

WESTCHESTER LAND TRUST, INC.

**Financial Statements
for year ended
December 31, 2018**

**CONDON
O'MEARA
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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, 2018 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, 2018 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.

Report on Summarized Comparative Information

We have previously audited the Trust's 2017 financial statements, and our report dated May 15, 2018, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Condon O'Meara McGinty + Donnelly LLP

WESTCHESTER LAND TRUST, INC.

Statement of Financial Position

	December 31	
	2018	2017
Assets		
Cash and cash equivalents	\$ 625,726	\$ 592,264
Pledges receivable, net	52,574	82,847
Prepaid expenses and other	45,561	37,504
Investments held in endowment fund	4,302,764	4,452,409
Property and equipment, net	3,609,083	3,676,603
Land held for conservation	<u>11,885,634</u>	<u>11,785,633</u>
Total assets	<u>\$20,521,342</u>	<u>\$20,627,260</u>
Liabilities and net assets		
Liabilities		
Accounts payable and accrued expenses	\$ <u>77,036</u>	\$ <u>89,888</u>
Net assets		
Without donor restrictions		
Operating	528,041	387,202
Board designated for land preservation	507,816	501,821
Investment in property and equipment	3,609,083	3,676,603
Land held for conservation	<u>11,885,634</u>	<u>11,785,633</u>
Total net assets without donor restrictions	<u>16,530,574</u>	<u>16,351,259</u>
With donor restrictions		
Purpose/time restricted	470,620	896,469
Perpetual in nature	<u>3,443,112</u>	<u>3,289,644</u>
Total net assets with donor restrictions	<u>3,913,732</u>	<u>4,186,113</u>
Total net assets	<u>20,444,306</u>	<u>20,537,372</u>
Total liabilities and net assets	<u>\$20,521,342</u>	<u>\$20,627,260</u>

See notes to financial statements.

WESTCHESTER LAND TRUST, INC.

Statement of Activities
Year Ended December 31, 2018
(with summarized comparative information for the year ended December 31, 2017)

	Year Ended December 31		
	2018		2017
	Without Donor Restrictions	With Donor Restrictions	Total
Operating support and revenue			
Contributions and grants	\$ 670,491	\$ 2,058,068	\$ 2,728,559
Contributions from special events, net of direct donor benefits of \$196,342 in 2018 and \$192,032 in 2017	278,999	-	278,999
Interest and dividend income	6,420	-	6,420
Realized (loss) on sale of investments	(153)	-	(153)
Unrealized (loss) on investment	(1,230)	-	(1,230)
Rental income, net	3,941	-	3,941
Other	27,432	-	27,432
Total support and revenue	985,900	2,058,068	3,043,968
Net assets released from restrictions	2,120,885	(2,120,885)	-
Total operating support and revenue	3,106,785	(62,817)	3,043,968
Operating expenses			
Program services	2,879,389	-	2,879,389
Management and general	152,350	-	152,350
Fundraising	119,008	-	119,008
Total operating expenses	3,150,747	-	3,150,747
Change in net assets from operations	(43,962)	(62,817)	(106,779)
Non-operating			
Contributions	82,500	153,468	235,968
Interest and dividend, net	10,164	114,488	124,652
Realized gain on sale of investments	12,967	24,339	37,306
Unrealized gain (loss) on investments	(39,636)	(344,577)	(384,213)
Net assets released from restrictions	157,282	(157,282)	-
Change in net assets from non-operating activity	223,277	(209,564)	13,713
Change in net assets	179,315	(272,381)	(93,066)
Net assets, beginning of year	16,351,259	4,186,113	20,537,372
Net assets, end of year	\$16,530,574	\$ 3,913,732	\$20,444,306

See notes to financial statements.

WESTCHESTER LAND TRUST, INC.

