

WESTCHESTER LAND TRUST, INC.

**Financial Statements
for year ended
December 31, 2016**

Independent Auditor's Report

The Board of Directors
Westchester Land Trust, Inc.

We have audited the accompanying financial statements of Westchester Land Trust, Inc. (the "Trust") which comprise the statement of financial position as of December 31, 2016 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 in the first paragraph on the previous page present fairly, in all material respects, the financial position of Westchester Land Trust, Inc. as of December 31, 2016 and the results of its activities and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior year financial statements

The summarized comparative information presented herein was derived from the Trust's financial statements as of and for the year ended December 31, 2015 which were audited by other auditors whose report, dated July 18, 2016, expressed an unmodified opinion on those statements as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements which it has been derived.

Condon O'Meara McGinty + Donnelly LLP

WESTCHESTER LAND TRUST, INC.

Statement of Financial Position

	December 31	
	2016	2015
Assets		
Cash and cash equivalents	\$ 409,616	\$ 289,278
Pledges receivable, net	125,074	118,900
Prepaid expenses and other	50,149	44,733
Investments held in endowment fund	3,908,583	3,767,715
Property and equipment, net	3,719,048	3,785,988
Land held for conservation	<u>11,785,633</u>	<u>11,785,633</u>
Total assets	<u>\$19,998,103</u>	<u>\$19,792,247</u>
Liabilities and net assets		
Liabilities		
Accounts payable and accrued expenses	\$ 97,083	\$ 51,340
Net assets		
Unrestricted		
Operating	388,695	351,718
Board designated for land preservation	352,189	339,326
Investment in property and equipment	3,719,048	3,785,988
Land held for conservation	<u>11,785,633</u>	<u>11,785,633</u>
Total unrestricted net assets	16,245,565	16,262,665
Temporarily restricted	401,811	247,493
Permanently restricted	<u>3,253,644</u>	<u>3,230,749</u>
Total net assets	<u>19,901,020</u>	<u>19,740,907</u>
Total liabilities and net assets	<u>\$19,998,103</u>	<u>\$19,792,247</u>

See notes to financial statements.

WESTCHESTER LAND TRUST, INC.

Statement of Activities
Year Ended December 31, 2016
 (with summarized comparative information for year ended December 31, 2015)

	Year Ended December 31				
	2016				2015
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Operating support and revenue					
Contributions and grants	\$ 663,878	\$ 106,868	\$ -	\$ 770,746	\$ 946,579
Contributions from special events, net of direct donor benefits of \$104,309 in 2016 and \$88,660 in 2015	296,592	-	-	296,592	417,087
Interest and dividend income	91	-	-	91	96
Realized gain (loss) on sale of investments	(1,986)	-	-	(1,986)	669
Rental income, net	4,699	-	-	4,699	(4,189)
Other	11,868	-	-	11,868	250
Total support and revenue	975,142	106,868	-	1,082,010	1,360,492
Net assets released from restrictions	81,678	(81,678)	-	-	-
Total operating support and revenue	1,056,820	25,190	-	1,082,010	1,360,492
Operating expenses					
Program services	864,789	-	-	864,789	862,152
Management and general	166,089	-	-	166,089	169,586
Fundraising	211,139	-	-	211,139	269,842
Total operating expenses	1,242,017	-	-	1,242,017	1,301,580
Change in net assets from operations	(185,197)	25,190	-	(160,007)	58,912
Non-operating					
Contributions	-	-	22,895	22,895	36,905
Interest and dividend income	3,075	45,741	-	48,816	204,769
Realized gain on sale of investments	13,187	189,301	-	202,488	646
Unrealized gain (loss) on investments	5,217	67,324	-	72,541	(322,283)
Investment advisory fees	(2,544)	(24,076)	-	(26,620)	(35,714)
Net assets released from restrictions	149,162	(149,162)	-	-	-
Change in net assets from non-operating activity	168,097	129,128	22,895	320,120	(115,677)
Change in net assets	(17,100)	154,318	22,895	160,113	(56,765)
Net assets, beginning of year	16,262,665	247,493	3,230,749	19,740,907	19,797,672
Net assets, end of year	\$ 16,245,565	\$ 401,811	\$ 3,253,644	\$ 19,901,020	\$ 19,740,907

See notes to financial statements.

