

HUDSON HIGHLANDS LAND TRUST, INC.

AUDITED FINANCIAL STATEMENTS

As of and for the year ended September 30, 2021
(with memorandum totals for the
year ended September 30, 2020)

HUDSON HIGHLANDS LAND TRUST, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Hudson Highlands Land Trust, Inc.:

Report on Financial Statements

We have audited the accompanying financial statements of Hudson Highlands Land Trust, Inc., (a not-for-profit corporation) (the "Land Trust") which comprise the statement of financial position as of September 30, 2021 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hudson Highlands Land Trust, Inc. as of September 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Hudson Highlands Land Trust, Inc. September 30, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 23, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

UHY LLP

Hudson, New York
January 14, 2022

HUDSON HIGHLANDS LAND TRUST, INC.
STATEMENT OF FINANCIAL POSITION
September 30, 2021
(with memorandum totals for September 30, 2020)

	2021	2020 (memorandum only)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 74,219	\$ 51,956
Money market funds	504,009	437,764
Grants receivable	61,389	-
Prepaid expenses	8,135	9,717
Total current assets	<u>647,752</u>	<u>499,437</u>
LONG-TERM ASSETS		
Notes receivable (note 9)	171,589	346,591
Cash and cash equivalents	94,257	-
Money market funds	1,304,338	1,173,491
Investments (note 4)	9,104,176	6,114,366
Land (note 3)	1,945,454	2,388,690
Deposits	1,613	1,613
Equipment, net of accumulated depreciation	1,535	2,303
Total long-term assets	<u>12,622,962</u>	<u>10,027,054</u>
Total assets	<u>\$ 13,270,714</u>	<u>\$ 10,526,491</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 8,446	\$ 431
Accrued expenses	18,445	20,122
Deferred revenue	58,830	-
Total current liabilities	<u>85,721</u>	<u>20,553</u>
LONG-TERM LIABILITIES		
Notes payable (note 5)	575,000	1,075,000
Total long-term liabilities	<u>575,000</u>	<u>1,075,000</u>
Total liabilities	<u>660,721</u>	<u>1,095,553</u>
NET ASSETS		
Without donor restrictions (note 6)	12,475,022	9,367,973
With donor restrictions (note 6)	134,971	62,965
Total net assets	<u>12,609,993</u>	<u>9,430,938</u>
Total liabilities and net assets	<u>\$ 13,270,714</u>	<u>\$ 10,526,491</u>

See notes to financial statements.

HUDSON HIGHLANDS LAND TRUST, INC.
STATEMENT OF ACTIVITIES
For the year ended September 30, 2021
(with memorandum totals for the year ended September 30, 2020)

	2021			2020 (memorandum only)
	Without Donor Restrictions	With Donor Restrictions	Total	
OPERATING ACTIVITIES				
SUPPORT AND REVENUE				
Contributions	\$ 738,303	\$ -	\$ 738,303	\$ 667,840
Grants	17,789	187,100	204,889	150,509
Fundraising events, net	-	-	-	64,743
Other events	-	-	-	60
Other income	-	-	-	1,225
Interest and dividend income	92,964	-	92,964	107,819
Net assets released from restrictions	115,094	(115,094)	-	-
Total support and revenue	<u>964,150</u>	<u>72,006</u>	<u>1,036,156</u>	<u>992,196</u>
EXPENSES				
Land Conservation	368,654	-	368,654	395,778
Natural Resource Planning	197,888	-	197,888	157,051
Outreach and Education	101,468	-	101,468	146,573
Management and general	152,790	-	152,790	78,454
Fundraising	62,982	-	62,982	116,096
Total expenses	<u>883,782</u>	<u>-</u>	<u>883,782</u>	<u>893,952</u>
Change in net assets from operating activities	<u>80,368</u>	<u>72,006</u>	<u>152,374</u>	<u>98,244</u>
NON-OPERATING ACTIVITIES				
Amortization (discount) on notes receivable	4,998	-	4,998	(20,909)
Investment income (loss), net	3,019,901	-	3,019,901	(138,886)
Realized gain on sale of land	1,782	-	1,782	5,860
Change in net assets from non-operating activities	<u>3,026,681</u>	<u>-</u>	<u>3,026,681</u>	<u>(153,935)</u>
CHANGE IN NET ASSETS	<u>3,107,049</u>	<u>72,006</u>	<u>3,179,055</u>	<u>(55,691)</u>
NET ASSETS, Beginning of year	<u>9,367,973</u>	<u>62,965</u>	<u>9,430,938</u>	<u>9,486,629</u>
NET ASSETS, End of year	<u>\$ 12,475,022</u>	<u>\$ 134,971</u>	<u>\$ 12,609,993</u>	<u>\$ 9,430,938</u>