Statement of Functional Expenses

Year Ended December 31, 2018

(with summarized comparative information for the year ended December 31, 2017)

	Year Ended December 31				
	2018				2017
	Supporting Activities				
	Program Services	Management and General	Fundraising	Total	Total
Personnel					
Salaries and wages	\$ 512,584	\$ 75,285	\$ 86,290	\$ 674,159	\$ 640,983
Payroll taxes and employee benefits	84,016	12,340	14,143	110,499	112,556
Total personnel costs	596,600	87,625	100,433	784,658	753,539
Other than personnel costs					
Land stewardship expenses	44,583	-	-	44,583	91,059
Land acquisition costs	30,526	-	-	30,526	10,940
Easement acquisition costs	1,972,224	-	-	1,972,224	-
Consultants and professional fees	65,075	37,824	1,048	103,947	91,334
Printing and promotion	17,906	1,194	796	19,896	22,331
Software costs	3,934	136	8,137	12,207	11,611
Occupancy and utilities	29,004	3,413	1,706	34,123	32,288
Insurance	22,699	8,738	1,335	32,772	33,728
Dues and subscriptions	8,314	1,685	1,250	11,249	12,670
Supplies	7,777	518	346	8,641	9,087
Postage and mailing	3,595	423	212	4,230	5,363
Equipment repairs and maintenance	9,110	1,072	536	10,718	9,423
Telephone	3,018	355	178	3,551	3,437
Conferences, meetings and travel	15,522	733	-	16,255	21,305
Bank charges and credit card fees	1,382	949	-	2,331	2,779
Depreciation	44,361	5,219	2,609	52,189	51,454
Payroll processing	2,508	368	422	3,298	2,704
Uncollectible pledges	-	850	-	850	14,000
Other	1,251	1,248	-	2,499	1,884
Total expenses	\$2,879,389	\$ 152,350	\$ 119,008	\$3,150,747	\$1,180,936

See notes to financial statements.

WESTCHESTER LAND TRUST, INC.

Statement of Cash Flows

	Year Ended December 31	
	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Change in net assets	\$ (93,066)	\$ 636,352
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	72,154	71,419
Donated land	(100,000)	-
Donated securities	(79,383)	(122,814)
Proceeds from sale of donated securities	79,230	123,974
Realized (gain) on sale of investments	(37,153)	(264,072)
Unrealized (gain) loss on investments	385,443	(299,349)
Write off of uncollectible pledges	850	14,000
Net change in operating assets and liabilities		
Pledges receivable	29,423	28,227
Prepaid expenses and other	(8,057)	12,645
Accounts payable and accrued expenses	<u>(12,852)</u>	<u>(7,195)</u>
Net cash provided by operating activities	<u>236,589</u>	<u>193,187</u>
Cash flows from investing activities		
Proceeds from the sale of investments	834,760	4,239,990
Purchases of investments	(1,033,252)	(4,221,555)
Land held for conservation	(1)	-
Property and equipment acquisitions	<u>(4,634)</u>	<u>(28,974)</u>
Net cash (used in) investing activities	<u>(203,127)</u>	<u>(10,539)</u>
Net increase in cash and cash equivalents	33,462	182,648
Cash and cash equivalents, beginning of year	<u>592,264</u>	<u>409,616</u>
Cash and cash equivalents, end of year	<u>\$ 625,726</u>	<u>\$ 592,264</u>

See notes to financial statements.

WESTCHESTER LAND TRUST, INC.**Notes to Financial Statements
December 31, 2018****Note 1 – 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 to 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**Recent accounting pronouncement****Not-for-Profit Financial Statement Presentation**

During 2018, the Trust adopted Accounting Standards Update No. 2016-14 – Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity’s liquidity, financial performance, and cash flows.

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 net asset without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions

Operating - net assets represent resources that are not subject to donor-imposed restrictions and amounts can be spent at the discretion of the Trust for general operations.

Board designated - The Trust's board-designated funds are presented as unrestricted as no donor restrictions on the use of these net assets exists. The same is for investment in property and equipment and land held for conservation.

