

**DUTCHESS LAND CONSERVANCY, INC.
AND SUBSIDIARY**

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020
(with memorandum totals for the year ended December 31, 2019)

DUTCHESS LAND CONSERVANCY, INC. AND SUBSIDIARY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Dutchess Land Conservancy, Inc.:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Dutchess Land Conservancy, Inc. (a non-profit organization) and its wholly owned subsidiary Keeler Lane Development Corporation (an S Corporation), which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

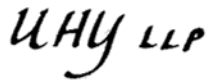
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Dutchess Land Conservancy, Inc, and its wholly owned subsidiary as of December 31, 2020, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and consolidating statement of activities for the year ended December 31, 2020 are presented for the purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited Dutchess Land Conservancy, Inc. and its wholly owned subsidiary's December 31, 2019 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated July 6, 2020. 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 consolidated audited financial statements from which it has been derived.

The logo for UHY LLP, featuring the letters 'UHY' in a large, stylized, cursive font, with 'LLP' in a smaller, simpler font to the right.

Hudson, New York
July 21, 2021

DUTCHESS LAND CONSERVANCY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2020
(with memorandum totals for December 31, 2019)

	<u>2020</u>	2019 (memorandum only)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 667,432	\$ 967,205
Unconditional promises to give	61,920	103,296
Accounts receivable	2,016	2,166
Prepaid expenses	34,327	64,639
Certificates of deposit	868,221	280,540
Total current assets	<u>1,633,916</u>	<u>1,417,846</u>
PROPERTY AND EQUIPMENT, NET	<u>98,126</u>	<u>1,002,195</u>
OTHER ASSETS		
Tradeland	756,000	7,465,120
Investments	12,214,864	6,865,240
Restricted cash- for investment	11,298	15,319
Total other assets	<u>12,982,162</u>	<u>14,345,679</u>
Total assets	<u>\$ 14,714,204</u>	<u>\$ 16,765,720</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 39,710	\$ 68,462
Accrued expenses	882	886
Contract liability	94,516	273,072
Total current liabilities	<u>135,108</u>	<u>342,420</u>
LONG-TERM LIABILITIES		
Loan payable	550,000	-
Deferred tax liability	-	500,215
Total long-term liabilities	<u>550,000</u>	<u>500,215</u>
Total liabilities	<u>685,108</u>	<u>842,635</u>
NET ASSETS		
Without donor restrictions	9,722,516	12,217,138
With donor restrictions	4,306,580	3,705,947
Total net assets	<u>14,029,096</u>	<u>15,923,085</u>
Total liabilities and net assets	<u>\$ 14,714,204</u>	<u>\$ 16,765,720</u>

See notes to consolidated financial statements.

DUTCHESS LAND CONSERVANCY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
For the year ended December 31, 2020
(with memorandum totals for the year ended December 31, 2019)

	2020			2019 (memorandum only)
	Without Donor	With Donor	Total	
	Restrictions	Restrictions		
OPERATING ACTIVITIES				
OPERATING REVENUES AND OTHER SUPPORT				
Contributions:				
General	\$ 772,886	\$ 9,759	\$ 782,645	\$ 815,883
Time restricted	-	25,000	25,000	2,500
Grants	299,018	310,000	609,018	604,512
Purchase of development rights grants	245,573	-	245,573	3,157,945
Bequests	105,039	-	105,039	-
Total contributions and grants	<u>1,422,516</u>	<u>344,759</u>	<u>1,767,275</u>	<u>4,580,840</u>
Special events:				
Contributions	279,224	-	279,224	246,768
Special events revenue	225	-	225	95,025
Cost of direct benefit to donors	(34,528)	-	(34,528)	(100,110)
Net special events revenue	<u>244,921</u>	<u>-</u>	<u>244,921</u>	<u>241,683</u>
Miscellaneous income	14,407	-	14,407	9,429
Donated rent	25,200	-	25,200	25,200
Dividend and interest income - bank	3,404	-	3,404	3,054
Releases from restrictions	107,194	(107,194)	-	-
Total operating revenues and other support	<u>1,817,642</u>	<u>237,565</u>	<u>2,055,207</u>	<u>4,860,206</u>
OPERATING EXPENSES				
Program				
Land conservation:				
Purchase of development rights	760,063	-	760,063	3,097,806
Other land conservation costs	434,080	-	434,080	544,940
Keeler Lane project expenses	178,516	-	178,516	159,852
Total land conservation	<u>1,372,659</u>	<u>-</u>	<u>1,372,659</u>	<u>3,802,598</u>
Stewardship	391,809	-	391,809	398,478
Education	307,401	-	307,401	302,401
Total program expenses	<u>2,071,869</u>	<u>-</u>	<u>2,071,869</u>	<u>4,503,477</u>
Management and general	201,030	-	201,030	227,822
Fundraising	119,197	-	119,197	130,265
Total operating expenses	<u>2,392,096</u>	<u>-</u>	<u>2,392,096</u>	<u>4,861,564</u>
(Decrease) increase in net assets from operating activities, before income taxes	(574,454)	237,565	(336,889)	(1,358)
Income tax benefit - Keeler Lane	500,215	-	500,215	53,291
(Decrease) increase in net assets from operating activities, after income taxes	<u>(74,239)</u>	<u>237,565</u>	<u>163,326</u>	<u>51,933</u>
NON-OPERATING ACTIVITIES				
Loss on sale of Keeler Lane land	(3,486,407)	-	(3,486,407)	-
Forgiveness of PPP loan	161,910	-	161,910	-
Investment return, net	906,656	342,868	1,249,524	1,094,715
Stewardship endowment contributions	-	20,200	20,200	27,360
Loss on disposal of vehicle	(2,542)	-	(2,542)	-
(Decrease) increase in net assets from non-operating activities	<u>(2,420,383)</u>	<u>363,068</u>	<u>(2,057,315)</u>	<u>1,122,075</u>
NET (DECREASE) INCREASE IN NET ASSETS	<u>(2,494,622)</u>	<u>600,633</u>	<u>(1,893,989)</u>	<u>1,174,008</u>
NET ASSETS, Beginning of year	<u>12,217,138</u>	<u>3,705,947</u>	<u>15,923,085</u>	<u>14,749,077</u>
NET ASSETS, End of year	<u>\$ 9,722,516</u>	<u>\$ 4,306,580</u>	<u>\$ 14,029,096</u>	<u>\$ 15,923,085</u>