WESTCHESTER LAND TRUST, INC.

Statement of Functional Expenses

Year Ended December 31, 2016

(with summarized comparative information for the year ended December 31, 2015)

	Year Ended December 31				
	2016				2015
	Program Services	Management and General	Fundraising	Total	Total
Personnel					
Salaries and wages	\$ 475,591	\$ 88,945	\$ 121,879	\$ 686,415	\$ 688,858
Payroll taxes and employee benefits	84,516	15,806	21,659	121,981	123,893
Total personnel costs	560,107	104,751	143,538	808,396	812,751
Other than personnel costs					
Land preservation expenses	67,610	-	-	67,610	85,532
Land acquisition costs	35,893	-	-	35,893	55,907
Consultants and professional fees	45,628	36,500	30,927	113,055	89,119
Printing and promotion	14,822	1,493	20,557	36,872	65,489
Software costs	3,603	400	8,185	12,188	14,984
Occupancy and utilities	19,099	2,247	1,123	22,469	22,804
Insurance	24,656	8,593	1,367	34,616	32,388
Dues and subscriptions	6,317	270	-	6,587	5,450
Supplies	5,361	631	315	6,307	7,535
Postage and mailing	4,338	511	255	5,104	10,745
Equipment repairs and maintenance	8,976	1,056	528	10,560	10,045
Telephone	3,576	421	210	4,207	6,138
Conferences, meetings and travel	15,610	1,837	918	18,365	20,962
Bank charges and credit card fees	2,454	984	144	3,582	6,483
Depreciation	44,754	5,265	2,633	52,652	50,735
Payroll processing	1,715	321	439	2,475	2,748
Other	270	809	-	1,079	1,765
Total expenses	\$ 864,789	\$ 166,089	\$ 211,139	\$1,242,017	\$1,301,580

See notes to financial statements.

WESTCHESTER LAND TRUST, INC.

Statement of Cash Flows

	Year Ended December 31	
	2016	2015
Cash flows from operating activities		
Change in net assets	\$ 160,113	\$ (56,765)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	72,617	70,700
Donated securities	(141,306)	(99,504)
Proceeds from sale of donated securities	139,320	-
Realized (gain) on sale of investments	(200,502)	(1,315)
Unrealized (gain) loss on investments	(72,541)	322,283
Net change in operating assets and liabilities		
Pledges receivable	(6,174)	(37,676)
Prepaid expenses and other	(5,416)	(7,444)
Accounts payable and accrued expenses	45,743	9,377
Net cash provided by (used in) operating activities	(8,146)	199,656
Cash flows from investing activities		
Proceeds from the sale of investments	3,969,420	517,020
Purchases of investments	(3,835,259)	(682,249)
Property and equipment acquisitions	(5,677)	(35,175)
Net cash provided by (used in) investing activities	128,484	(200,404)
Net increase (decrease) in cash and cash equivalents	120,338	(748)
Cash and cash equivalents, beginning of year	289,278	290,026
Cash and cash equivalents, end of year	\$ 409,616	\$ 289,278

See notes to financial statements.

WESTCHESTER LAND TRUST, INC.**Notes to Financial Statements
December 31, 2016****Note 1 – Nature of organization****Nature of 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. WLT 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, WLT also works with inner-city residents to create new parks and community gardens in urban neighborhoods lacking open space.

WLT 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. WLT 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 and schools and colleges throughout the County, and provides training for local officials and residents on matters relating to land conservation and land use planning.

Note 2 – Summary of significant accounting policies**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 WLT 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 of Directors.

