

**Westchester Land Trust, Inc.**

Financial Statements

December 31, 2015

## **Independent Auditors' Report**

### **Board of Directors Westchester Land Trust, Inc.**

We have audited the accompanying financial statements of Westchester Land Trust, Inc. ("WLT" or the "Trust"), which comprise the statements of financial position as of December 31, 2015, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

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

***Report on Summarized Comparative Information***

We have previously audited Westchester Land Trust, Inc.'s December 31, 2014 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated June 22, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*PKF O'Connor Davies, LLP*

Harrison, New York  
July 18, 2016

**Westchester Land Trust, Inc.**

Statement of Financial Position

December 31, 2015

(with comparative amounts at December 31, 2014)

	2015	2014
<b>ASSETS</b>		
Cash and cash equivalents	\$ 289,278	\$ 290,026
Pledges receivable, net	118,900	81,224
Prepaid expenses and other	44,733	37,289
Investments held in endowment fund	3,767,715	3,823,952
Property and equipment, net	3,785,988	3,821,513
Land held for conservation	11,785,633	11,785,631
	<u>\$ 19,792,247</u>	<u>\$ 19,839,635</u>
 <b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	<u>\$ 51,340</u>	<u>\$ 41,963</u>
Net Assets		
Unrestricted		
Operating	351,718	251,296
Board designated for land preservation	339,326	123,005
Investment in property and equipment	3,785,988	3,821,513
Land held for conservation	<u>11,785,633</u>	<u>11,785,631</u>
Total Unrestricted Net Assets	16,262,665	15,981,445
Temporarily restricted	247,493	622,383
Permanently restricted	<u>3,230,749</u>	<u>3,193,844</u>
Total Net Assets	<u>19,740,907</u>	<u>19,797,672</u>
	<u>\$ 19,792,247</u>	<u>\$ 19,839,635</u>

See notes to financial statements

**Westchester Land Trust, Inc.**

Statement of Activities

Year Ended December 31, 2015

(with summarized totals for the year ended December 31, 2014)

	2015				2014
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
<b>OPERATING SUPPORT AND REVENUE</b>					
Contributions and grants	896,302	\$ 50,277	\$ -	\$ 946,579	\$ 754,483
Rental income, net	(4,189)	-	-	(4,189)	2,325
Special event, net of direct donor benefit	378,971	-	-	378,971	204,663
Interest and dividend income	96	-	-	96	110
Realized loss on investments	669	-	-	669	(1,545)
Unrealized loss on investments	-	-	-	-	(27)
Other	250	-	-	250	(2)
Total Support and Revenue	1,272,099	50,277	-	1,322,376	960,007
Net assets for program services released from restrictions	125,894	(125,894)	-	-	-
Total Operating Support and Revenue	1,397,993	(75,617)	-	1,322,376	960,007
<b>OPERATING EXPENSES</b>					
Program services	862,152	-	-	862,152	1,015,149
Management and general	169,586	-	-	169,586	164,877
Fundraising	231,726	-	-	231,726	216,767
Total Operating Expenses	1,263,464	-	-	1,263,464	1,396,793
Change in Net Assets from Operations	134,529	(75,617)	-	58,912	(436,786)
<b>NON-OPERATING</b>					
Contributions	-	-	36,905	36,905	305,000
Interest and dividend income	9,051	195,718	-	204,769	237,753
Realized gain on investments	-	646	-	646	64,257
Unrealized investment loss	(13,717)	(308,566)	-	(322,283)	(93,458)
Investment advisory fees	(1,203)	(34,511)	-	(35,714)	(34,265)
Write off of uncollectable pledges	-	-	-	-	(52,500)
Released from restrictions	152,560	(152,560)	-	-	-
Change in Net Assets from Non-Operating Activity	146,691	(299,273)	36,905	(115,677)	426,787
Change in Net Assets	281,220	(374,890)	36,905	(56,765)	(9,999)
<b>NET ASSETS</b>					
Beginning of year	15,981,445	622,383	3,193,844	19,797,672	19,807,671
End of year	\$ 16,262,665	\$ 247,493	\$ 3,230,749	\$ 19,740,907	\$ 19,797,672

