$ 253,100</u>                  | <u>\$ 781,972</u>      | <u>\$ 645,456</u>      |

See Independent Accountants' Review Report  
and  
Notes to Financial Statements

UPPER SACO VALLEY LAND TRUST, INC

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2019  
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2018

|                                     | <u>Land<br/>Protection</u> | <u>Outreach</u> | <u>Program<br/>Services</u> | <u>Management &amp;<br/>General</u> | <u>Fundraising</u> | <u>2019<br/>Totals</u> | <u>2018<br/>Totals</u> |
|-------------------------------------|----------------------------|-----------------|-----------------------------|-------------------------------------|--------------------|------------------------|------------------------|
| Salaries and wages                  | \$ 160,029                 | -               | \$ 160,029                  | -                                   | \$ 8,423           | \$ 168,452             | \$ 165,363             |
| Payroll taxes                       | 12,780                     | -               | 12,780                      | -                                   | 679                | 13,459                 | 13,235                 |
| Benefits                            | 8,420                      | -               | 8,420                       | -                                   | 51                 | 8,471                  | 8,236                  |
| Total salaries and related expenses | 181,229                    | -               | 181,229                     | -                                   | 9,153              | 190,382                | 186,834                |
| Stewardship costs                   | 15,718                     | -               | 15,718                      | -                                   | -                  | 15,718                 | 9,280                  |
| Professional fees                   | 12,261                     | -               | 12,261                      | 1,732                               | -                  | 13,993                 | 11,583                 |
| Rent - office                       | -                          | -               | -                           | 7,982                               | -                  | 7,982                  | 6,464                  |
| Printing and postage                | -                          | 1,590           | 1,590                       | 5,725                               | -                  | 7,315                  | 7,334                  |
| Office expenses                     | -                          | -               | -                           | 5,954                               | -                  | 5,954                  | 3,702                  |
| Insurance                           | -                          | -               | -                           | 4,666                               | -                  | 4,666                  | 5,740                  |
| Investment fees                     | 4,235                      | -               | 4,235                       | -                                   | -                  | 4,235                  | 2,885                  |
| Fees and permits                    | -                          | -               | -                           | 3,167                               | -                  | 3,167                  | 805                    |
| Dues and subscriptions              | -                          | -               | -                           | 2,685                               | -                  | 2,685                  | 2,150                  |
| Depreciation                        | -                          | -               | -                           | 2,621                               | -                  | 2,621                  | 2,566                  |
| Real estate taxes                   | 1,971                      | -               | 1,971                       | -                                   | -                  | 1,971                  | 3,178                  |
| Telephone and internet              | -                          | -               | -                           | 1,784                               | -                  | 1,784                  | 1,815                  |
| Annual meeting and membership       | 760                        | 293             | 1,053                       | -                                   | -                  | 1,053                  | 2,829                  |
| Travel and conferences              | 724                        | -               | 724                         | 266                                 | -                  | 990                    | 2,274                  |
| Utilities                           | -                          | -               | -                           | 754                                 | -                  | 754                    | 863                    |
| Marketing and publicity             | -                          | -               | -                           | -                                   | 285                | 285                    | 3,079                  |
| Miscellaneous                       | 4,523                      | -               | 4,523                       | 1,974                               | 13                 | 6,510                  | 2,748                  |
| Total operating expenses            | 221,421                    | 1,883           | 223,304                     | 39,310                              | 9,451              | 272,065                | 256,129                |
| Special projects                    | 141,632                    | -               | 141,632                     | -                                   | -                  | 141,632                | 123,398                |
| Total expenses                      | \$ 363,053                 | \$ 1,883        | \$ 364,936                  | \$ 39,310                           | \$ 9,451           | \$ 413,697             | \$ 379,527             |

See Independent Accountants' Review Report  
and

Notes to Financial Statements

**UPPER SACO VALLEY LAND TRUST, INC.**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 1**      **NATURE OF ORGANIZATION**

The Upper Saco Valley Land Trust, Inc. (the Organization) is a New Hampshire nonprofit conservation corporation dedicated to preserving natural resources and promoting education and awareness of the protection of natural resources. The Organization conducts its activities predominantly in Central New Hampshire and Western Maine.