See notes to financial statements.

HUDSON HIGHLANDS LAND TRUST, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended September 30, 2021
(with memorandum totals for the year ended September 30, 2020)

	2021							2020 (memorandum only)
	Land Conservation	Natural Resource Planning	Outreach and Education	Total Programs	Management and General	Fundraising	Total	
Salaries	\$ 204,532	\$ 128,033	\$ 65,125	\$ 397,690	\$ 98,256	\$ 47,544	\$ 543,490	\$ 521,605
Payroll taxes	14,704	9,204	4,682	28,590	7,063	3,418	39,071	37,805
Employee benefits	24,347	15,241	7,752	47,340	11,696	5,660	64,696	66,987
Occupancy	10,091	5,691	2,895	18,677	4,511	2,113	25,301	23,796
Communications and publicity	-	-	8,667	8,667	-	-	8,667	-
Other contractors and professional fees	38,980	21,404	8,837	69,221	4,725	2,286	76,232	136,143
Accounting and legal	11,573	2,598	-	14,171	20,000	170	34,341	33,014
Office	6,092	3,813	1,940	11,845	2,927	1,416	16,188	34,338
Training and education	1,000	-	96	1,096	-	-	1,096	3,397
Sponsorships	-	10,000	-	10,000	-	-	10,000	-
Events	-	-	-	-	-	-	-	1,098
Telephone & internet	1,327	831	422	2,580	637	308	3,525	3,408
Insurance	11,548	-	-	11,548	2,836	-	14,384	17,720
Dues and subscriptions	20,390	800	960	22,150	-	-	22,150	-
Depreciation	289	181	92	562	139	67	768	1,331
Other	1,178	92	-	1,270	-	-	1,270	6,957
Property taxes	22,603	-	-	22,603	-	-	22,603	6,353
Subtotal	368,654	197,888	101,468	668,010	152,790	62,982	883,782	893,952
Cost of direct benefit to donors:								
Rent/facility costs	-	-	-	-	-	-	-	530
Food and beverages	-	-	-	-	-	-	-	2,663
Other direct expenses	-	-	-	-	-	-	-	1,719
Total cost of direct benefit to donors	-	-	-	-	-	-	-	4,912
Total expenses	\$ 368,654	\$ 197,888	\$ 101,468	\$ 668,010	\$ 152,790	\$ 62,982	\$ 883,782	\$ 898,864

See notes to financial statements.

HUDSON HIGHLANDS LAND TRUST, INC.
STATEMENT OF CASH FLOWS
For the year ended September 30, 2021
(with memorandum totals for the year ended September 30, 2020)