**Westchester Land Trust, Inc.**

Statement of Functional Expenses

Year Ended December 31, 2015

(with summarized totals for the year ended December 31, 2014)

	Program Services	Management and General	Fundraising	Total	
				2015	2014
<b>PERSONNEL</b>					
Salaries	\$ 424,308	\$ 90,525	\$ 174,025	\$ 688,858	\$ 631,232
Payroll taxes and employee benefits	76,313	16,281	31,299	123,893	110,403
Total Personnel Costs	500,621	106,806	205,324	812,751	741,635
<b>OTHER THAN PERSONNEL COSTS</b>					
Land preservation expenses	85,532	-	-	85,532	135,172
Land acquisition costs	55,907	-	-	55,907	162,932
Consultants and professional fees	52,670	36,449	-	89,119	126,805
Printing and promotion	16,424	4,106	6,843	27,373	17,044
Software costs	3,028	3,746	8,210	14,984	13,432
Occupancy and utilities	19,383	2,281	1,140	22,804	47,125
Insurance	27,529	3,239	1,620	32,388	25,658
Dues and subscriptions	5,068	382	-	5,450	15,700
Supplies	6,404	753	378	7,535	7,661
Postage and mailing	9,133	1,075	537	10,745	8,676
Equipment repairs and maintenance	8,538	1,005	502	10,045	7,650
Telephone	5,217	614	307	6,138	6,056
Conferences, meetings and travel	17,818	2,096	1,048	20,962	15,628
Storage	-	-	-	0	369
Bank charges and credit card fees	3,241	648	2,594	6,483	5,309
Depreciation	43,125	5,074	2,536	50,735	55,642
Payroll processing	1,704	357	687	2,748	2,677
Miscellaneous	810	955	-	1,765	1,622
Total Expenses	<u>\$ 862,152</u>	<u>\$ 169,586</u>	<u>\$ 231,726</u>	<u>\$ 1,263,464</u>	<u>\$1,396,793</u>

See notes to financial statements

**Westchester Land Trust, Inc.**

Statement of Cash Flows

Year Ended December 31, 2015

(with comparative amounts for the year ended December 31, 2014)

<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<u>2015</u>	<u>2014</u>
Change in net assets	\$ (56,765)	\$ (9,999)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	70,700	75,103
Donated securities	(99,504)	(104,487)
Unrealized gain (loss) on investments	322,283	93,485
Realized gain on investments	(1,315)	(62,712)
Write off of uncollectible pledges	-	52,500
Net change in operating assets and liabilities		
Pledges receivable	(37,676)	(11,874)
Prepaid expenses and other	(7,444)	(6,221)
Accounts payable and accrued expenses	9,377	(24,713)
Net Cash from Operating Activities	<u>199,656</u>	<u>1,082</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from the sale of investments	517,020	915,683
Purchases of investments	(682,249)	(1,198,956)
Property and equipment acquisitions	<u>(35,175)</u>	<u>(6,800)</u>
Net Cash from Investing Activities	<u>(200,404)</u>	<u>(290,073)</u>
 Net Change in Cash and Cash Equivalents	(748)	(288,991)
 <b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>290,026</u>	<u>579,017</u>
 End of year	<u>\$ 289,278</u>	<u>\$ 290,026</u>

See notes to financial statements

# **Westchester Land Trust, Inc.**

## **Notes to Financial Statements December 31, 2015**

### **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.

### **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.

*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.



## **Westchester Land Trust, Inc.**

### **Notes to Financial Statements December 31, 2015**

#### **2. Summary of Significant Accounting Policies (*continued*)**

##### ***Financial Statement Presentation (continued)***

*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 Directors.

##### ***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 debt 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 primarily 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, 2015**

#### **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, 2015**

#### **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 Directors, 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, 2012.

##### ***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 18, 2016.

#### **3. Comparative Data**

The financial statements include prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Trust's financial statements for the year ended December 31, 2014 from which the summarized information was derived.