WESTCHESTER LAND TRUST, INC.**Notes to Financial Statements (continued)
December 31, 2016****Note 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 WLT 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 statement 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 equivalents

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

Contributions and pledges receivable

Contributions to WLT 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 WLT. Bequest and wills are recorded as revenue when a legally binding obligation is received and when a fair value can reasonably be determined.

Donated goods consist primarily of items received by WLT 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.

Allowance for doubtful accounts

As of December 31, 2016, the Trust determined that an allowance for uncollectible balances was not necessary for pledges 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, if any, when all reasonable collection efforts have been exhausted.

WESTCHESTER LAND TRUST, INC.**Notes to Financial Statements (continued)
December 31, 2016****Note 2 – Summary of significant accounting policies (continued)****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 and temporarily restricted in accordance with donor intent.

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.

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.

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 land acquisition costs and other costs associated with conservation easements are expensed in the period incurred.

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.

WESTCHESTER LAND TRUST, INC.**Notes to Financial Statements (continued)
December 31, 2016****Note 2 – Summary of significant accounting policies (continued)****Volunteer and other donated services and goods (continued)**

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.

Concentrations of credit risk

The Trust's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash, cash equivalents, investments and pledges receivables. The Trust places its cash and cash equivalents with what it believes to be quality financial institutions. At certain times throughout the year, the Trust's cash balances exceeded the FDIC insurance limit, however, the Trust has not incurred any losses to date. The Trust invests in mutual funds. Investments are exposed to various risks such as interest rate, market volatility, liquidity and credit risk. Due to the level of uncertainty related to the foregoing risks, it is reasonably possible that changes in these risks could materially affect the fair value of the investments reported in the statement of financial position as of December 31, 2016. The Trust routinely assesses the financial strength of its cash and investment portfolio. Pledges receivable consist of amounts due from individuals donors. The Trust monitors the collectibility of the receivables. The Trust believes no significant risk of loss is likely as a result of credit risk concentrations with respect to its cash, cash equivalents, investments and pledges receivables.

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.

WESTCHESTER LAND TRUST, INC.

Notes to Financial Statements (continued)
December 31, 2016

Note 2 – Summary of significant accounting policies (continued)

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.

Comparative information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or functional classification. 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, 2015, from which the summarized information was derived.

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 26, 2017.

Note 3 – Pledges receivable

Pledges receivable are summarized as follows at December 31:

<u>Year</u>	<u>2016</u>	<u>2015</u>
Due within one year	\$ 125,074	\$ 85,821
Due within two to five years	<u>-</u>	<u>35,000</u>
	125,074	120,821
Discount to present value	<u>-</u>	<u>(1,921)</u>
	<u>\$ 125,074</u>	<u>\$ 118,900</u>

In 2015, a present value discount of 4.5% per annum 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 (continued)
December 31, 2016**Note 4 – Investments and investment return**

The summary of investments as of December 31, 2016 and 2015 are as follows:

	<u>Level (NAV)</u>	<u>2016</u>	<u>Level</u>	<u>2015</u>
Common stock		\$ -	(1)	\$ 45,422
Mutual funds		-	(1)	3,474,938
Privately offered investment program	(NAV)	<u>3,897,733</u>		<u>-</u>
Sub-total investments		3,897,733		3,520,360
Cash and cash equivalents		<u>10,850</u>		<u>247,355</u>
Total investments		<u>\$3,908,583</u>		<u>\$3,767,715</u>

During 2016, the Trust rebalanced its investment portfolio. The Trust has adopted the *Disclosures for Investments in Certain Entities that Calculate Net Asset Value Per Share (or its Equivalent)*. Such disclosure permits the Trust's investments that are measured at Net Asset Value ("NAV") as a practical expedient for fair value be excluded from the disclosure requirement that categorizes the NAV within the fair value hierarchy. A practical expedient is to measure the fair value of investments in certain entities that do not have a quoted market price but calculate net asset value per share or its equivalent. Those investments are generally referred to as "alternative investments" and include certain hedge funds, private equity funds, real estate funds, venture capital funds, offshore funds and units or an ownership interest in a partnership capital or a pooled investments to which a proportionate share of net assets is attributed. Subsequent to year end, the Trust change its investment position to another financial advisor and custodian.