WESTCHESTER LAND TRUST, INC.**Notes to Financial Statements (continued)
December 31, 2018****Note 2 – Summary of significant accounting policies (continued)**Financial statement presentation (continued)Net assets with donor restrictions

Purpose/time restricted – consists of net assets where the resources 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.

Perpetual in nature – consists of net assets 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 purpose/time 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 contributions that are perpetual in nature 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, 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. Bequests 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.

WESTCHESTER LAND TRUST, INC.**Notes to Financial Statements (continued)**
December 31, 2018**Note 2 – Summary of significant accounting policies (continued)****Allowance for doubtful accounts**

As of December 31, 2018, 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.

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 net assets with and without donor restrictions, in accordance with the donor's 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 cost at the date of acquisition or at fair value 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.

WESTCHESTER LAND TRUST, INC.**Notes to Financial Statements (continued)
December 31, 2018****Note 2 – Summary of significant accounting policies (continued)****Volunteer and other donated services and goods**

Contributions of donated non-cash assets are recorded at fair value 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 "Code"). The Trust qualifies for the maximum charitable contribution deduction for donors under the Code.

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. 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. The Trust routinely assesses the financial strength of its financial institutions and investment holdings. 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, 2018

Note 2 – Summary of significant accounting policies (continued)

Functional allocation of expenses

The Trust allocates its expenses on a functional basis among its program services and support activities. 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, 2017, 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 June 5, 2019.

Note 3 – Liquidity and availability of financial assets

The Trust's working capital and cash flows vary due to timing of payments received under grants and a concentration of contributions received near calendar year-end. As part of the Trust's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Trust invests cash in excess of daily requirements in short-term investments. In addition, the Trust has available a \$100,000 unsecured revolving line of credit (see note 12) for working capital purposes that it may draw upon as necessary during the year.

The following reflects the Trust's financial assets available for general expenditures that is, without donor or other restrictions limiting their use, within one year of December 31, 2018:

Cash and cash equivalents	\$ 625,726
Investments held at endowment fund	4,302,764
Pledges receivable, net	<u>52,574</u>
Total financial assets	4,981,064
Less: Board designated for land presentation	507,816
Net assets with donor restrictions	<u>3,913,732</u>
Total financial assets available for general expenditures within one year	<u>\$ 559,516</u>

WESTCHESTER LAND TRUST, INC.

Notes to Financial Statements (continued)
December 31, 2018**Note 4 – Pledges receivable**

Pledges receivable are expected to be collected during 2019.

Note 5 – Investments and investment return

The summary of investments as of December 31, 2018 and December 31, 2017 are as follows:

	<u>2018</u>		<u>2017</u>		<u>Level (NAV)</u>
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	
Mutual funds and exchange traded funds	\$4,231,285	\$4,164,843	\$4,025,999	\$4,345,000	(1)
Cash and cash equivalents	<u>137,923</u>	<u>137,923</u>	<u>107,409</u>	<u>107,409</u>	
Total investments	<u>\$4,369,208</u>	<u>\$4,302,766</u>	<u>\$4,133,408</u>	<u>\$4,452,409</u>	

Investment return for the years ended December 31:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 168,776	\$ 117,692
Realized gains on sale of investments	37,153	264,745
Unrealized gain (loss) on investments	<u>(385,443)</u>	<u>299,349</u>
Sub-total	(179,514)	681,786
Investment advisory fees	<u>(37,704)</u>	<u>(26,721)</u>
Net investment return (loss)	<u>\$ (217,218)</u>	<u>\$ 655,065</u>

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

	<u>2018</u>	<u>2017</u>
Operating investment gain (loss) income	\$ 5,037	\$ 874
Non-operating investment income	<u>(222,255)</u>	<u>654,191</u>
Total	<u>\$ (217,218)</u>	<u>\$ 655,065</u>

WESTCHESTER LAND TRUST, INC.