	2021	2020 (memorandum only)
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 3,179,055	\$ (55,691)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Cimarron property loss	-	9,369
Depreciation	768	1,331
Amortization (discount) on notes receivable	(4,998)	20,909
Unrealized and realized (gain) loss on investments	(3,019,901)	138,886
Decrease (increase) in prepaid expenses	1,582	(971)
Realized gain on sale of land	(1,782)	(5,860)
(Increase) decrease in grants receivable	(61,389)	15,677
Increase (decrease) in accounts payable	8,015	(5,454)
(Decrease) increase in accrued expenses	(1,677)	7,452
Increase (decrease) in deferred revenue	58,830	(50,000)
Total adjustments	<u>(3,020,552)</u>	<u>131,339</u>
Net cash provided by operating activities	<u>158,503</u>	<u>75,648</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Principal disbursed on notes receivable	-	(367,500)
Payment received on note receivable	180,000	-
Purchase of land parcels	(184,981)	(48,475)
Sales of investments	866,037	198,627
Purchases of investments	(835,947)	(245,566)
(Purchases) sales of money market funds, net	(197,092)	315,190
Proceeds from sale of land	630,000	10,000
Proceeds from voided contract on purchase of land - Cimarron	-	50,000
Net cash provided by (used for) investing activities	<u>458,017</u>	<u>(87,724)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on loan payable - Rosenbaum	(500,000)	-
Net cash used for financing activities	<u>(500,000)</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	116,520	(12,076)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>51,956</u>	<u>64,032</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 168,476</u>	<u>\$ 51,956</u>
NON CASH ACTIVITY		
Donated investments	<u>\$ 4,155</u>	<u>\$ 5,325</u>
RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS:		
Cash and cash equivalents - current	\$ 74,219	\$ 51,956
Cash and cash equivalents - long-term	94,257	-
Total cash and cash equivalents	<u>\$ 168,476</u>	<u>\$ 51,956</u>

See notes to financial statements.

HUDSON HIGHLANDS LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 1 – NATURE OF ACTIVITIES

Hudson Highlands Land Trust, Inc. (the “Land Trust”) is a not-for-profit corporation exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). The Land Trust works to preserve open space in the Hudson Highlands as well as the rural character of the area. At September 30, 2021, the Land Trust held 93 conservation easements protecting 2,564 acres of property and an additional 515 acres are held in fee by the Land Trust in Philipstown, Highlands, Putnam Valley and Cornwall, New York. During the year ended September 30, 2021, the Land Trust acquired an over 17 acre conservation easement in the Town of Fishkill, New York.

The Land Trust has the following programs:

Land Conservation: Acquisition and stewardship of the Land Trust’s conservation real estate portfolio. The Land Trust acquires real estate interests in property for conservation purposes through outright fee acquisition, facilitating conservation partners’ fee acquisitions, and purchase or donation of conservation easements (and/or public access easements) on high conservation value properties. The Land Trust manages these conservation interests through monitoring and enforcement. Stewardship includes other activities to preserve and enhance conservation values, and to facilitate public access, where applicable.

Natural Resource Planning: Documenting natural resources for municipal planning and advocating for their inclusion in development plans. The Land Trust works with local conservation boards and advisory councils to create inventories of valuable natural resources and priority open spaces. Recognizing the importance of connectivity of protected lands in natural resource protection, the Land Trust founded and coordinates the “New York Highlands Network” – a 15-member coalition of land trusts and government agencies that conserve land throughout the New York Highlands. This work includes advocacy for local, state, federal, and private funding for the protection of natural resources.

Outreach and Education: Building public support for natural resource protection. Through events and communications efforts, the Land Trust provides accessible information to area residents and visitors on the vast natural resources of the Hudson Highlands and ways to protect them. This includes educational forums on natural resources and relevant laws; monthly newsletters; brochures/seminars on conservation options; newspaper articles; press releases; educational pages on the Land Trust’s web site; trail steward training at popular hiking trails; and social media posts. The Land Trust recently launched several initiatives to make their conservation work more inclusive of diverse populations across the New York Highlands.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Financial Statement Presentation

The financial statements of the Land Trust have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Land Trust follows standards of accounting and financial reporting for certain not-for-profit organizations. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958.

HUDSON HIGHLANDS LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting and Financial Statement Presentation (Continued)

Under the provisions of the ASC 958, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Land Trust and changes therein are classified as follows:

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 Land Trust. The Land Trust's board may designate assets without restrictions for specific operational purposes from time to time.

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

Expenses are reported as decreases in net assets without donor restrictions.

