

WESTCHESTER LAND TRUST, INC.

**Financial Statements
for year ended
December 31, 2020**

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, 2020 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, 2020 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 2019 financial statements, and our report dated June 12, 2020, 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, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Condon O'Meara McGinty + Donnelly LLP

June 2, 2021

WESTCHESTER LAND TRUST, INC.
Statement of Financial Position

	December 31	
	2020	2019
Assets		
Cash and cash equivalents	\$ 918,798	\$ 569,664
Pledges receivable, net	42,700	139,395
Prepaid expenses and other	82,270	70,046
Investments held in endowment fund	5,470,236	5,116,031
Property and equipment, net	3,475,889	3,538,255
Land held for conservation	<u>14,818,942</u>	<u>13,933,166</u>
Total assets	<u>\$24,808,835</u>	<u>\$23,366,557</u>
 Liabilities and net assets		
Liabilities		
Accounts payable and accrued expenses	\$ 102,802	\$ 61,358
Paycheck protection program loan	142,122	-
Mortgage payable	350,000	-
Notes payable	<u>397,000</u>	<u>-</u>
Total liabilities	<u>991,924</u>	<u>61,358</u>
Net assets		
Without donor restrictions		
Operating	676,448	578,327
Board designated for land preservation	649,036	662,027
Investment in property and equipment	3,475,889	3,538,255
Land held for conservation	<u>14,071,942</u>	<u>13,933,166</u>
Total net assets without donor restrictions	<u>18,873,315</u>	<u>18,711,775</u>
With donor restrictions		
Purpose/time restricted	1,403,417	1,078,245
Perpetual in nature	<u>3,540,179</u>	<u>3,515,179</u>
Total net assets with donor restrictions	<u>4,943,596</u>	<u>4,593,424</u>
Total net assets	<u>23,816,911</u>	<u>23,305,199</u>
 Total liabilities and net assets	<u>\$24,808,835</u>	<u>\$23,366,557</u>

See notes to financial statements.

WESTCHESTER LAND TRUST, INC.

Statement of Activities
Year Ended December 31, 2020
 (with summarized comparative information for the year ended December 31, 2019)

	Year Ended December 31		
	2020		2019
	Without Donor Restrictions	With Donor Restrictions	Total
Operating support and revenue			
Contributions and grants	\$ 747,790	\$ 70,800	\$ 818,590
Contributions from special events, net of direct donor benefits of \$16,957 in 2020 and \$133,197 in 2019	210,590	-	210,590
Interest and dividends income	1,157	-	1,157
Realized gain (loss) on sale of investments	(404)	-	(404)
Unrealized gain on investment	3	-	3
Rental income, net	4,107	-	4,107
Other	9,955	-	9,955
Total support and revenue	973,198	70,800	1,043,998
Net assets released from restrictions	97,235	(97,235)	-
Total operating support and revenue	1,070,433	(26,435)	1,043,998
Operating expenses			
Program services	807,778	-	807,778
Supporting activities			
Management and general	169,813	-	169,813
Fundraising	172,850	-	172,850
Total operating expenses	1,150,441	-	1,150,441
Change in net assets from operations	(80,008)	(26,435)	(106,443)
Non-operating			
Contributions	-	25,000	25,000
Interest and dividends, net	13,334	86,880	100,214
Realized gain (loss) on sale of investments	(2,400)	(39,678)	(42,078)
Unrealized gain on investments	42,582	492,437	535,019
Net assets released from restrictions	188,032	(188,032)	-
Change in net assets from non-operating activity	241,548	376,607	618,155
Change in net assets	161,540	350,172	511,712
Net assets, beginning of year	<u>18,711,775</u>	<u>4,593,424</u>	<u>23,305,199</u>
Net assets, end of year	<u>\$18,873,315</u>	<u>\$ 4,943,596</u>	<u>\$23,816,911</u>

See notes to financial statements.

WESTCHESTER LAND TRUST, INC.