The Organization's primary sources of revenue are contributions from the public (including gifts of land), investment income, government grants as well as revenue from special events undertaken for fundraising.

**NOTE 2**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The financial statements of the Upper Saco Valley Land Trust, Inc. have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

**Basis of Presentation**

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the assets be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When the restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

**Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.



### **Contributions**

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as restricted support. However, if a restriction is fulfilled in the same period in which the contribution is received, the Organization reports the support as unrestricted.

### **Cash and Cash Equivalents**

For purposes of reporting cash flows, the Organization considers all highly liquid debt instruments with an initial maturity of three months or less to be cash equivalents, excluding amounts the use of which is limited by restriction. As of December 31, 2019 and 2018 the Organization had cash equivalents of \$225,706 and \$189,737, respectively.

### **Property and Depreciation**

Property and equipment are recorded at cost or, if contributed, at estimated fair value at the date of contribution, with the exception of conservation easements discussed elsewhere in Note 2. Material assets with a useful life in excess of one year are capitalized. Depreciation is provided for using the straight-line method in amounts designed to amortize the cost of the assets over their estimated useful lives as follows:

|                        |              |
|------------------------|--------------|
| Office Equipment       | 3 – 7 years  |
| Furniture and Fixtures | 5 – 10 years |

Costs for repairs and maintenance are expensed when incurred and betterments are capitalized. Assets sold or otherwise disposed of are removed from the accounts, along with the related accumulated depreciation, and any gain or loss is recognized.

Depreciation expense totaled \$2,621 and \$2,566 for the years ended December 31, 2019 and 2018, respectively.

### **Advertising**

The Organization expenses advertising costs as incurred.

### **Functional Allocation of Expenses**

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

The following is a summary of the program services:

**Land Protection:** This program includes the permanent protection of new property and associated natural resources through the donation or purchase of conservation easements and land, as well as stewardship and management of those lands and easements once acquired. These activities are conducted by staff, volunteers and contracted professionals and include the evaluation, negotiation and completion of new land acquisition projects; and conducting natural resource inventories, boundary maintenance, habitat management, and easement monitoring site visits on lands and easements already acquired.

Outreach: This program is focused on educating members of the Upper Saco Valley Land Trust, the general public, and community leaders on land conservation options and natural resources through field trips, seminars, presentations and special events.

#### **Conservation Easements**

In conformity with the practice followed by many land trusts, conservation easements purchased or donated are recorded as assets on the statement of financial position at the nominal value of \$1. All easements acquired by purchase are recorded as conservation activities expenses in the statement of activities and changes in net assets. In addition, costs incurred in obtaining the easements are recorded as current period expenses.

#### **Income Taxes**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an organization that is not a private foundation.

Management has evaluated the Organization's tax positions and concluded that the Organization has maintained its tax-exempt status and has taken no uncertain tax positions that would require adjustment to the financial statements. With few exceptions, the Organization is no longer subject to income tax examinations by the United States Federal or State tax authorities prior to 2016.

#### **Donations of Long-Lived Assets**

The Organization records donations of services and materials which increase long-lived assets at their fair values and recognizes these revenues as increases in unrestricted net assets.

#### **Adoption of New Accounting Standards**

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The organization had adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

### **NOTE 3**

#### **AVAILABILITY AND LIQUIDITY**

The following represents the Organization's financial assets as of December 31, 2019 and 2018:

Financial assets at year-end:

|                           | <b><u>2019</u></b>  | <b><u>2018</u></b> |
|---------------------------|---------------------|--------------------|
| Cash and cash equivalents | \$ 781,972          | \$ 645,456         |
| Pledges receivable        | 7,750               | -                  |
| Beneficial interest       | <u>222,944</u>      | <u>189,165</u>     |
| Total financial assets    | <u>\$ 1,012,666</u> | <u>\$ 834,621</u>  |

|   |                   |                   |
|---|-------------------|-------------------|
| Less amounts not available to be used within one year:                              |                   |                   |
| Net assets with donor restrictions  | \$ 2,434,131      | \$ 2,050,095      |
| Less net assets with purpose and time restrictions to be met in less than a year    | (5,643)           | (168,936)         |
| Less restricted conservation easements  | (51)              | (51)              |
| Less restricted land conservation   | (1,950,286)       | (1,628,286)       |
| Beneficial interest   | <u>222,944</u>    | <u>189,165</u>    |
| Amounts not available within one year   | <u>701,095</u>    | <u>441,987</u>    |
| Financial assets available to meet general expenditures over the next twelve months | <u>\$ 311,571</u> | <u>\$ 392,634</u> |

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses.