Notes to Financial Statements (continued)
December 31, 2018

Note 6 – Property and equipment

Property and equipment at December 31, 2018 and December 31, 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Land	\$ 2,000,000	\$ 2,000,000
Buildings and improvements	2,255,339	2,255,338
Furniture and equipment	61,846	138,679
Autos and trucks	<u>29,000</u>	<u>29,000</u>
Sub-total	4,346,185	4,423,017
Less accumulated depreciation	<u>(737,102)</u>	<u>(746,414)</u>
Property and equipment, net	<u>\$ 3,609,083</u>	<u>\$ 3,676,603</u>

During 2018, fully depreciated assets totaling \$81,466 were removed from the Trust's books and records. Depreciation expense for the years ended December 31, 2018 and December 31, 2017 were \$72,154 and \$71,419, respectively, of which \$19,965 for each year has been netted with rental income in the statement of activities and \$52,189 and \$51,454, respectively, has been recorded in the statement of functional expenses.

Note 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 \$11,885,634 at December 31, 2018 and \$11,785,633 at December 31, 2017.

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.

During April 2018, the Trust entered into two agreements to purchase land and development rights with other organizations where the Trust's share was approximately \$1,972,000 million. The costs of these acquisitions were expensed in 2018.

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 seven conservation easements during the year ended December 31, 2018, bringing the total number of easements in favor of the Trust to 209 which covers approximately 5,908 acres of land.

WESTCHESTER LAND TRUST, INC.

Notes to Financial Statements (continued)

December 31, 2018

Note 8 – Net assets without donor restrictions – Board designated for land preservation

Board designated net assets consist of the following as of December 31, 2018:

	Balance December 31, 2017	Support and Revenue	Board Designation	Net Assets Released from Restrictions	Balance December 31, 2018
Land preservation fund	\$ 251,167	\$ (2,453)	\$ -	\$ (2,131)	\$ 246,583
Stewards of the land endowment	120,683	72,323	-	(7,128)	185,878
Otter Creek Preserve	<u>7,906</u>	<u>(322)</u>	<u>-</u>	<u>(370)</u>	<u>7,214</u>
Sub-total	379,756	69,548	-	(9,629)	439,675
Land acquisition fund	117,065	-	93,033	(151,957)	58,141
Sugar Hill Farm capital reserve	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>10,000</u>
Total	<u>\$ 501,821</u>	<u>\$ 69,548</u>	<u>\$ 98,033</u>	<u>\$ (161,586)</u>	<u>\$ 507,816</u>

Note 9 – Net assets with donor restrictions

Purpose/time restricted net assets consist of the following as of December 31, 2018:

	Net Assets December 31, 2017	Support and Revenue	Net Assets Released from Restrictions/ Investment Advisory Fees	Net Assets December 31, 2018
Candace Schafer Memorial	\$ 9,953	\$ -	\$ (693)	\$ 9,260
Jane Pearl Memorial	-	5,735	-	5,735
LTA Staffing Grant	19,250	-	(19,250)	-
Stuart's Farm	-	1,783,418	(1,783,418)	-
Sullivan Property Acquisition	-	196,000	(196,000)	-
Zofnass Wilderness Walk	-	3,976	(3,976)	-
Farmland Network	-	14,939	(13,239)	1,700
LTA Parking Access	-	25,000	(12,002)	12,998
Fall Appeal – Turkey Mountain	37,115	-	(37,115)	-
Fall Appeal – Land and easement acquisition fund	47,142	-	(47,142)	-
Farvue Foundation Grant	-	25,000	(5,600)	19,400
Cornell Bird Conservation	<u>-</u>	<u>4,000</u>	<u>(2,450)</u>	<u>1,550</u>
Sub-total	<u>113,460</u>	<u>2,058,068</u>	<u>(2,120,885)</u>	<u>50,643</u>
Stewards of the Land Endowment	730,313	(180,553)	(139,000)	410,760
The Dextra Baldwin McGonagle Memorial Fund	16,831	(2,583)	(975)	13,273
Leon Levy Preserve Fund	14,056	(4,870)	(3,673)	5,513
Lewyt Land Conservation Fund	18,992	(16,980)	(13,036)	(11,024)
Otter Creek Preserve Stewardship	<u>2,817</u>	<u>(764)</u>	<u>(598)</u>	<u>1,455</u>
Sub-total	<u>783,009</u>	<u>(205,750)</u>	<u>(157,282)</u>	<u>419,977</u>
Total	<u>\$ 896,469</u>	<u>\$ 1,852,318</u>	<u>\$ (2,278,167)</u>	<u>\$ 470,620</u>