Statement of Functional Expenses

Year Ended December 31, 2020

(with summarized comparative information for the year ended December 31, 2019)

	Year Ended December 31				
	2020				2019
	Supporting Activities				
	Program Services	Management and General	Fundraising	Total	Total
Personnel					
Salaries and wages	\$ 417,516	\$ 86,223	\$ 130,130	\$ 633,869	\$ 712,412
Payroll taxes and employee benefits	73,852	15,252	23,018	112,122	119,149
Total personnel costs	491,368	101,475	153,148	745,991	831,561
Other than personnel costs					
Land stewardship expenses	46,973	-	-	46,973	93,876
Land acquisition costs	27,385	-	-	27,385	30,585
Consultants and professional fees	107,800	43,978	-	151,778	94,276
Printing and promotion	6,454	-	8,792	15,246	19,197
Software costs	5,823	592	4,126	10,541	12,055
Occupancy and utilities	16,987	1,998	999	19,984	22,940
Insurance	25,627	5,303	1,507	32,437	29,701
Dues and subscriptions	9,138	985	-	10,123	10,164
Supplies	4,948	318	160	5,426	9,958
Postage and mailing	2,750	324	162	3,236	3,367
Equipment repairs and maintenance	7,719	908	454	9,081	9,701
Telephone	3,518	414	207	4,139	4,571
Conferences, meetings and travel	4,377	1,269	-	5,646	18,927
Bank charges and credit card fees	-	3,610	-	3,610	4,423
Depreciation	44,794	5,270	2,635	52,699	52,970
Payroll processing	2,117	437	660	3,214	2,852
Uncollectible pledges	-	1,500	-	1,500	-
Other	-	1,432	-	1,432	1,253
Total expenses	\$ 807,778	\$ 169,813	\$ 172,850	\$1,150,441	\$1,252,377

See notes to financial statements.

WESTCHESTER LAND TRUST, INC.

Statement of Cash Flows

	Year Ended December 31	
	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets	\$ 511,712	\$2,860,893
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	72,758	72,934
Donated land	-	(540,000)
Donated securities	(15,216)	(60,260)
Proceeds from sale of donated securities	15,271	60,690
Realized loss (gain) on sale of investments	42,482	(9,831)
Unrealized (gain) on investments	(537,030)	(697,725)
Write off of uncollectible pledges	1,500	-
Net change in operating assets and liabilities		
Pledges receivable	96,695	(86,821)
Prepaid expenses and other	(42,224)	(24,485)
Accounts payable and accrued expenses	<u>41,444</u>	<u>(15,678)</u>
Net cash provided by operating activities	<u>187,392</u>	<u>1,559,717</u>
Cash flows from investing activities		
Proceeds from the sale of investments	916,918	416,488
Purchases of investments	(748,130)	(522,629)
Land held for conservation	(885,776)	(1,507,532)
Property and equipment acquisitions	<u>(10,392)</u>	<u>(2,106)</u>
Net cash (used in) investing activities	<u>(727,380)</u>	<u>(1,615,779)</u>
Cash flows from financing activities		
Proceeds from paycheck protection program loan	142,122	-
Proceeds from mortgage payable	350,000	-
Proceeds from notes payable	<u>397,000</u>	<u>-</u>
Net cash from financing activities	<u>889,122</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	349,134	(56,062)
Cash and cash equivalents, beginning of year	<u>569,664</u>	<u>625,726</u>
Cash and cash equivalents, end of year	<u>\$ 918,798</u>	<u>\$ 569,664</u>

See notes to financial statements.

WESTCHESTER LAND TRUST, INC.**Notes to Financial Statements
December 31, 2020****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 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**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 without donor restrictions 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, 2020****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, operating cash equivalents include cash in bank accounts and money market funds with original maturities of ninety days or less from the time of purchase. Cash equivalents that are part of the Trust’s investment portfolio are reported as investments and included in Note 5.

