

Westchester Land Trust, Inc.

Financial Statements

December 31, 2013

Independent Auditors' Report

Board of Trustees

Westchester Land Trust, Inc.

We have audited the accompanying financial statements of Westchester Land Trust, Inc., which comprises the statement of financial position as of December 31, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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.

Auditors' 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 auditors' 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 Westchester Land Trust, Inc. as of December 31, 2013, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

O'Connor Davies, LLP

Harrison, New York
July 22, 2014

O'CONNOR DAVIES, LLP

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Westchester Land Trust, Inc.

Statement of Financial Position

December 31, 2013

ASSETS

Cash and cash equivalents	\$ 579,017
Pledges receivable, net	121,850
Prepaid expenses and other	31,068
Investments held in endowment fund	3,466,965
Property and equipment, net	3,889,816
Land held for conservation	<u>20,046,712</u>
	<u>\$ 28,135,428</u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable and accrued expenses	<u>\$ 66,676</u>
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Net Assets

Unrestricted

Operating	293,597
Board designated for land preservation	115,160
Investment in property and equipment	3,889,816
Land held for conservation	<u>20,046,712</u>
Total Unrestricted Net Assets	24,345,285

Temporarily restricted

754,792

Permanently restricted

2,968,675

Total Net Assets

28,068,752

\$ 28,135,428

Westchester Land Trust, Inc.

Statement of Activities

Year Ended December 31, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING SUPPORT AND REVENUE				
Contributions and grants	\$ 675,848	\$ 239,479	\$ -	\$ 915,327
Contribution of land	60,000			60,000
Rental income, net	1,722	-	-	1,722
Special event, net of direct donor benefit	202,462	-	-	202,462
Interest and dividend income	937	-	-	937
Realized gain on investments	535	-	-	535
Unrealized gain on investments	1,270	-	-	1,270
Other	8,948	-	-	8,948
Total Support and Revenue	951,722	239,479	-	1,191,201
Net assets for program services released from restrictions	115,759	(115,759)	-	-
Total Operating Support and Revenue	1,067,481	123,720	-	1,191,201
OPERATING EXPENSES				
Program services	747,466	-	-	747,466
Management and general	178,550	-	-	178,550
Fundraising	211,510	-	-	211,510
Total Operating Expenses	1,137,526	-	-	1,137,526
Change in Net Assets from Operations	(70,045)	123,720	-	53,675
NON-OPERATING				
Contributions	-	-	117,181	117,181
Interest and dividend income	5,178	153,358	-	158,536
Realized gain on investments	6,437	143,712	-	150,149
Unrealized investment gains	29,286	198,684	-	227,970
Investment advisory fees	(1,260)	(29,418)	-	(30,678)
Reduction of allowance for uncollectible pledges	-	-	10,700	10,700
Released from restrictions	3,375	59,125	(62,500)	-
Change in Net Assets from Non-Operating Activity	43,016	525,461	65,381	633,858
Change in Net Assets	(27,029)	649,181	65,381	687,533
NET ASSETS				
Beginning of year	24,372,314	105,611	2,903,294	27,381,219
End of year	\$ 24,345,285	\$ 754,792	\$ 2,968,675	\$ 28,068,752

Westchester Land Trust, Inc.

Statement of Functional Expenses

Year Ended December 31, 2013

	Program Services	Management and General	Fundraising	Total
PERSONNEL				
Salaries	\$ 381,117	\$ 101,911	\$ 158,406	\$ 641,434
Payroll taxes and employee benefits	<u>60,481</u>	<u>16,402</u>	<u>25,627</u>	<u>102,510</u>
Total Personnel Costs	441,598	118,313	184,033	743,944
OTHER THAN PERSONNEL COSTS				
Land preservation expenses	96,000	-	-	96,000
Consultants and professional fees	49,244	35,500	-	84,744
Printing and promotion	18,492	2,845	7,112	28,449
Software costs	5,323	-	7,351	12,674
Occupancy and utilities	23,565	2,772	1,386	27,723
Insurance	19,304	2,271	1,135	22,710
Dues and subscriptions	5,761	1,025	-	6,786
Supplies	6,830	804	401	8,035
Postage and mailing	9,084	881	1,780	11,745
Equipment repairs and maintenance	7,137	840	419	8,396
Telephone	6,794	799	400	7,993
Conferences, meetings and travel	8,592	737	491	9,820
Storage	1,042	123	61	1,226
Bank charges and credit card fees	2,022	535	2,795	5,352
Uncollectible pledges	-	3,275	-	3,275
Depreciation	44,546	7,450	3,724	55,720
Payroll processing	994	270	422	1,686
Miscellaneous	<u>1,138</u>	<u>110</u>	<u>-</u>	<u>1,248</u>
Total Expenses	<u>\$ 747,466</u>	<u>\$ 178,550</u>	<u>\$ 211,510</u>	<u>\$ 1,137,526</u>

Westchester Land Trust, Inc.