**NOTE 4** **CONCENTRATION OF CREDIT RISK**

The Organization maintains cash balances that, at times, may exceed federally insured limits. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for the years ended December 31, 2019 and 2018. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant risk with respect to these accounts. At December 31, 2019 and 2018, cash balances in excess of FDIC coverage aggregated \$288,731 and \$205,719, respectively.

**NOTE 5** **BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS (MAINE COMMUNITY FOUNDATION)**

The Organization transfers certain gifts and grants to the Maine Community Foundation (MCF) in an irrevocable designated fund of MCF, the income of which will be provided to the Organization to use in programs and operations.

MCF maintains investments in a pooled investment account and, using a unitary allocation system, allocates a distribution of income to the Organization each calendar year based on a percentage of the average balance of the fund principal over a specified period. Activity in the account was as follows for the years ended December 31, 2019 and 2018:

|                            | <u><b>2019</b></u> | <u><b>2018</b></u> |
|----------------------------|--------------------|--------------------|
| Balance at January 1       | \$ 189,165         | \$ 197,536         |
| Contribution               | 15,000             | 4,610              |
| Distributions              | (7,230)            | (6,820)            |
| Fees                       | (3,000)            | (2,885)            |
| Net investment gain (loss) | <u>29,009</u>      | <u>(3,276)</u>     |
| Balance at December 31     | <u>\$ 222,944</u>  | <u>\$ 189,165</u>  |

**NOTE 6**      **CONTINGENCIES**

The Organization holds 51 conservation easements covering 7,858 acres of land. There may be future costs associated with maintaining these properties in accordance with the conservation commitment the easements and properties were acquired to uphold. Because there is no reasonable basis for estimating the potential future cost of defending these easements and properties no liability has been recognized in these financial reports.

**NOTE 7**      **SPECIAL PROJECTS**

Special project expenses consisted of the following during the year ended December 31, 2019:

|  |                       |
|--|-----------------------|
| Easement, Pine Hill, 460 acres                           | \$ 4,290              |
| World Fellowship   | 50,548                |
| Lucy Brook   | 14,744                |
| Other expenses related to current year special projects: | <u>72,050</u>         |
| <br>Total special project expense                        | <br><u>\$ 141,632</u> |

Special project expenses consisted of the following during the year ended December 31, 2018:

|  |                       |
|--|-----------------------|
| Easements Acquired by donation:                          |                       |
| Easement, Proctor, 12 acres                              | \$ <u>1</u>           |
| <br>Total easements acquired by donation                 | <br><u>\$ 1</u>       |
| <br>Other Project expenses:                              |                       |
| Easement, Pine Hill, 460 acres                           | \$ 24,729             |
| World Fellowship   | 26,612                |
| Lucy Brook   | 11,114                |
| Other expenses related to current year special projects: | <u>60,943</u>         |
| <br>Total special project expense                        | <br><u>\$ 123,398</u> |

**NOTE 8**      **NON-CASH CONTRIBUTIONS, LAND AND EASEMENTS**

During the years ended December 31, 2019 and 2018, the Organization received the following non-cash contributions:

|                                 |                 |
|---------------------------------|-----------------|
| Noncash contribution 2018:      |                 |
| Easement, Proctor, 12 acres     | \$ <u>1</u>     |
| <br>Total noncash contributions | <br><u>\$ 1</u> |

**NOTE 9**      **LEASE COMMITMENT**

The Organization is a tenant under a one-year lease from November 2019 to November 2020. The tenant has the right to renew this lease for five successive periods of one year each. Monthly rent payments were \$700 and \$539 for the years ended December 31, 2019 and 2018, respectively. The annual rent expense for 2019 and 2018 was \$7,982 and \$6,464, respectively.