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, 2020****Note 2 – Summary of significant accounting policies (continued)****Allowance for doubtful accounts**

As of December 31, 2020, 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, 2020**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 collectability 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, 2020**Note 2 – Summary of significant accounting policies (continued)****Functional allocation of expenses**

The costs of providing the various programs and other supporting activities have been summarized on a functional basis on the accompanying statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function.

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, 2019, from which the summarized information was derived.

Risks and uncertainties

On March 13, 2020, a national emergency was declared due to extraordinary circumstances resulting from the novel coronavirus 2019 (COVID-19) pandemic. As a direct result of this executive order and in response to previously and subsequently issued State and Local Government guidelines, the Trust's programming activities, facilities and operations were limited and subject to restrictions set forth by State and Local Government. Management believes that the COVID-19 pandemic may have an impact on its financial condition, results of operations and outlook for year ending December 31, 2021. The extent to which the COVID-19 pandemic may impact business activity and the Trust's operations will depend on future developments, which are uncertain and cannot be predicted. Management is closely monitoring developments as made available to assess the impact, if any, on the Trust.

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 2, 2021.

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.

WESTCHESTER LAND TRUST, INC.

Notes to Financial Statements (continued)
December 31, 2020**Note 3 – Liquidity and availability of financial assets (continued)**

In addition, the Trust has available a \$100,000 unsecured revolving line of credit (see note 11) 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, 2020:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 918,798	\$ 569,664
Investments held in endowment fund	5,470,236	5,116,031
Pledges and other receivable, net	<u>42,700</u>	<u>139,395</u>
Total financial assets	6,431,734	5,825,090
Less: Board designated for land preservation	649,036	662,027
Net assets with donor restrictions	<u>4,943,596</u>	<u>4,593,424</u>
Total financial assets	<u>\$ 839,102</u>	<u>\$ 569,639</u>

Note 4 – Pledges receivable

Pledges receivable are expected to be collected during 2021.

Note 5 – Investments and investment return

The summary of investments as of December 31, 2020 and December 31, 2019 are as follows:

	<u>2020</u>		<u>2019</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	Level (NAV)
Mutual funds and exchange traded funds	\$4,284,905	\$5,451,210	\$4,423,304	\$5,054,587	(1)
Cash and cash equivalents	<u>19,026</u>	<u>19,026</u>	<u>61,444</u>	<u>61,444</u>	
Total investments	<u>\$4,303,931</u>	<u>\$5,470,236</u>	<u>\$4,484,748</u>	<u>\$5,116,031</u>	

Investment return for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 140,634	\$ 173,981
Realized gain (loss) on sale of investments	(42,482)	9,831
Unrealized gain on investments	<u>535,022</u>	<u>697,725</u>
Sub-total	633,174	881,537
Investment advisory fees	<u>(39,263)</u>	<u>(39,043)</u>
Net investment return	<u>\$ 593,911</u>	<u>\$ 842,494</u>

WESTCHESTER LAND TRUST, INC.

Notes to Financial Statements (continued)
December 31, 2020

Note 5 – Investments and investment return (continued)

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

	<u>2020</u>	<u>2019</u>
Operating investment gain	\$ 756	\$ 9,761
Non-operating investment return	<u>593,155</u>	<u>832,733</u>
Total investment return	<u>\$ 593,911</u>	<u>\$ 842,494</u>

Note 6 – Property and equipment

Property and equipment at December 31, 2020 and December 31, 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Land	\$ 2,000,000	\$ 2,000,000
Buildings and improvements	2,265,731	2,255,339
Furniture and equipment	63,952	63,952
Autos and trucks	<u>29,000</u>	<u>29,000</u>
Sub-total	4,358,683	4,348,291
Less accumulated depreciation	<u>(882,794)</u>	<u>(810,036)</u>
Property and equipment, net	<u>\$ 3,475,889</u>	<u>\$ 3,538,255</u>

Depreciation expense for the years ended December 31, 2020 and December 31, 2019 were \$72,758 and \$72,934, respectively, of which \$20,059 and \$19,964, respectively has been netted with rental income in the statement of activities and \$52,699 and \$52,970, 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 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 \$14,818,942 at December 31, 2020 and \$13,933,166 at December 31, 2019.