Statement of Cash Flows

Year Ended December 31, 2013

CASH FLOW FROM OPERATING ACTIVITIES

Change in net assets	\$ 687,533
Adjustments to reconcile change in net assets to net cash from operating activities	
Depreciation	55,720
Donated securities	(52,075)
Unrealized gain on investments	(229,240)
Realized gain on investments	(150,684)
Write off of uncollectible pledges	3,275
Reduction of allowance for uncollectible pledges	(10,700)
Donated land	(60,000)
Net change in operating assets and liabilities	
Pledges receivable	141,594
Prepaid expenses and other	(6,042)
Accounts payable and accrued expenses	34,655
Net Cash from Operating Activities	<u>414,036</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from the sale of investments	2,292,202
Purchases of investments	(2,540,607)
Property and equipment acquisitions	<u>(24,251)</u>
Net Cash from Investing Activities	<u>(272,656)</u>
Net Change in Cash and Cash Equivalents	141,380

CASH AND CASH EQUIVALENTS

Beginning of year	<u>437,637</u>
End of year	<u>\$ 579,017</u>

Westchester Land Trust, Inc.

Notes to Financial Statements December 31, 2013

1. Organization

Westchester Land Trust, Inc. ("WLT" or the "Trust") was established in 1988 as a nonprofit corporation under the laws of the State of New York. Its primary mission is to conserve, maintain and enhance the natural and aesthetic environment and resources of Westchester County and its environs. The Trust acquires interests in land exhibiting important natural features or values important to maintaining Westchester's quality of life. Such lands include drinking water supplies, recreational trails, wildlife habitat and other scenic, natural or ecologically important areas. Additionally, the Trust also works with inner-city residents to create new parks and community gardens in urban neighborhoods lacking open space.

The Trust assists residents and local groups in the protection of land and water resources, and offers advice and support to developers and municipal and county government officials to achieve growth and development objectives that protect and preserve important natural, open space and community assets. The Trust also provides education, training, information, lectures and conferences relating to land conservation and land use planning in Westchester County and its environs. WLT promotes cooperative environmental programs with schools and colleges throughout the County, and provides training for local officials and residents on matters relating to land conservation and land use planning.

WLT had one active chapter, the Lewisboro Land Trust which was dissolved as of December 16, 2013. The temporarily restricted net assets related to the chapter will continue to be used for land preservation and maintenance efforts in the Town of Lewisboro.

2. Summary of Significant Accounting Policies

Use of Estimates

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") which 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.

Financial Statement Presentation

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. The net assets of the Trust and the changes therein are classified and reported as follows:

Unrestricted - net assets represent resources that are not subject to donor-imposed restrictions.

Unrestricted Board Designated - The Trust's board-designated funds are presented as unrestricted as no donor restrictions on the use of these net assets exists.

Westchester Land Trust, Inc.

Notes to Financial Statements December 31, 2013

2. Summary of Significant Accounting Policies (continued)

Financial Statement Presentation (continued)

Temporarily Restricted - net assets represent those resources that are subject to the requirements of the New York Prudent Management of Institutional Funds Act ("NYPMIFA") and the use of which has been restricted by donors to specific purposes and/or passage of time. Net assets released from restrictions represent the passage of time, satisfaction of the restricted purposes and/or explicit appropriation action by the members of the board.

Permanently Restricted - net assets represent those resources that have been designated by the donor to be held and invested in perpetuity. Generally, the donors of these assets direct the Trust to use all or part of the income earned on related investments to support specific programs and activities. Under the terms of NYPMIFA, those earnings will be classified as temporarily restricted in the accompanying statements of activities, pending appropriations by the Board of Trustees.

Operating Measure

WLT has elected to present an operating measure in its statement of activities. Accordingly, items affecting operations are segregated from those not affecting operations. WLT includes in its measure of operations all revenues and expenses that are an integral part of its program and supporting activities and excludes permanently restricted contributions and unrealized gains and losses and investment expenses.

