

WESTCHESTER LAND TRUST, INC.

**Financial Statements
for year ended
December 31, 2022**

Independent Auditor's Report

The Board of Directors
Westchester Land Trust, Inc.

Opinion

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, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Trust as of December 31, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Trust and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Trust's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Trust's 2021 financial statements, and our report dated June 2, 2022, 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, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



May 16, 2023

WESTCHESTER LAND TRUST, INC.

Statement of Financial Position

| | December 31 | |
|---|----------------------------|----------------------------|
| | <u>2022</u> | <u>2021</u> |
| Assets | | |
| Cash and cash equivalents | \$ 1,599,452 | \$ 1,072,459 |
| Pledges receivable, net | 475,898 | 46,030 |
| Prepaid expenses and other | 98,443 | 71,232 |
| Employee retention tax credit receivable | 125,500 | - |
| Investments held in endowment fund | 5,308,108 | 6,267,045 |
| Property and equipment, net | 1,610,763 | 1,659,972 |
| Land held for conservation | <u>16,834,478</u> | <u>16,285,497</u> |
| Total assets | <u>\$26,052,642</u> | <u>\$25,402,235</u> |
| Liabilities and net assets | | |
| Liabilities | | |
| Accounts payable and accrued expenses | \$ 103,213 | \$ 76,910 |
| Mortgage payable | 1,000,000 | 350,000 |
| Notes payable | <u>348,000</u> | <u>217,000</u> |
| Total liabilities | <u>1,451,213</u> | <u>643,910</u> |
| Net assets | | |
| Without donor restrictions | | |
| Operating | 975,210 | 852,304 |
| Board designated for land preservation | 1,165,803 | 841,048 |
| Investment in property and equipment | 1,610,763 | 1,659,972 |
| Land held for conservation | <u>15,834,478</u> | <u>15,718,497</u> |
| Total net assets without donor restrictions | <u>19,586,254</u> | <u>19,071,821</u> |
| With donor restrictions | | |
| Purpose/time restricted | 1,346,110 | 2,028,785 |
| Perpetual in nature | <u>3,669,065</u> | <u>3,657,719</u> |
| Total net assets with donor restrictions | <u>5,015,175</u> | <u>5,686,504</u> |
| Total net assets | <u>24,601,429</u> | <u>24,758,325</u> |
| Total liabilities and net assets | <u>\$26,052,642</u> | <u>\$25,402,235</u> |

See notes to financial statements.

WESTCHESTER LAND TRUST, INC.

Statement of Activities
Year Ended December 31, 2022
(with summarized comparative information for the year ended December 31, 2021)

| | Year Ended December 31 | | |
|---|-------------------------------|----------------------------|----------------------|
| | 2022 | | 2021 |
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Operating support and revenue | | | |
| Contributions and grants | \$ 1,220,043 | \$ 1,035,984 | \$ 2,256,027 |
| Contributions from special events, net of direct donor benefits of \$117,161 in 2022 and \$35,535 in 2021 | 344,117 | - | 344,117 |
| Interest and dividends, net | 13,900 | - | 13,900 |
| Realized gain (loss) on sale of investments | 521 | - | 521 |
| Unrealized gain (loss) on investment | (39) | - | (39) |
| Rental income (loss), net | (1,185) | - | (1,185) |
| Net gain (loss) on sale of land | (16,502) | - | (16,502) |
| Other | 12,367 | - | 12,367 |
| Total support and revenue | 1,573,222 | 1,035,984 | 2,609,206 |
| Net assets released from restrictions | 732,580 | (732,580) | - |
| Total operating support and revenue | 2,305,802 | 303,404 | 2,609,206 |
| Operating expenses | | | |
| Program services | 1,611,777 | - | 1,611,777 |
| Supporting activities | | | |
| Management and general | 208,377 | - | 208,377 |
| Fundraising | 193,974 | - | 193,974 |
| Total operating expenses | 2,014,128 | - | 2,014,128 |
| Change in net assets from operations | 291,674 | 303,404 | 595,078 |
| Non-operating | | | |
| Contributions | - | 11,346 | 11,346 |
| Interest and dividends, net | 14,344 | 97,232 | 111,576 |
| Realized gain on sale of investments | 10,340 | 407,095 | 417,435 |
| Unrealized gain (loss) on investments | (133,659) | (1,284,172) | (1,417,831) |
| Employee retention credit | 125,500 | - | 125,500 |
| Government grant – PPP Loan | - | - | - |
| Impairment of land and building | - | - | - |
| Net assets released from restrictions | 206,234 | (206,234) | - |
| Change in net assets from non-operating activity | 222,759 | (974,733) | (751,974) |
| Change in net assets | 514,433 | (671,329) | (156,896) |
| Net assets, beginning of year | 19,071,821 | 5,686,504 | 24,758,325 |
| Net assets, end of year | \$ 19,586,254 | \$ 5,015,175 | \$ 24,601,429 |