The Trust, at times, also enters into agreements to purchase land which it then sells or donates to state agencies or local municipalities to further its conservation mission. With the purchase of these properties the Trust transfers ownership to the state agencies or municipalities which, in turn, may grant a conservation easement to the Trust.

WESTCHESTER LAND TRUST, INC.

Notes to Financial Statements (continued) December 31, 2020

Note 7 – Land held for conservation and conservation easements (continued)

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 two conservation easements during the year ended December 31, 2020, bringing the total number of easements in favor of the Trust to 211 which covers approximately 6,056 acres of land.

Note 8 – Net assets without donor restrictions – Board designated

Board designated net assets consist of the following as of December 31, 2020:

	Balance December 31, 2019	Support and Revenue	Board Designation	Net Assets Released from Restrictions	Balance December 31, 2020
Land preservation fund	\$ 306,783	\$ 20,131	\$ -	\$ (50,000)	\$ 276,914
Stewards of the land endowment	275,131	32,405	-	(11,569)	295,967
Otter Creek Preserve	<u>8,313</u>	<u>980</u>	<u>-</u>	<u>(350)</u>	<u>8,943</u>
Sub-total	590,227	53,516	-	(61,919)	581,824
Land acquisition fund	56,800	-	50,000	(59,588)	47,212
Sugar Hill Farm capital reserve	<u>15,000</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>20,000</u>
Total	<u>\$ 662,027</u>	<u>\$ 53,516</u>	<u>\$ 55,000</u>	<u>\$ (121,507)</u>	<u>\$ 649,036</u>

WESTCHESTER LAND TRUST, INC.

Notes to Financial Statements (continued)
December 31, 2020**Note 9 – Net assets with donor restrictions**

Purpose/time restricted net assets consist of the following as of December 31, 2020:

	Net Assets December 31, 2019	Support and Revenue	Net Assets Released from Restrictions/ Investment Advisory Fees	Net Assets December 31, 2020
Candace Schafer Memorial	\$ 8,760	\$ -	\$ (500)	\$ 8,260
Jane Pearl Memorial	5,235	-	(500)	4,735
Hudson Valley Farmlink Network Grant	2,500	5,800	(8,300)	-
Urban Farm Feasibility Project	-	15,000	(3,467)	11,533
Farvue Foundation Grant	20,850	-	(20,850)	-
Pine Croft Meadow	9,180	10,000	(9,180)	10,000
Con Edison Pollinator Program	3,913	10,000	(8,756)	5,157
Artur and Elaine Johnson Grant	10,924	30,000	(40,924)	-
Leon Levy Plant Restoration	6,258	-	(4,758)	1,500
Sub-total	67,620	70,800	(97,235)	41,185
Stewards of the Land Endowment	921,358	465,671	(164,165)	1,222,864
The Dextra Baldwin McGonagle Memorial Fund	19,464	5,490	(1,874)	23,080
Leon Levy Preserve Fund	17,853	11,029	(3,771)	25,111
Lewyt Land Conservation Fund	32,832	38,663	(15,016)	56,479
Martha Dinerstein Fund for Conservation Leadership	14,933	16,858	(2,518)	29,273
Otter Creek Preserve Stewardship	4,185	1,928	(688)	5,425
Sub-total	1,010,625	539,639	(188,032)	1,362,232
Total	\$ 1,078,245	\$ 610,439	\$ (285,267)	\$ 1,403,417

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

Net assets with donor permanent restrictions

Perpetual in nature net assets consist of the following as of December 31, 2020:

	Net Assets December 31, 2019	Contributions and Revenue	Net Assets December 31, 2020
Stewards of the Land Endowment	\$ 2,987,309	\$ 10,000	\$ 2,997,309
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	5,000	17,185
Martha Dinerstein Fund for Conservation Leadership	113,185	10,000	123,185
Total	\$ 3,515,179	\$ 25,000	\$ 3,540,179

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.