Cash and Cash Equivalents

For financial-reporting purposes, the Trust considers all highly liquid financial instruments with a maturity of three months or less at the time of purchase to be cash equivalents, except for those cash equivalents held as part of the Trust's investment portfolio.

Contributions and Pledges Receivable

Contributions to the Trust are recorded as revenue upon the receipt of an unconditional pledge or of cash or other assets. Contributions are considered available for unrestricted use, unless the donors restrict the use thereof, either on a temporary or permanent basis. Contributions to be received after one year are discounted at an appropriate interest rate commensurate with the risk involved. An allowance for uncollectible pledges receivable is provided, using management's judgment of potential defaults, which considers factors such as prior collection history, type of contribution and the nature of fund-raising activity. Contribution revenue is recognized based on the present value of the estimated future payments to be made to the Trust.

Donated goods consist of items received by the Trust and awarded as prizes during the auctions held in relation to special events. These amounts are recorded as both revenue and expense at their estimated fair values at the dates of receipt.

Westchester Land Trust, Inc.

Notes to Financial Statements December 31, 2013

2. Summary of Significant Accounting Policies (continued)

Allowance for Doubtful Accounts

The Trust determines whether an allowance for uncollectible balances should be provided for contributions receivable. Such estimates are based on management's assessment of the aged basis of its contributions and other sources, current economic conditions, subsequent receipts and historical information. Contributions are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted.

Fair Value Measurements

The Trust follows U.S. GAAP guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Investments

Investments are valued at fair value.

Interest and dividend income, as well as realized gains or losses and unrealized appreciation or depreciation in investment value, are recognized as unrestricted, temporarily restricted and permanently restricted, in accordance with donor intent.

Land Held for Conservation

The Trust records land at cost, if purchased or at fair value at the date of donation if received as a gift. Fair value is usually determined by independent appraisal. Conservation easements are real property rights. Conservation easements are not reflected in the Financial Statements either as assets or liabilities. The acquisition costs and other costs associated with conservation easements are expensed in the period incurred.

Property and Equipment

Property and equipment are reported at costs at the date of acquisition or at their fair values at the date of donation. Building improvements are capitalized, whereas minor costs of repairs and maintenance are expensed as incurred.

Depreciation is provided using the straight-line method over the estimated useful lives of the assets, which are approximately 39 years for the buildings, 10 to 30 years for building improvements, and 5 to 10 years for furniture and equipment.

Westchester Land Trust, Inc.

Notes to Financial Statements December 31, 2013

2. Summary of Significant Accounting Policies (continued)

Volunteer and Other Donated Services and Goods

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or require specialized skills, that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period the services are provided.

The Trust has many volunteers, including members of the Board of Trustees, who have made significant contributions of time in furtherance of the Trust's policies and programs. Such contributed services do not meet the criteria for recognition of contributed services contained in U.S. GAAP and, accordingly, are not reflected in the accompanying financial statements.

Income Taxes

The Trust qualifies as a publicly supported tax-exempt organization under Sections 501(c) (3) and 509 (a) of the Internal Revenue Code.

The Trust recognizes the effect of tax positions only when they are more likely than not to be sustained. Management has determined that the Trust had no uncertain tax positions that would require financial statement recognition or disclosure. The Trust is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to June 30, 2011.

Functional Allocation of Expenses

The Trust allocates its expenses on a functional basis among its program and support services. Expenses that can be specifically identified with a program or support service are allocated directly. Other expenses that are common to several functions are allocated based on estimates made by management.

Subsequent Events

Management had evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is July 22, 2014.

Westchester Land Trust, Inc.

Notes to Financial Statements December 31, 2013

3. Investments and Investment Return

Investments, at fair value were valued using level one inputs as of December 31, 2013 and consisted of the following:

Common Stock	\$ 52,292
Mutual Funds	<u>3,311,048</u>
Total investments at fair value	3,363,340
Cash and cash equivalents, at cost	<u>103,625</u>
Total Investments	<u>\$ 3,466,965</u>

Investment return for the year ended December 31, 2013 consisted of the following:

Interest and dividends	159,473
Realized gains	150,684
Unrealized appreciation	229,240
Investment advisory fees	<u>(30,678)</u>
	<u>\$ 508,719</u>

Investment income reported in the Statement of Activities for the year ended December 31, 2013 is as follows:

Operating investment income	\$ 2,742
Non-operating investment income	<u>505,977</u>
	<u>\$ 508,719</u>

4. Pledges Receivable

Pledges receivable at December 31, 2013 are summarized as follows:

Due within one year	\$ 77,950
Due within two to five years	40,000
Due after five years	<u>10,000</u>
	127,950
Allowance for uncollectible promises	-
Discount to present value	<u>(6,100)</u>
	<u>\$ 121,850</u>

A present value discount of 4.5% has been calculated using discount factors that approximate the risk and expected timing of future contribution payments.