Prior Year Amounts

Amounts shown for September 30, 2020, in the accompanying statements, are included to provide a basis for comparison with September 30, 2021 and present summarized totals only. Accordingly, the September 30, 2020 amounts are not intended to present all information necessary for a fair presentation in accordance with accounting principles generally accepted in the United States of America.

Pledges Receivable

Unconditional pledges receivable that are expected to be collected within one year are recorded at their net realizable value. Unconditional pledges receivable that are expected to be collected in future years are recorded at the net present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Support

Contributions received and unconditional promises to give are initially measured at their estimated fair values and are reported as an increase in net assets. The Land Trust reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

HUDSON HIGHLANDS LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Support (Continued)

The Land Trust reports gifts of goods, property and equipment as net assets without donor restriction support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

In the absence of explicit donor stipulations about how long those long-lived assets must be maintained, the Land Trust reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Use of Estimates

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

Equipment

Equipment is recorded at cost. Depreciation is computed using the straight-line method over five years (the estimated useful lives of the assets). Depreciation expense was \$768 during the year ended September 30, 2021.

Fair Value Measurements

FASB ASC 820-10 "Fair Value Measurement" defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. FASB ASC 820-10 does not require any new fair value measurements but applies to other GAAP accounting pronouncements that use fair value as a relevant measurement attribute.

Income Taxes

The Land Trust is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the Land Trust has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

The Land Trust has evaluated any uncertain tax positions and related income tax contingencies and determined uncertain positions, if any, are not material to the financial statements, according to FASB ASC 740-10. Penalties and interest assessed by income taxing authorities are included in operating expenses, if incurred. None of the Land Trust's returns are currently under examination.

HUDSON HIGHLANDS LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Conservation Easements

The Land Trust does not record donated easements at fair market value. Donated easements are carried at zero book value primarily because a typical conservation easement provides the Land Trust with no affirmative rights except to monitor and enforce the easement. Generally, donated land conservation easements restrict the use of the underlying property, are meant to be held in perpetuity, and are not separately marketable. Costs incurred by the Land Trust for conservation easement stewardship and conservation easement enforcement and to purchase development rights are expensed in the period incurred in the statements of activities and functional expenses.

Donated Services, Goods and Facilities

A substantial number of volunteers have donated time to the Land Trust's program services and fund-raising campaigns during the year; however, these donated services are not reflected in the financial statements since the services do not require specialized skills. Donated professional services, legal services and specialized skills, if any, which enhanced or created a financial asset are reflected in the statement of activities at their estimated fair value. Materials and other assets received as donations are recorded and reflected in the accompanying financial statements at their estimated fair values at the date of receipt.

Concentrations of Credit Risk

Financial instruments that potentially expose the Land Trust to concentrations of credit risk consist primarily of cash equivalents, money market funds, grant receivables, and pledge receivables. Cash and cash equivalents are maintained at Federal Deposit Insurance Corporation (FDIC) insured financial institutions and credit exposure is limited to any one institution. The Land Trust has not experienced any losses with respect to its cash balances. All FDIC accounts are fully covered as of September 30, 2021.

Money market funds are not covered by FDIC. Credit risk is considered very low because the money market fund invests primarily in securities that are considered to be high quality. Although money market funds seek to preserve the value of the investment of \$1 per share, it is possible to lose money by investing in money market funds.

The Land Trust reviews all outstanding pledges and grants receivable as of the end of the fiscal year for collectability. Reserves are established when management has determined that collection is not probable taking into account payment history and conversations with the donors. Generally, collateral is not required.

Investments

In accordance with FASB ASC 958-320, "Accounting for Certain Investments Held by Not-for-Profit Organizations" investments in debt and equity securities are reported at fair value on the statement of financial position with corresponding unrealized gains and losses reported in the statement of activities as increases or decreases in net assets.

The Land Trust accounts for its investments at fair value on a trade date basis. The value of publicly traded common stocks is based upon quoted market prices. Investment return is presented net of investment fees. The average cost method is primarily used to determine the basis for computing realized gains or losses.