See notes to financial statements.

WESTCHESTER LAND TRUST, INC.

Statement of Functional Expenses

Year Ended December 31, 2022

(with summarized comparative information for the year ended December 31, 2021)

| | Year Ended December 31 | | | | |
|--|---------------------------|------------------------------|--------------------------|---------------------------|---------------------------|
| | 2022 | | | | 2021 |
| | Supporting Activities | | | | |
| | Program Services | Management and General | Fundraising | Total | Total |
| Personnel | | | | | |
| Salaries and wages | \$ 520,527 | \$ 101,382 | \$ 149,724 | \$ 771,633 | \$ 706,768 |
| Payroll taxes and employee benefits | <u>86,640</u> | <u>16,875</u> | <u>24,921</u> | <u>128,436</u> | <u>125,089</u> |
| Total personnel costs | 607,167 | 118,257 | 174,645 | 900,069 | 831,857 |
| Other than personnel costs | | | | | |
| Land stewardship expenses | 123,860 | - | - | 123,860 | 87,608 |
| Land preservation costs | 544,394 | - | - | 544,394 | 1,319,007 |
| Consultants and professional fees | 148,048 | 56,216 | - | 204,264 | 154,886 |
| Printing and promotion | 6,421 | 2,916 | 8,706 | 18,043 | 13,708 |
| Software costs | 6,275 | 730 | 3,017 | 10,022 | 8,835 |
| Occupancy and utilities | 40,018 | 4,708 | 2,354 | 47,080 | 34,217 |
| Insurance | 28,386 | 5,814 | 1,570 | 35,770 | 35,651 |
| Dues and subscriptions | 26,095 | 4,031 | - | 30,126 | 10,459 |
| Supplies and office expenses | 16,238 | 1,616 | 233 | 18,087 | 15,829 |
| Postage and mailing | 4,379 | 515 | 258 | 5,152 | 5,215 |
| Equipment repairs and maintenance | 11,483 | 1,351 | 675 | 13,509 | 8,935 |
| Telephone | 5,484 | 645 | 323 | 6,452 | 7,584 |
| Conferences, meetings and travel | 16,384 | 1,516 | - | 17,900 | 9,921 |
| Bank charges and credit card fees | - | 5,359 | - | 5,359 | 2,939 |
| Depreciation | 24,537 | 2,887 | 1,443 | 28,867 | 38,215 |
| Payroll processing | 2,608 | 506 | 750 | 3,864 | 3,502 |
| Other | <u>-</u> | <u>1,310</u> | <u>-</u> | <u>1,310</u> | <u>1,068</u> |
| Total expenses | <u>\$1,611,777</u> | <u>\$ 208,377</u> | <u>\$ 193,974</u> | <u>\$2,014,128</u> | <u>\$2,589,436</u> |

See notes to financial statements.

WESTCHESTER LAND TRUST, INC.