Investment return for the years ended December 31:

	<u>2016</u>	<u>2015</u>
Interest and dividends	\$ 48,907	\$ 204,865
Realized gains on sale of investments	200,502	1,315
Unrealized gain (loss) on investments	<u>72,541</u>	<u>(322,283)</u>
Sub-total	321,950	(116,103)
Investment advisory fees	<u>(26,620)</u>	<u>(35,714)</u>
Net investment return	<u>\$ 295,330</u>	<u>\$ (151,817)</u>

Investment income reported in the statement of activities for the years ended December 31:

	<u>2016</u>	<u>2015</u>
Operating investment gain (loss) income	\$ (1,895)	\$ 765
Non-operating investment income (loss)	<u>297,225</u>	<u>(152,582)</u>
	<u>\$ 295,330</u>	<u>\$ (151,817)</u>

WESTCHESTER LAND TRUST, INC.

Notes to Financial Statements (continued)
December 31, 2016**Note 5 – Property and equipment**

Property and equipment at December 31, 2016 and December 31, 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
Land	\$ 2,000,000	\$ 2,000,000
Buildings and improvements	2,227,197	2,225,615
Furniture and equipment	137,846	133,751
Autos and trucks	<u>29,000</u>	<u>29,000</u>
Sub-total	4,394,043	4,388,366
Less accumulated depreciation	<u>(674,995)</u>	<u>(602,378)</u>
Property and equipment, net	<u>\$ 3,719,048</u>	<u>\$ 3,785,988</u>

Depreciation expense for the year ending December 31, 2016 was \$72,617 of which \$19,965 has been netted with rental income in the statement of activities and \$52,652 has been recorded in the statement of functional expenses.

Note 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 \$11,785,633 at December 31, 2016.

The Trust, at times, also enters into agreements 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 and municipalities 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 three conservation easements during the year ended December 31, 2016, bringing the total number of easements in favor of the Trust to 198.

WESTCHESTER LAND TRUST, INC.

Notes to Financial Statements (continued)
December 31, 2016**Note 7 – Board designated for land preservation**

Board designated net assets consist of the following as of December 31, 2016:

	Balance December 31, 2015	Support and Revenue	Board Designation	Net Assets Released from Restrictions	Balance December 31, 2016
Land preservation fund	\$ 234,136	\$ 10,718	\$ -	\$ (30,090)	\$ 214,764
Stewards of the land endowment	<u>95,000</u>	<u>8,217</u>	<u>-</u>	<u>-</u>	<u>103,217</u>
Sub-total	329,136	18,935	-	(30,090)	317,981
Land acquisition fund	5,190	55,303	-	(36,285)	24,208
Sugar Hill Farm capital reserve	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>10,000</u>
Total	<u>\$ 339,326</u>	<u>\$ 74,238</u>	<u>\$ 5,000</u>	<u>\$ (66,375)</u>	<u>\$ 352,189</u>

Note 8 – Temporarily restricted net assets

Temporarily restricted net assets consist of the following as of December 31, 2016:

	Net Assets December 31, 2015	Support and Revenue	Net Assets Released from Restrictions/ Investment Advisory Fees	Net Assets December 31, 2016
Lewisboro Funds	\$ 2,529	\$ -	\$ (2,529)	\$ -
Candace Schafer Memorial	9,428	525	-	9,953
Farmland Network	-	11,495	(11,495)	-
LTA Staffing Grant	-	33,000	(13,750)	19,250
Stuart's Farm	-	26,500	(14,000)	12,500
Zofnass Wilderness Walk	24,786	4,630	(14,416)	15,000
Levy Native Plant Restoration	<u>2,920</u>	<u>30,718</u>	<u>(25,488)</u>	<u>8,150</u>
Sub-total	<u>39,663</u>	<u>106,868</u>	<u>(81,678)</u>	<u>64,853</u>
Stewards of the Land Endowment	219,163	267,724	(151,789)	335,098
The Dextra Baldwin McGonagle Memorial Fund	10,760	2,634	(1,770)	11,624
Leon Levy Preserve Fund	3,272	5,526	(4,226)	4,572
Lewyt Land Conservation Fund	(25,511)	25,382	(15,343)	(15,472)
Otter Creek Preserve Stewardship	<u>146</u>	<u>1,100</u>	<u>(110)</u>	<u>1,136</u>
Sub-total	<u>207,830</u>	<u>302,366</u>	<u>(173,238)</u>	<u>336,958</u>
Total	<u>\$ 247,493</u>	<u>\$ 409,234</u>	<u>\$ (254,916)</u>	<u>\$ 401,811</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 (continued) December 31, 2016

Note 9 – Permanently restricted net assets

Permanently restricted net assets consist of the following as of December 31, 2016:

	Net Assets December 31, <u>2015</u>	Contributions and Revenue	Net Assets December 31, <u>2016</u>
Stewards of the Land Endowment	\$ 2,816,344	\$ 22,615	\$ 2,838,959
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
Otter Creek Preserve Stewardship	<u>11,905</u>	<u>280</u>	<u>12,185</u>
Total	<u>\$ 3,230,749</u>	<u>\$ 22,895</u>	<u>\$ 3,253,644</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.

Note 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 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 (continued)
December 31, 2016

Note 10 – 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, 2016 were as follows:

	<u>Unrestricted</u>		<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
	<u>Operating</u>	<u>Board Designated</u>			
Endowment					
December 31, 2015	\$ -	\$ 329,136	\$ 207,830	\$ 3,230,749	\$ 3,767,715
Contributions	-	-	-	22,895	22,895
Interest and dividends	-	3,075	45,741	-	48,816
Investment expenses	-	(2,544)	(24,076)	-	(26,620)
Unrealized investments gains	-	5,217	67,324	-	72,541
Realized gain on investments	-	13,187	189,301	-	202,488
Approved for expenditure	179,252	(30,090)	(149,162)	-	-
Drawdowns	<u>(179,252)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(179,252)</u>
Endowment					
December 31, 2016	<u>-</u>	<u>317,981</u>	<u>336,958</u>	<u>3,253,644</u>	<u>3,908,583</u>
Comprised of:					
Board-designated endowment funds:					
The Preservation Fund	\$ -	\$ 214,764	\$ -	\$ -	\$ 214,764
Stewards of the Land Endowment	-	103,217	-	-	103,217
Donor-restricted endowment funds:					
Stewards of the Land Endowment	-	-	335,095	2,838,959	3,174,054
Levy Preservation Fund	-	-	4,572	75,000	79,572
The Dextra Baldwin McGonagle Memorial Fund	-	-	11,626	27,500	39,126
Lewyt Land Conservation Fund	-	-	(15,470)	300,000	284,530
Otter Creek Preserve Stewardship	<u>-</u>	<u>-</u>	<u>1,135</u>	<u>12,185</u>	<u>13,320</u>
Total	<u>\$ -</u>	<u>\$ 317,981</u>	<u>\$ 336,958</u>	<u>\$ 3,253,644</u>	<u>\$ 3,908,583</u>

WESTCHESTER LAND TRUST, INC.**Notes to Financial Statements (continued)
December 31, 2016****Note 11 – Line of Credit**

The Trust has a \$100,000 unsecured revolving credit agreement with a commercial bank bearing interest at the prime rate plus 1.57% per annum. There was no borrowing under this line of credit during 2016.

Note 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 Trust has elected to contribute 3% of each eligible employee compensation for a total cost of \$17,313 for the year ended December 31, 2016.