HUDSON HIGHLANDS LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

Investments are measured at fair value on a recurring basis. In accordance with FASB ASC 820-10, fair value measurements are identified as Level 1, Level 2, or Level 3. Level 1 fair value is based on quoted prices in active markets for identical assets/liabilities. Level 2 fair value is based on significant other observable inputs. Level 3 fair value is based on significant unobservable inputs. See above for classification of the Land Trust's investments. The Land Trust does not have any Level 2 or Level 3 investments.

Cash, Cash Equivalents and Money Market Funds

For purposes of reporting cash flows, the Land Trust considers cash in operating bank accounts, demand deposits, cash on hand, and highly liquid debt instruments purchased with a maturity of three months or less as cash and cash equivalents. Money market funds are not considered cash equivalents given the composition of such investments.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among program and supporting services benefited. Such allocations are determined by management on an equitable basis.

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Land Trust's ongoing activities. This includes investment earnings utilized to fund period expenses. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, capital grants, and other activities considered to be more unusual or of a nonrecurring nature.

Risks and Uncertainties

In March 2020, the World Health Organization declared COVID-19 a pandemic.

As the pandemic continues to endure, the disease could have an adverse material effect on Land Trust's activities, results of operations, financial condition, and cash flow.

Subsequent Events

Subsequent events have been evaluated through January 14, 2022, which is the date the financial statements were available to be issued.

HUDSON HIGHLANDS LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 3 – LAND

The Land Trust owns the following land:

Land		Years Acquired
Granite Mountain Preserve	\$ 1,481,303	2017/2018/2020
Vrooman	281,513	2018
Canopus Creek Preserve	182,638	2021
Total	<u>\$ 1,945,454</u>	

As of the year ended September 30, 2021, the Land Trust currently owns three properties totaling 515 acres (Granite Mountain Preserve, Canopus Creek Preserve, and Vrooman).

During the year ended September 30, 2021, the Land Trust divested itself of the Rosenbaum portion of Granite Mountain Preserve. This 149+/- was sold to New York State. The sale price was \$630,000 – which include \$380,000 from New York State (per a sale contract) and \$250,000 from a New York State Consolidated Funding Application Grant.

During the year ended September 30, 2021, the Land Trust entered into a Memorandum of Understanding with the County of Putnam authorizing, but not requiring, the Land Trust to engage in management activities on the County property adjoining Granite Mountain Preserve including to enhance public access and passive recreation opportunities on the County property.

During the year ended September 30, 2021, the Land Trust acquired Canopus Creek Preserve, two tax parcels totaling 69+ acres in Philipstown, New York. This was a purchase, at auction, for well below the appraised Fair Market Value.

The Land Trust is holding these properties in fulfillment of its exempt purpose. Any future sale of the land parcels is subject to board of directors' approval, and any proceeds must first be used to repay any related loans (Note 5).

NOTE 4 – INVESTMENTS

Investments, stated at fair value, at September 30, 2021, are as follows:

	Cost	Unrealized Gain	Fair Value	Fair Value Level
Equities	<u>\$ 3,718,631</u>	<u>\$ 5,385,545</u>	<u>\$ 9,104,176</u>	Level 1

Net investment income included the following during the year ended September 30, 2021:

Realized gains on investments	\$ 485,313
Unrealized gain on investments	2,534,588
Total	<u>\$ 3,019,901</u>

HUDSON HIGHLANDS LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 5 – COMMITMENTS

Lease of real property

The Land Trust entered into a three-year lease with 20 Nazareth Way, LLC for office space in Garrison, New York in April 2018. This lease was renewed on April 27, 2021 for three additional years, through April 2024. Rent expense for fiscal 2021 was \$24,156. Future rent expense under the lease agreement is as follows:

Fiscal 2022	\$ 24,821
Fiscal 2023	25,563
Fiscal 2024	15,169
Total	<u>\$ 65,553</u>

Long-term debt

During the year ended September 30, 2017, the Land Trust received proceeds from two loans for \$80,000 and \$495,000 to pay for two parcels of land (Note 3). The loans are interest free for the first five years and then incur 0.50% per annum on the unpaid principal balance beginning with the sixth year. A single principal payment plus unpaid interest is due December 15, 2026 for both loans.