Westchester Land Trust, Inc.

Notes to Financial Statements December 31, 2013

5. Property and Equipment

Property and equipment at December 31, 2013 consisted of the following:

Land	\$ 2,000,000
Buildings and improvements	2,218,815
Furniture and equipment	<u>127,576</u>
	4,346,391
Accumulated depreciation	<u>(456,575)</u>
	<u>\$ 3,889,816</u>

6. Land Held for Conservation and Conservation Easements

Land Held for Conservation

The Trust accepts fee title to conservation properties that are held by the Trust in furtherance of its mission. All valued properties have been donated free of restriction on their use or disposition. The Trust may also purchase real property for the furtherance of its mission. Such purchased property is recorded at cost. Land held for conservation was \$20,046,712 at December 31, 2013.

The Trust, at times, also enters into agreement to purchase land which it then donates to local municipalities to further its conservation mission. With the purchase of these properties the Trust transfers ownership to the municipality which, in turn, grants a conservation easement to the Trust.

Conservation Easements

The Trust accomplishes its land conservation objective, in part, by accepting donations of interests in real property primarily in the form of conservation easements. Conservation easements are perpetual agreements between the Trust and private landowners through whom the landowners agree to abide by certain restrictions designed to preserve open space or conservation value of their land. These agreements are binding on all landowners.

The Trust accepted one conservation easement during the year ended December 31, 2013, bringing the total number of easements in favor of the Trust to 179.

7. Board Designated Net Assets

Board designated net assets consist of the following as of December 31, 2013:

	<u>Net Assets</u> <u>12/31/2012</u>	<u>Support and</u> <u>Revenue</u>	<u>Releases and</u> <u>Expenses</u>	<u>Net Assets</u> <u>12/31/2013</u>
Land Preservation Endowment Fund	\$ 257,266	40,901	\$ (183,007)	\$ 115,160

Westchester Land Trust, Inc.

Notes to Financial Statements December 31, 2013

8. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following as of December 31, 2013:

	Net Assets 12/31/2012	Support and Revenue	Expenses	Transfers	Net Assets 12/31/2013
Lewisboro Funds	\$ 48,334	\$ 4,039	\$ (12,521)	\$ (27,000)	12,852
North Castle Funds	57,277	-	-	-	57,277
Land Acquisition Fund	-	73,250	(1,510)	62,500	134,240
Leon Levy Parking Lot	-	102,400	(78,744)	27,000	50,656
Back to Nature	-	6,790	(1,984)	-	4,806
Leon Levy Native Plant Restoration	-	1,000	(1,000)	-	-
Zofnass Wilderness Walk	-	12,000	(3,000)	-	9,000
Farmland Match Program	-	10,000	(10,000)	-	-
Website & Social Media	-	20,000	-	-	20,000
Management Plan	-	10,000	(7,000)	-	3,000
Stewards of the Land Endowment	-	440,407	-	-	440,407
The Dextra Baldwin McGonagle Memorial Fund	-	13,637	-	-	13,637
Leon Levy Preserve Fund	-	8,917	-	-	8,917
	<u>\$ 105,611</u>	<u>\$ 702,440</u>	<u>\$ (115,759)</u>	<u>\$ 62,500</u>	<u>\$ 754,792</u>

The temporarily restricted net assets listed above are all purpose restricted primarily for land preservation and maintenance purposes.

9. Permanently Restricted Net Assets

Permanently restricted net assets consist of the following as of December 31, 2013:

	Net Assets 12/31/2012	Contributions and Revenue	Authorized Release of funds	Net Assets 12/31/2013
Stewards of the Land Endowment	\$ 2,738,294	\$ 127,881	\$ -	\$ 2,866,175
The Dextra Baldwin McGonagle Memorial Fund	90,000	-	(62,500)	27,500
Leon Levy Preserve Fund	75,000	-	-	75,000
	<u>\$ 2,903,294</u>	<u>\$ 127,881</u>	<u>\$ (62,500)</u>	<u>\$ 2,968,675</u>

During the year ended December 31, 2013, WLT received authorization from the donor to reclassify \$62,500 of the permanently restricted funds from The Dextra Baldwin McGonagle Memorial Fund to temporarily restricted funds for use in the acquisition of a specific property in Patterson, New York.