## Westchester Land Trust, Inc.

### Notes to Financial Statements December 31, 2015

#### 4. Investments and Investment Return

Investments, at fair value were valued using level one inputs as of December 31,

	<u>2015</u>	<u>2014</u>
Common Stock	\$ 45,422	\$ 73,596
Mutual Funds	<u>3,474,938</u>	<u>3,478,765</u>
Total investments at fair value	3,520,360	3,552,361
Cash and cash equivalents, at cost	<u>247,355</u>	<u>271,591</u>
Total Investments	<u>\$ 3,767,715</u>	<u>\$ 3,823,952</u>

Investment return for the years ended December 31,

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ 204,865	\$ 237,863
Realized gains	1,315	62,712
Unrealized (depreciation) appreciation	(322,283)	(93,485)
Investment advisory fees	<u>(35,714)</u>	<u>(34,265)</u>
	<u>\$ (151,817)</u>	<u>\$ 172,825</u>

Investment income reported in the Statement of Activities for the years ended December 31,

	<u>2015</u>	<u>2014</u>
Operating investment (loss) income	\$ 765	\$ (1,462)
Non-operating investment income	<u>(152,582)</u>	<u>174,287</u>
	<u>\$ (151,817)</u>	<u>\$ 172,825</u>

#### 5. Pledges Receivable

Pledges receivable are summarized as follows at December 31,

	<u>2015</u>	<u>2014</u>
Due within one year	\$ 85,821	\$ 39,381
Due within two to five years	<u>35,000</u>	<u>45,000</u>
	120,821	84,381
Discount to present value	<u>(1,921)</u>	<u>(3,157)</u>
	<u>\$ 118,900</u>	<u>\$ 81,224</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, 2015

#### 6. Property and Equipment

Property and equipment at December 31, 2015 consisted of the following:

	2015	2014
Land	\$ 2,000,000	\$ 2,000,000
Buildings and improvements	2,225,615	2,225,615
Furniture and equipment	133,751	127,576
Autos and trucks	29,000	-
	<u>4,388,366</u>	<u>4,353,191</u>
Accumulated depreciation	<u>(602,378)</u>	<u>(531,678)</u>
	<u>\$ 3,785,988</u>	<u>\$ 3,821,513</u>

Depreciation expense for the year ending December 31, 2015 was \$70,700. The Trust recorded \$19,965 in rental income, net in the statement of activities and \$50,735 in the statement of functional expense.

#### 7. 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 \$11,785,633 at December 31, 2015.

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 seven conservation easements during the year ended December 31, 2015, bringing the total number of easements in favor of the Trust to 195.

# Westchester Land Trust, Inc.

## Notes to Financial Statements December 31, 2015

### 8. Board Designated Net Assets

Board designated net assets consist of the following as of December 31, 2015

	Net Assets 12/31/2014	Support and Revenue	Board Designation	Releases	Net Assets 12/31/2015
Land Preservation Fund	\$ 123,005	\$ (5,869)	\$ 117,000	\$ -	\$ 234,136
Stewards of the Land Endowment	-	-	95,000	-	95,000
Land Acquisition Fund	-	-	25,000	(19,810)	5,190
Sugar Hill Farm Capital Reserve	-	-	5,000	-	5,000
	<u>\$ 123,005</u>	<u>\$ (5,869)</u>	<u>\$ 242,000</u>	<u>\$ (19,810)</u>	<u>\$ 339,326</u>