During the year ended September 30, 2019, the Land Trust entered into a loan agreement for \$500,000 for the purchase of 149 acres of property in Putnam Valley, New York (Note 3). The loan is interest free for the first five years and then incur a rate of 3% points below prime for the sixth year. At the end of the sixth year the loan shall be repaid. During the year ended September 30, 2021, the Land Trust fully paid off the note payable balance of \$500,000.

HUDSON HIGHLANDS LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 6 – NET ASSETS

Donor Restricted Net Assets

The Land Trust has several funds designated as donor restricted net assets. Donor restricted net assets as of September 30, 2021 consist of the following:

Subject to expenditure for specified purpose:

Land Conservation:	
Land acquisition grant	\$ 25,000
Appalachian Trail Conservancy - Wild East Grant	10,890
Cornell Douglas Foundation - Acquisitions to build Green Corridors	1,500
Cornell Douglas Foundation - Land Parcel Tracker	5,000
The Land Trust Alliance - Nature Conservancy remote monitoring grant	10,500
The Nature Conservancy - Land Parcel Tracker (2021)	21,580
Eagle Scout Project - Canopus Creek Preserve	100
Cornell Douglas Foundation - Testing Remote Technology	4,524
The Land Trust Alliance - New York State Conservation Partnership Program Grant (2021)	36,447
Outreach and Education:	
Cornell Douglas Foundation - Environmental Justice	8,500
Open Space Institute Malcomn Gordon Charitable Fund- Heritage Trail Grant	5,000
Map project	695
Poetry Garden	5,235
Total	<u>\$ 134,971</u>

Releases from donor restricted net assets for the year ended September 30, 2021, are as follows:

Subject to expenditure for specified purpose:

Land Conservation:	
The Land Trust Alliance - New York State Conservation Partnership Program Grant (2021)	13,553
Cornell Douglas Foundation - Testing Remote Technology	\$ 476
Network for Landscape Conservation grant	25,000
2021 Sparacio - East Hudson Highlands Connectivity Project	10,000
2021 Sparacio - Internships	10,000
East Highlands Green Corridors	6,810
Appalachian Trail Conservancy - Wild East Grant	11,110
Cornell Douglas Foundation - Environmental Justice	1,500
Cornell Douglas Foundation - Acquisitions to build Green Corridors	3,500
The Land Trust Alliance - Nature Conservancy remote monitoring grant	9,500
The Nature Conservancy - Land Parcel Tracker (2021)	3,420
Natural Resource Planning:	
2021 Sparacio - Visitor Management Breakneck	20,000
Land Use for Clean Water grant	225
Total releases from restrictions	<u>\$ 115,094</u>

HUDSON HIGHLANDS LAND TRUST, INC.
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NOTE 6 – NET ASSETS (Continued)

Board Restricted Net Assets

In fiscal 2008, the Land Trust commenced a capital fund raising campaign to provide for its long-term capital needs. In January 2011 and again in June 2014, the Land Trust's Board of Directors refined an earlier May 2008 resolution updating the designation of the assets. Board designated net assets are as follows at September 30, 2021:

Land subject to board oversight, net of notes payable	\$ 1,370,454
Conservation Easement Monitoring and Enforcement Fund	400,000
Stewardship Fund	3,187,172
Acquisition Funds	6,890,599
Partner Financing Notes	171,589
	<u>\$ 12,019,814</u>

The following is a reconciliation of board restricted net assets to the related investment account:

Board restricted financial assets	\$ 10,502,771
Partner Financing Notes	171,589
Land Subject to Board Oversight	1,945,454
Less Notes Payable	(575,000)
Less Donor Restricted Net Assets held in Investments	(25,000)
Board restricted net assets	<u>\$ 12,019,814</u>

Board restricted financial assets consist of \$9,104,176 in public securities, \$94,257 in cash and cash equivalents and \$1,304,338 in money market funds.