The permanently restricted net assets listed above are all restricted in perpetuity and the investment returns are to be used for land preservation purposes.

Westchester Land Trust, Inc.

Notes to Financial Statements December 31, 2013

10. Endowment

General

The Trust's endowment consists of funds established for a variety of purposes. The Trust has funds designated by the Board of Trustees to function as an endowment as well as donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds, including board-designated funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Trust has interpreted NYPMIFA as requiring the preservation of the value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Trust classified as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations of investment returns to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Trust in a manner consistent with the standard of prudence prescribed by NYPMIFA.

Return Objectives and Risk Parameters

The Trust has adopted investment and spending policies for endowment assets the objective of which is to preserve and enhance the real purchasing power of the assets over time, while providing a reasonably predictable contribution to the annual operating budget. To accomplish this, the investment objective of the endowment is growth and income, a balanced approach that provides for capital appreciation over the long term, combined with a moderately stable source of current income.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Trust targets a diversified asset allocation that includes fixed income and equity securities to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and Related Objectives

The Trust has a policy of appropriating for distribution each year an amount that does not exceed the limitations for prudent appropriations as established under NYPMIFA. In determining the amount to be appropriated in any given year, the Board of Trustees considers many factors including the overall operating needs of the Trust and the long-term expected total return on its investments.

Westchester Land Trust, Inc.

Notes to Financial Statements December 31, 2013

10. Endowment (Continued)

Changes in the endowment by type of fund for year ended December 31, 2013 were as follows:

	Unrestricted	Board Designated Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment, December 31, 2012	\$ -	\$ 126,481	\$ -	\$ 2,613,594	\$ 2,740,075
Contributions	-	-	-	111,000	111,000
Pledge collections	-	-	-	151,750	151,750
Interest and dividends	-	5,178	153,358	-	158,536
Investment expenses	-	(1,260)	(29,418)	-	(30,678)
Unrealized investments gains	-	29,286	198,684	-	227,970
Realized gain on investments	-	6,437	143,712	-	150,149
Approved for expenditure	50,000	(50,000)	-	-	-
Donor reclassification of funds	-	-	62,500	(62,500)	-
Transfer of cash to investments	-	-	-	75,000	75,000
Drawdowns	(50,000)	(962)	(65,875)	-	(116,837)
Endowment, December 31, 2013	<u>\$ -</u>	<u>\$ 115,160</u>	<u>\$ 462,961</u>	<u>\$ 2,888,844</u>	<u>\$ 3,466,965</u>
Comprised of the following:					
Board-designated endowment funds					
The Preservation Fund	\$ -	\$ 115,160	\$ -	\$ -	\$ 115,160
Donor-restricted endowment funds					
Stewards of the Land Endowment	-	-	440,407	2,786,344	3,226,751
Levy Preservation Fund	-	-	8,917	75,000	83,917
The Dextra Baldwin McGonagle Memorial Fund	-	-	13,637	27,500	41,137
	<u>\$ -</u>	<u>\$ 115,160</u>	<u>\$ 462,961</u>	<u>\$ 2,888,844</u>	<u>\$ 3,466,965</u>

Westchester Land Trust, Inc.

Notes to Financial Statements December 31, 2013

11. Retirement Plan

The Trust has a defined contribution SIMPLE IRA plan (the "Plan") for eligible employees that provides for employee and employer contributions, subject to IRS limitations. The Trust may make contributions to the plan at the Board's discretion. The employer contribution rate for the year ended December 31, 2013 was 3% of eligible employee compensation. Retirement expense totaled \$8,163 in 2013.

12. Concentration of Credit Risk

Financial instruments which potentially subject the Trust to a concentration of credit risk consist principally of cash deposits with financial institutions, pledges receivable and investment securities. At times, cash balances held at financial institutions were in excess of Federally insured limits. The Trust believes that no significant concentration of credit risk exists with respect to pledge receivables. Concentration of credit risk with respect to investments is reduced by diversification, professional management, and limited exposure to any single investment.