Statement of Cash Flows

| | Year Ended December 31 | |
|---|---------------------------|---------------------------|
| | 2022 | 2021 |
| Cash flows from operating activities | | |
| Change in net assets | \$ (156,896) | \$ 941,414 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 49,209 | 58,558 |
| Donated land for conservation | - | (1,533,000) |
| Donated securities | (15,877) | (109,987) |
| Proceeds from sale of donated securities | 16,545 | 110,488 |
| Realized (gain) on sale of investments | (417,956) | (288,944) |
| Unrealized (gain) loss on investments | 1,417,870 | (512,505) |
| Net loss (gain) on sale of land | 16,502 | (4,726) |
| Impairment of land and building | - | 1,757,359 |
| Forgiveness of PPP loan | - | (142,122) |
| Pledges receivable | (429,868) | (3,330) |
| Prepaid expenses and other | (27,211) | 11,038 |
| Employee retention tax credit receivable | (125,500) | - |
| Accounts payable and accrued expenses | 26,303 | (25,892) |
| Net cash provided by operating activities | <u>353,121</u> | <u>258,351</u> |
| Cash flows from investing activities | | |
| Proceeds from the sale of investments | 1,343,802 | 1,673,699 |
| Purchases of investments | (1,385,447) | (1,669,560) |
| Proceeds from the sale of land, net | 670,000 | 220,000 |
| Land held for conservation | (1,235,483) | (148,829) |
| Net cash provided by (used in) investing activities | <u>(607,128)</u> | <u>75,310</u> |
| Cash flows from financing activities | | |
| Proceeds from mortgage payable | 1,000,000 | - |
| Proceeds from notes payable | 348,000 | - |
| Repayment of mortgage payable | (350,000) | - |
| Repayment of notes payable | (217,000) | (180,000) |
| Net cash provided by (used in) financing activities | <u>781,000</u> | <u>(180,000)</u> |
| Net increase in cash and cash equivalents | 526,993 | 153,661 |
| Cash and cash equivalents, beginning of year | <u>1,072,459</u> | <u>918,798</u> |
| Cash and cash equivalents, end of year | <u>\$1,599,452</u> | <u>\$1,072,459</u> |

See notes to financial statements.

WESTCHESTER LAND TRUST, INC.**Notes to Financial Statements
December 31, 2022****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 assets 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.

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.

WESTCHESTER LAND TRUST, INC.**Notes to Financial Statements (continued)**
December 31, 2022**Note 2 – Summary of significant accounting policies (continued)**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 notice 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, 2022, 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.

WESTCHESTER LAND TRUST, INC.**Notes to Financial Statements (continued)**
December 31, 2022**Note 2 – Summary of significant accounting policies (continued)****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.

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.

WESTCHESTER LAND TRUST, INC.**Notes to Financial Statements (continued)**
December 31, 2022**Note 2 – Summary of significant accounting policies (continued)**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.

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.

WESTCHESTER LAND TRUST, INC.

Notes to Financial Statements (continued)
December 31, 2022

Note 2 – Summary of significant accounting policies (continued)

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, 2021, 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 May 16, 2023.

Reclassification

Certain items in the 2021 financial statements have been reclassified for comparative purposes only.

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 \$150,000 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:

| | <u>2022</u> | <u>2021</u> |
|--|--------------------|-------------------|
| Cash and cash equivalents | \$1,599,452 | \$1,072,459 |
| Investments held in endowment fund | 5,308,108 | 6,267,045 |
| Pledges receivable, net | <u>475,898</u> | <u>46,030</u> |
| Total financial assets | 7,383,458 | 7,385,534 |
| Less: Board designated for land preservation | 1,165,803 | 841,048 |
| Net assets with donor restrictions | <u>5,015,175</u> | <u>5,686,504</u> |
| Total financial assets | <u>\$1,202,480</u> | <u>\$ 857,982</u> |

WESTCHESTER LAND TRUST, INC.

Notes to Financial Statements (continued)
December 31, 2022

Note 4 – Pledges receivable

Pledges receivable are summarized as follows at December 31, 2022:

| | <u>2022</u> | <u>2021</u> |
|-------------------------------|----------------|---------------|
| Due within one year | \$ 446,090 | \$ 46,030 |
| Due within two-to-five years | <u>31,000</u> | <u>-</u> |
| Sub-total | 477,090 | 46,030 |
| Discount to present value | <u>(1,192)</u> | <u>-</u> |
| Total pledges receivable, net | <u>475,898</u> | <u>46,030</u> |

In 2022, a present value discount of 4% per annum has been calculated using discount factors that approximate the risk and expected timing of future contribution payments.