The purposes of the board restricted funds are to fund the likely future costs of monitoring and enforcing the Land Trust's conservation easements; to support the salary of the Highland Steward of the Land Trust, who is also the Executive Director, to support the other annual operating costs of the stewardship and land conservation activities of the Land Trust; and, to pay for land acquisition and land conservation projects, all as directed by the Land Trust Board of Directors. Annually, the Board determines if funds should be released based on the financial results of the Land Trust and ongoing land acquisition and conservation projects. The investment strategy for this fund is to invest in a manner that will balance investment return with preservation of principal, while meeting the daily cash flow needs of the Trust. The S&P 500 is the comparative benchmark for evaluation of the fund's performance. The Land Trust increases the allocation of board designated funds dedicated to Stewardship annually to reflect changes in the CPI.

During the year ended September 30, 2021, the board restricted financial asset's investment gain was \$3,112,865 (\$3,019,901 of gains and \$92,964 of interest and dividends). All interest and dividends were reinvested. The funds also received \$630,000 from the Rosenbaum sale, \$220,000 from the sale of Armstrong (a land trust partner transaction the Land Trust had previously financed) and \$5,500 from individual donors. In terms of outflows from the fund, \$199,613 was used to finance real estate transactions, and \$20,045 was used to maintain and improve existing properties. A draw of \$50,000 was approved by the Board of Directors, however, it was not needed and therefore, was not taken.

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NOTE 7 – SIGNIFICANT CONTRIBUTORS

During the year ended September 30, 2021, two contributors donated a total of \$375,000 to the Land Trust. One of the contributors is a foundation related to a Land Trust board member.

NOTE 8 – LIQUIDITY

The Land Trust’s financial assets available within one year of September 30, 2021 for general expenditure are as follows:

Current financial assets at year end:

Cash and cash equivalents	\$ 74,219
Money market funds	504,009
Total financial assets	<u>639,617</u>

Less: amounts unavailable for general expenditure within one year, due to:

Restricted by donor with purpose restrictions	<u>(134,971)</u>
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Total financial assets available to meet cash needs for general expenditure within one year

<u>\$ 504,646</u>

As discussed in Note 6, the Land Trust has certain board designated funds available in the event they are needed. In addition to the liquid funds available to meet general expenditures within one year, the board designated fund also includes another \$94,257 in cash and cash equivalents and \$1,304,338 in money market funds to fund a number of significant transactions that could occur in fiscal 2022.

NOTE 9 – NOTE RECEIVABLE

During the year ended September 30, 2020, the Land Trust had a real estate financing transaction, whereby it loaned money to a partner land trust to purchase land parcels that are priority future additions to New York State Parks. The money was loaned at zero interest and is unsecured. The transaction was documented using a Conservation Participation Agreement and a Promissory Note dated the same as the purchase date. The loan will be repaid at the maturity date or an earlier mandatory prepayment when the State of New York (or other suitable conservation buyer) purchases the land from the partner land trust.

The contract terms are as follows:

<u>Issuance Date</u>	<u>Loan Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Mandatory Prepayment</u>
11/14/2019	\$ 187,500	0%	11/14/2026	Upon purchase of the property by the State of New York, or another suitable conservation buyer.
Discount on notes receivable	<u>(15,911)</u>			
Note receivable, net	<u>\$ 171,589</u>			

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NOTE 9 – NOTE RECEIVABLE (Continued)

The note receivable was discounted at a rate of 3%. This note was discounted to adjust for the term of the loan and the fact that the loan is unsecured but supported by the proceeds of the sale to New York State or other conservation buyer.

NOTE 10 – PENSION PLAN

The Land Trust has a Section 403(b)(7) pension plan under which employees may elect to contribute a portion of their salaries into a retirement account. The Land Trust matches each employee's contributions up to a stated cap which, for all employees, aggregated \$21,000 for the year ended September 30, 2021.