WESTCHESTER LAND TRUST, INC.**Notes to Financial Statements (continued)**
December 31, 2020**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 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.

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.

WESTCHESTER LAND TRUST, INC.
Notes to Financial Statements (continued)
December 31, 2020

Note 10 – Endowment (continued)

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, 2020 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, 2019	\$ -	\$ 590,227	\$ 1,010,625	\$ 3,515,179	\$ 5,116,031
Contributions	-	-	-	25,000	25,000
Interest and dividends, net	-	11,326	86,880	-	98,206
Realized gain (loss) on investments	-	(2,400)	(39,677)	-	(42,077)
Unrealized investment gains	-	44,590	492,437	-	537,027
Approved for expenditure	249,951	(61,919)	(188,032)	-	-
Drawdowns	(249,951)	-	-	-	(249,951)
Endowment					
December 31, 2020	-	581,824	1,362,233	3,540,179	5,484,236
Comprised of:					
Board-designated endowment funds:					
Land Preservation Fund	-	276,914	-	-	276,914
Stewards of the Land Endowment	-	295,967	-	-	295,967
Otter Creek Preserve	-	8,943	-	-	8,943
Donor-restricted endowment funds:					
Stewards of the Land Endowment	-	-	1,222,864	3,001,309	4,224,173
Leon Levy Preserve Fund	-	-	25,111	75,000	100,111
The Dextra Baldwin McGonagle Memorial Fund	-	-	23,080	27,500	50,580
Lewyt Land Conservation Fund	-	-	56,479	300,000	356,479
Otter Creek Preserve Stewardship	-	-	5,425	13,185	18,610
Martha Dinerstein Fund for Conservation Leadership	-	-	29,274	123,185	152,459
Total	\$ -	\$ 581,824	\$ 1,362,233	\$ 3,540,179	\$ 5,484,236

WESTCHESTER LAND TRUST, INC.**Notes to Financial Statements (continued)**
December 31, 2020**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 were no borrowings under this line of credit during 2020.

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 \$13,883 for the year ended December 31, 2020.

Note 13 – Paycheck Protection Program Loan

On April 23, 2020, the Trust, received a \$142,122 term note under the Paycheck Protection Program (the “PPP Loan”). The PPP Loan was created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration (the “SBA”). As disclosed in the PPP Loan documents, principal and interest payments were deferred for the first six months. During the deferral period, interest on the outstanding principal accrued at a fixed rate of 1.0% per annum. During 2020, the Trust met the requirements and filed an application for PPP Loan forgiveness. During January 2021, the PPP Loan forgiveness application was confirmed by the SBA and as a result, the Trust will record the forgiveness amount as a grant revenue of \$142,122 in the 2021 statement of activities.

Note 14 – Mortgage Payable

During January 2020, in order to purchase a parcel of land, WLT obtained a \$350,000 mortgage with a foundation. The mortgage is interest free and matures on January 24, 2025, where all principal shall be due and payable. WLT is permitted to make prepayments on the mortgage subject to certain terms as disclosed in the mortgage note. The note is secured by a mortgage deed on the land.

Note 15 – Notes Payable

During April and October 2020, in connection with the acquisition of two conservation land parcels, WLT obtained a \$180,000 promissory note that is due April 24, 2025 (“Note A”) and eleven unsecured promissory notes totaling \$217,000 that are due November 30, 2023. Such notes are interest free and no payment is due until the maturity dates. Note A is secured by a negative pledge agreement. Note A was fully repaid in April 2021.

Note 16 – Related party transaction

During October 2020, a member of the Board Directors provided an unsecured promissory note in the amount of \$115,000 with no interest. As of December 31, 2020 the unsecured promissory is outstanding and matures on November 30, 2023.