### 9. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following as of December 31, 2015:

	Net Assets 12/31/2014	Support and Revenue	Releases	Net Assets 12/31/2015
Lewisboro Funds	\$ 7,135	\$ -	\$ (4,606)	\$ 2,529
Land Acquisition Fund	22,568	14,029	(36,597)	-
Candace Schafer Memorial	9,460	2,225	(2,257)	9,428
Leon Levy Parking Lot	7,331	-	(7,331)	-
Rose Preserve	10,000	1,273	(11,273)	-
Otter Creek	19,000	-	(19,000)	-
Zofnass Wilderness Walk	39,786	-	(15,000)	24,786
Levy Native Plant Restoration	-	32,750	(29,830)	2,920
Stewards of the Land Endowment	481,451	(97,754)	(164,534)	219,163
The Dextra Baldwin McGonagle Memorial Fund	14,155	(1,327)	(2,068)	10,760
Leon Levy Preserve Fund	10,170	(2,591)	(4,307)	3,272
Lewyt Land Conservation Fund	1,327	(10,676)	(16,162)	(25,511)
Otter Creek Preserve Stewardship	-	146	-	146
	<u>\$ 622,383</u>	<u>\$ (61,925)</u>	<u>\$ (312,965)</u>	<u>\$ 247,493</u>

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

## Westchester Land Trust, Inc.

### Notes to Financial Statements December 31, 2015

#### 10. Permanently Restricted Net Assets

Permanently restricted net assets consist of the following as of December 31, 2015:

	Net Assets 12/31/2014	Contributions and Revenue	Authorized Release of funds	Pledge Discount/ Bad Debt	Net Assets 12/31/2015
Stewards of the Land Endowment	\$ 2,791,344	\$ 25,000	\$ -	\$ -	\$ 2,816,344
Otter Creek Preserve Stewardship	-	11,905	-	-	11,905
The Dextra Baldwin McGonagle Memorial Fund	27,500	-	-	-	27,500
Leon Levy Preserve Fund	75,000	-	-	-	75,000
Lewyt Land Conservation Fund	300,000	-	-	-	300,000
	<u>\$ 3,193,844</u>	<u>\$ 36,905</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,230,749</u>

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

#### 11. Endowment

##### ***General***

The Trust's endowment consists of funds established for a variety of purposes. The Trust has funds designated by the Board of Directors to function as an endowment as well as donor-restricted endowment funds. As required by U.S. 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.

# Westchester Land Trust, Inc.

## Notes to Financial Statements December 31, 2015

### 11. Endowment (continued)

#### *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 Directors considers many factors including the overall operating needs of the Trust and the long-term expected total return on its investments.

Changes in the endowment by type of fund for year ended December 31, 2015 were as follows:

	Unrestricted	Board Designated Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment, December 31, 2014	\$ -	\$ 123,005	\$ 507,103	\$ 3,193,844	\$ 3,823,952
Contributions	-	-	-	36,905	36,905
Designations	-	212,000	-	-	212,000
Interest and dividends	-	9,051	195,718	-	204,769
Investment expenses	-	(1,203)	(34,511)	-	(35,714)
Unrealized investments gains	-	(13,717)	(308,566)	-	(322,283)
Realized gain on investments	-	-	646	-	646
Approved for expenditure	152,560	-	(152,560)	-	-
Drawdowns	(152,560)	-	-	-	(152,560)
Endowment, December 31, 2015	<u>\$ -</u>	<u>\$ 329,136</u>	<u>\$ 207,830</u>	<u>\$ 3,230,749</u>	<u>\$ 3,767,715</u>

Comprised of the following:

Board-designated endowment funds

The Preservation Fund	\$ -	\$ 234,136	\$ -	\$ -	\$ 234,136
Stewards of the Land Endowment		95,000			95,000

Donor-restricted endowment funds

Stewards of the Land Endowment	-		219,163	2,816,344	3,035,507
Levy Preservation Fund	-	-	3,272	75,000	78,272
The Dextra Baldwin McGonagle Memorial Fund	-	-	10,760	27,500	38,260
Lewyt Land Conservation Fund	-	-	(25,511)	300,000	274,489
Otter Creek Preserve Stewardship	-	-	146	11,905	12,051
	<u>\$ -</u>	<u>\$ 329,136</u>	<u>\$ 207,830</u>	<u>\$ 3,230,749</u>	<u>\$ 3,767,715</u>



## **Westchester Land Trust, Inc.**

### **Notes to Financial Statements December 31, 2015**

#### **12. 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, 2015 was 3% of eligible employee compensation. Retirement expense totaled \$18,805 in 2015 .

#### **13. 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.

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