The donor restricted net assets listed above are all temporary in nature for purpose/time-restricted primarily for land preservation and maintenance purposes.

WESTCHESTER LAND TRUST, INC.

Notes to Financial Statements (continued) December 31, 2018

Note 10 – Net assets with donor restrictions

Perpetual in nature net assets consist of the following as of December 31, 2018:

	Net Assets December 31, 2017	Contributions and Revenue	Net Assets December 31, 2018
Stewards of the Land Endowment	\$ 2,874,959	\$ 54,350	\$ 2,929,309
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	12,185	-	12,185
Martha Dinerstein Fund for Conservation Leadership	-	99,118	99,118
Total	<u>\$ 3,289,644</u>	<u>\$ 153,468</u>	<u>\$ 3,443,112</u>

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

Note 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 net assets perpetual in nature with donor restrictions (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 net assets perpetual in nature with donor restrictions is classified as net assets with donor purpose/time restrictions 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, 2018

Note 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, 2018 were as follows:

	<u>Without Donor Restrictions</u>		<u>With Donor Restrictions</u>		
	<u>Operating</u>	<u>Board Designated</u>	<u>Purpose/ Time Restrictions</u>	<u>Perpetual in Nature</u>	<u>Total</u>
Endowment					
December 31, 2017	\$ -	\$ 379,756	\$ 783,009	\$ 3,289,644	\$ 4,452,409
Contributions	-	82,500	-	153,468	235,968
Interest and dividends, net	-	10,164	114,488	-	124,652
Realized gain on investments	-	12,967	24,339	-	37,306
Unrealized investment gains	-	(39,636)	(344,577)	-	(384,213)
Approved for expenditure	163,358	(6,076)	(157,282)	-	-
Drawdowns	<u>(163,358)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(163,358)</u>
Endowment					
December 31, 2018	<u>\$ -</u>	<u>\$ 439,675</u>	<u>\$ 419,977</u>	<u>\$ 3,443,112</u>	<u>\$ 4,302,764</u>
Comprised of:					
Board-designated endowment funds:					
Land Preservation Fund	\$ -	\$ 246,583	\$ -	\$ -	\$ 246,583
Stewards of the Land Endowment	-	185,878	-	-	185,878
Otter Creek Preserve	-	7,214	-	-	7,214
Donor-restricted endowment funds:					
Stewards of the Land Endowment	-	-	410,760	2,929,309	3,340,069
Leon Levy Preserve Fund	-	-	5,513	75,000	80,513
The Dextra Baldwin McGonagle Memorial Fund	-	-	13,273	27,500	40,773
Lewyt Land Conservation Fund	-	-	(11,024)	300,000	288,976
Otter Creek Preserve Stewardship	-	-	1,455	12,185	13,640
Martha Dinerstein Fund for Conservation Leadership	-	-	-	99,118	99,118
Total	<u>\$ -</u>	<u>\$ 439,675</u>	<u>\$ 419,977</u>	<u>\$ 3,443,112</u>	<u>\$ 4,302,764</u>

WESTCHESTER LAND TRUST, INC.**Notes to Financial Statements (continued)
December 31, 2018****Note 12 – 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 borrowings under this line of credit during 2018.

Note 13 – 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 \$10,315 for the year ended December 31, 2018.