Note 5 – Investments and investment return

The summary of investments as of December 31, 2022 and December 31, 2021 are as follows:

| | | <u>2022</u> | | <u>2021</u> | |
|---------------------------|----------------|---------------------|-----------------------|--------------------|-----------------------|
| | Level (NAV) | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> |
| Mutual funds and exchange | | | | | |
| traded funds | (1) | \$ 4,077,463 | \$4,434,726 | \$4,531,586 | \$6,210,396 |
| Common stocks | (1) | 868,873 | 843,895 | - | - |
| Cash and cash equivalents | | <u>29,487</u> | <u>29,487</u> | <u>56,649</u> | <u>56,649</u> |
| Total investments | | <u>\$ 4,975,823</u> | <u>\$5,308,108</u> | <u>\$4,588,235</u> | <u>\$6,267,045</u> |

Investment return for the years ended December 31:

| | <u>2022</u> | <u>2021</u> |
|---------------------------------------|---------------------|-------------------|
| Interest and dividends | \$ 161,300 | \$ 102,270 |
| Realized gain on sale of investments | 417,956 | 288,944 |
| Unrealized gain (loss) on investments | <u>(1,417,870)</u> | <u>512,505</u> |
| Sub-total | (838,614) | 903,719 |
| Investment advisory fees | <u>(35,824)</u> | <u>(36,858)</u> |
| Net investment return | <u>\$ (874,438)</u> | <u>\$ 866,861</u> |

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

| | <u>2022</u> | <u>2021</u> |
|---|---------------------|-------------------|
| Operating investment return gain (loss) | \$ 14,382 | \$ (11) |
| Non-operating investment return (loss) | <u>(888,820)</u> | <u>866,872</u> |
| Total investment return | <u>\$ (874,438)</u> | <u>\$ 866,861</u> |

WESTCHESTER LAND TRUST, INC.

Notes to Financial Statements (continued) December 31, 2022

Note 6 – Property and equipment

Property and equipment at December 31, 2022 and December 31, 2021 consisted of the following:

| | <u>2022</u> | <u>2021</u> |
|--------------------------------|---------------------|---------------------|
| Land | \$ 700,000 | \$ 700,000 |
| Buildings and improvements | 1,584,070 | 1,584,070 |
| Furniture and equipment | 63,952 | 63,952 |
| Autos and trucks | <u>29,000</u> | <u>29,000</u> |
| Sub-total | 2,377,022 | 2,377,022 |
| Less: accumulated depreciation | <u>(766,259)</u> | <u>(717,050)</u> |
| Property and equipment, net | <u>\$ 1,610,763</u> | <u>\$ 1,659,972</u> |

Depreciation expense for the years ended December 31, 2022 and December 31, 2021, were \$49,209 and \$58,558, respectively, of which \$20,342 and \$20,343, respectively has been netted with rental income in the statement of activities and \$28,867 and \$38,215, respectively, has been recorded in the statement of functional expenses.

Impairment of long-lived assets

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances that indicate that the carrying value of the assets may not be recoverable. During 2021, it was determined that the Trust's headquarters, encompassing land and building with an original donated value of \$3,500,000, required an impairment charge of \$1,757,359, consisting of a cost write down of \$1,981,661 and related accumulated depreciation of \$224,302 which was recorded as an other deduction in the 2021 statement of activities.

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 \$16,834,478 at December 31, 2022 and \$16,285,497 at December 31, 2021.

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.

During 2022, the Trust acquired a land parcel in Patterson, NY for a purchase price of \$1,100,000 plus closing and acquisition costs of \$119,485. This acquisition has been capitalized to Land Held for Conservation.

WESTCHESTER LAND TRUST, INC.

Notes to Financial Statements (continued) December 31, 2022

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

Land held for conservation (continued)

During 2022, the Trust divested itself of four parcels of land that were held for conservation purposes; one, sold to The City of New Rochelle, one sold to New York State, one transferred to the Town of North Castle and one transferred to a conservation partner as follows. The net of the total sales price (\$670,000) with related cost bases, including selling costs (\$686,502), was recorded as a net loss on the sale of land on the statement of activities.