**NOTE 10**      **LINE OF CREDIT**

The Organization maintains a \$100,000 line of credit with an area bank. The interest rate is variable with a 2.0% margin over the Index, which is the Prime rate as published in the Wall Street Journal. The interest rate as of December 31, 2019 and 2018 was 6.75% and 7.50%, respectively. Interest payments are required monthly. The line of credit expires in September 2022. The Organization did not draw on the line of credit and there were no outstanding balances as of December 31, 2019 and 2018.

**NOTE 11**      **BOARD DESIGNATED FUNDS**

Certain unrestricted funds have been set aside by the board of directors for particular purposes based on a formula that accounts for expected staff time and probability of legal action, which is determined by the complexity of the document and other factors. As of December 31, 2019 and 2018 the board designated funds consisted of the following:

|                              | <b><u>2019</u></b>       | <b><u>2018</u></b>       |
|------------------------------|--------------------------|--------------------------|
| Legal reserve                | \$ 116,479               | \$ 94,960                |
| Operating reserve            | 104,073                  | 90,149                   |
| Fee owned stewardship        | 147,554                  | 99,939                   |
| Thorne Memorial              | <u>5,131</u>             | <u>5,121</u>             |
| Total board designated funds | <b><u>\$ 373,237</u></b> | <b><u>\$ 290,169</u></b> |

**NOTE 12**      **NET ASSETS**

Net assets with donor restrictions were as follows for the years ended December 31, 2019 and 2018:

|  | <b><u>2019</u></b>         | <b><u>2018</u></b>         |
|--|----------------------------|----------------------------|
| Special Purpose Restrictions:            |                            |                            |
| Easement support                         | \$ 203,567                 | \$ 137,236                 |
| Land action                              | 42,733                     | 27,631                     |
| General and other                        | 20,192                     | 11,726                     |
| MCF Fund                                 | 222,944                    | 189,165                    |
| Restricted in Perpetuity:                |                            |                            |
| Land conservation                        | 1,944,644                  | 1,684,286                  |
| Easement conservation                    | <u>51</u>                  | <u>51</u>                  |
| Total net assets with donor restrictions | <b><u>\$ 2,434,131</u></b> | <b><u>\$ 2,050,095</u></b> |

Net assets without donor restrictions for the years ended December 31, 2019 and 2018 are as follows:

|   | <u>2019</u>       | <u>2018</u>       |
|---|-------------------|-------------------|
| Undesignated                                | \$ 134,630        | \$ 113,974        |
| Board designated                            | <u>373,237</u>    | <u>290,169</u>    |
| Total net assets without donor restrictions | <u>\$ 507,867</u> | <u>\$ 404,143</u> |

**NOTE 13** **OTHER EVENTS**

The impact of the novel coronavirus (“COVID-19”) and measures to prevent its spread are affecting many businesses. The significance of the impact of these disruptions, including the extent of their adverse impact on the Organization’s financial and operational results, will be dictated by the length of time that such disruptions continue, and, in turn, will depend on the currently unknowable duration of the COVID-19 pandemic and the impact of governmental regulations that might be imposed in response to the pandemic. The COVID-19 impact on the capital markets could impact the organization’s cost of borrowing. There are certain limitations on the organization’s ability to mitigate the adverse financial impact of these items. COVID-19 also makes it more challenging for management to estimate future performance of the businesses, particularly over the near to medium term.

**NOTE 14** **RECLASSIFICATIONS**

Certain reclassifications have been made to the prior year’s financial statements to conform to the current year presentation. These classifications had no effect on the previously reported change in net income, or net assets.

**NOTE 15** **SUBSEQUENT EVENTS**

Subsequent events are events or transactions that occur after the statement of financial position date, but before financial statements are available to be issued. Recognized subsequent events are events or transactions that provide additional evidence about conditions that existed at the statement of financial position date, including the estimates inherent in the process of preparing financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the statement of financial position date, but arose after that date. Management has evaluated subsequent events through August 18, 2020, the date the December 31, 2019 financial statements were available for issuance.