- **The City of New Rochelle** – This property, located in New Rochelle, NY was acquired in October 2020, was sold for \$250,000 and had a cost basis of \$295,950.
- **State of New York** – This property, located in Patterson, NY was acquired in January 2020, was sold for \$420,000 and had a cost basis of \$390,552.
- **Town of North Castle** – This property, acquired in October 2021, with proceeds from a New York State grant and a contribution from the Town of North Castle, at a purchase price of \$1,250,000 was transferred to the Town of North Castle at no cost. The Trust's cost of acquiring this property was expensed in 2021 since there was an easement attached to the property.
- **Conservation Partner** - During 2022, the Trust, with proceeds from a New York State grant and a contribution from a conservation partner, entered into a Memorandum of Understanding to facilitate the purchase by the Trust of certain real property located in Ossining, NY for a purchase price of \$525,000 plus closing costs of \$28,543. Immediately upon the acquisition, the Trust conveyed the property to its conservation partner for no compensation. The net cost of this transaction to the Trust was approximately \$8,800.

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, 2022, bringing the total number of easements in favor of the Trust to 214 which cover approximately 6,142 acres of land.

Note 8 – Mortgage Payable

During October 2022, in order to purchase a parcel of land, WLT obtained a \$1,000,000 mortgage with a foundation. The mortgage is interest free and matures on October 3, 2027, 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 one of the Trust's other properties.

WESTCHESTER LAND TRUST, INC.

Notes to Financial Statements (continued) December 31, 2022

Note 9 – Note Payable

During October 2022, in connection with the acquisition of a conservation land parcel located in Ossining, NY, WLT obtained a \$348,000 promissory due October 20, 2026 at no interest. The note was fully repaid in February 2023.

Note 10 – Line of credit

The Trust has a \$150,000 unsecured revolving credit agreement with a commercial bank bearing interest at the prime rate plus 1.5% per annum. There were no borrowings under this line of credit during 2022.

Note 11 – Net assets without donor restrictions – Board designated

Board designated net assets consist of the following as of December 31, 2022:

| | Balance December 31, 2021 | Support and Revenue (Investment Returns) | Board Designation | Net Assets Released from Restrictions | Balance December 31, 2022 |
|------------------------------------|---------------------------------|---|----------------------|---|---------------------------------|
| Land preservation fund | \$ 301,427 | \$ (39,618) | \$ - | \$ - | \$ 261,809 |
| Stewards of the land endowment | 371,895 | (67,976) | 136,350 | (13,709) | 426,560 |
| Otter Creek Preserve | 10,019 | (1,381) | - | (369) | 8,269 |
| Sub-total | 683,341 | (108,975) | 136,350 | (14,078) | 696,638 |
| Land acquisition fund | 132,707 | 1,184,466 | - | (890,008) | 427,165 |
| Stewardship Capital Reserve | - | - | 12,000 | - | 12,000 |
| Sugar Hill Farm capital reserve | 25,000 | - | 5,000 | - | 30,000 |
| Total | \$ 841,048 | \$ 1,075,491 | \$ 153,350 | \$ (904,086) | \$ 1,165,803 |

Note 12 – Net assets with donor restrictions

Net assets with donor permanent restrictions

Perpetual in nature net assets consist of the following as of December 31, 2022:

| | Net Assets December 31, 2021 | Contributions and Revenue | Net Assets December 31, 2022 |
|---|------------------------------------|------------------------------|------------------------------------|
| Stewards of the Land Endowment | \$ 3,114,849 | \$ 11,346 | \$ 3,126,195 |
| 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 | 17,185 | - | 17,185 |
| Martha Dinerstein Fund for Conservation Leadership | 123,185 | - | 123,185 |
| Total | \$ 3,657,719 | \$ 11,346 | \$ 3,669,065 |

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, 2022**Note 12 – Net assets with donor restrictions (continued)**

Purpose/time restricted net assets consist of the following as of December 31, 2022:

| | Net Assets December 31, 2021 | Support and Revenue | Net Assets Released From Restrictions/ Appropriated | Net Assets December 31, 2022 |
|--|------------------------------------|------------------------|---|------------------------------------|
| Candace Schafer Memorial | \$ 7,760 | \$ - | \$ (7,760) | \$ - |
| Jane Pearl Memorial | 4,235 | - | (4,235) | - |
| Zofnass Wilderness Walk | - | 10,562 | (10,562) | - |
| Con Edison Pollinator Program Grant | 8,151 | 13,000 | (10,446) | 10,705 |
| Jerome Levy Plant Restoration Grant | 3,750 | - | (3,750) | - |
| Land Trust Alliance – Hunter Brook | 12,605 | - | (12,605) | - |
| Land Trust Alliance – Otter Creek acquisition and stewardship | 8,800 | - | (8,800) | - |
| Urban Conservation Director | - | 340,000 | - | 340,000 |
| Lower Hudson PRISM Grant | - | 17,000 | (17,000) | - |
| Westchester Community Foundation – Glenwood Lake Stewardship | 11,000 | - | (11,000) | - |
| NYS Dept. of Agricultural Mkts SNAP Grant | - | 16,840 | (16,840) | - |
| Stewardship Challenge | - | 25,000 | - | 25,000 |
| American Farmland Trust (HVFN) | 16,000 | - | (16,000) | - |
| Land Acquisitions | - | 613,582 | (613,582) | - |
| Sub-total | <u>72,301</u> | <u>1,035,984</u> | <u>(732,580)</u> | <u>375,705</u> |
| Endowment | | | | |
| Stewards of the Land Endowment | 1,734,271 | (673,814) | (177,737) | 882,720 |
| The Dextra Baldwin McGonagle Memorial Fund | 28,725 | (7,659) | (2,048) | 19,018 |
| Leon Levy Preserve Fund | 36,812 | (15,442) | (4,074) | 17,296 |
| Lewyt Land Conservation Fund | 97,669 | (55,202) | (15,518) | 26,949 |
| Martha Dinerstein Fund for Conservation Leadership | 51,343 | (24,715) | (6,050) | 20,578 |
| Otter Creek Preserve Stewardship | 7,664 | (3,013) | (807) | 3,844 |
| Sub-total | <u>1,956,484</u> | <u>(779,845)</u> | <u>(206,234)</u> | <u>970,405</u> |
| Total | <u>\$ 2,028,785</u> | <u>\$ 256,139</u> | <u>\$ (938,814)</u> | <u>\$ 1,346,110</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, 2022**Note 13 – 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.

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.

WESTCHESTER LAND TRUST, INC.
Notes to Financial Statements (continued)
December 31, 2022

Note 13 – Endowment (continued)

Changes in the endowment by type of fund for year ended December 31, 2022 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, 2021 | \$ - | \$ 683,341 | \$ 1,956,484 | \$ 3,657,719 | \$ 6,297,544 |
| Contributions | - | - | - | 11,346 | 11,346 |
| Interest and dividends, net | - | 14,344 | 97,232 | - | 111,576 |
| Realized gain on investments | - | 10,340 | 407,095 | - | 417,435 |
| Unrealized investment (loss) | - | (133,659) | (1,284,172) | - | (1,417,831) |
| Board designation | - | 136,350 | - | - | 136,350 |
| Approved for expenditure | 220,312 | (14,078) | (206,234) | - | - |
| Drawdowns | (220,312) | - | - | - | (220,312) |
| Endowment | | | | | |
| December 31, 2022 | - | 696,638 | 970,405 | 3,669,065 | 5,336,108 |
| Comprised of: | | | | | |
| Board-designated endowment funds: | | | | | |
| Land Preservation Fund | - | 261,809 | - | - | 261,809 |
| Stewards of the Land Endowment | - | 426,561 | - | - | 426,561 |
| Otter Creek Preserve | - | 8,268 | - | - | 8,268 |
| Donor-restricted endowment funds: | | | | | |
| Stewards of the Land Endowment | - | - | 882,719 | 3,126,195 | 4,008,914 |
| Leon Levy Preserve Fund | - | - | 17,296 | 75,000 | 92,296 |
| The Dextra Baldwin McGonagle Memorial Fund | - | - | 19,018 | 27,500 | 46,518 |
| Lewyt Land Conservation Fund | - | - | 26,949 | 300,000 | 326,949 |
| Otter Creek Preserve Stewardship | - | - | 3,845 | 17,185 | 21,030 |
| Martha Dinerstein Fund for Conservation Leadership | - | - | 20,578 | 123,185 | 143,763 |
| Total | <u>\$ -</u> | <u>\$ 696,638</u> | <u>\$ 970,405</u> | <u>\$ 3,669,065</u> | <u>\$ 5,336,108</u> |

Note 14 – 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 \$15,935 for the year ended December 31, 2022.