See notes to consolidated financial statements.

DUTCHESS LAND CONSERVANCY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2020
(with memorandum totals for the year ended December 31, 2019)

	2020						2019 (memorandum only)	
	Land	Steward-	Education	Total	Management	Fund-	Total	Total
	Conservation	ship		Program	& General	raising		
Salaries	\$ 239,065	\$ 242,237	\$ 182,906	\$ 664,208	\$ 97,245	\$ 78,517	\$ 839,970	\$ 825,947
Employment insurance	1,650	1,520	1,186	4,356	362	443	5,161	5,064
Health insurance	14,884	26,309	16,228	57,421	3,504	5,728	66,653	61,185
Payroll taxes	16,944	17,425	12,948	47,317	7,253	5,834	60,404	58,111
Retirement benefits	7,796	7,042	5,282	20,120	2,766	2,264	25,150	23,248
Professional fees	92,127	31,404	30,069	153,600	23,522	2,111	179,233	295,636
Marketing and development	-	-	-	-	-	9,641	9,641	16,229
Travel and meetings	739	2,797	230	3,766	1,042	327	5,135	12,767
Conferences and seminars	1,585	325	614	2,524	150	275	2,949	8,097
Office supplies	1,850	2,664	1,387	5,901	3,640	554	10,095	18,137
Equipment rental, repairs and maintenance	52,878	2,770	2,906	58,554	4,590	1,250	64,394	51,639
Education programs	-	-	28,858	28,858	-	-	28,858	35,048
Maps	266	266	-	532	-	-	532	1,418
Dues and publications	13,070	83	2,636	15,789	3,782	415	19,986	19,589
Postage	1,952	921	745	3,618	408	673	4,699	4,702
Printing and copying	355	396	808	1,559	152	2,645	4,356	7,643
Telephone	4,740	3,653	3,107	11,500	1,383	1,199	14,082	6,792
Utilities	5,224	1,111	1,177	7,512	1,682	499	9,693	22,633
Insurance	11,109	26,568	1,421	39,098	20,236	599	59,933	55,184
Computer related expenses	5,752	4,900	3,997	14,649	1,966	1,449	18,064	13,151
Bank and credit card fees	-	-	-	-	7,485	-	7,485	8,344
Filing and recording	1,139	610	-	1,749	913	-	2,662	3,593
Stewardship expenses	-	8,432	-	8,432	-	-	8,432	7,791
Purchase of development rights	760,063	-	-	760,063	-	-	760,063	3,097,806
Property taxes	92,195	-	-	92,195	-	-	92,195	100,673
Lobbying expense	-	-	-	-	-	-	-	1,203
Rent expense	5,041	5,040	5,292	15,373	7,560	2,268	25,201	25,201
Miscellaneous	131	-	-	131	3,385	106	3,622	7,349
Depreciation	42,104	5,336	5,604	53,044	8,004	2,400	63,448	67,384
Subtotal	<u>1,372,659</u>	<u>391,809</u>	<u>307,401</u>	<u>2,071,869</u>	<u>201,030</u>	<u>119,197</u>	<u>2,392,096</u>	<u>4,861,564</u>
Cost of direct benefits to donors:								
Food and beverage	-	-	-	-	-	-	-	51,024
Entertainment	-	-	-	-	-	20,000	20,000	5,400
Rentals/facility costs	-	-	-	-	-	12,940	12,940	36,844
Other	-	-	-	-	-	1,588	1,588	6,842
Total cost of direct benefits to donors	-	-	-	-	-	34,528	34,528	100,110
	<u>\$ 1,372,659</u>	<u>\$ 391,809</u>	<u>\$ 307,401</u>	<u>\$ 2,071,869</u>	<u>\$ 201,030</u>	<u>\$ 153,725</u>	<u>\$ 2,426,624</u>	<u>\$ 4,961,674</u>

See notes to consolidated financial statements.

DUTCHESS LAND CONSERVANCY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended December 31, 2020
(with memorandum totals for the year ended December 31, 2019)

	<u>2020</u>	2019 (memorandum only)
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (1,893,989)	\$ 1,174,008
Adjustments to reconcile change in net assets to net cash from operating activities		
Forgiveness of PPP loan	(161,910)	-
Depreciation	63,448	67,384
Restricted contributions for stewardship endowment	(20,200)	(27,360)
Gain on investments	(1,208,704)	(1,004,860)
Loss on sale of Keeler Lane land	3,486,407	-
Loss on disposal of vehicle	2,542	-
Income taxes - Keeler Lane	(500,215)	(53,291)
Changes in:		
Unconditional promises to give	41,376	(80,120)
Accounts receivable	150	1,789
Prepaid expenses	30,312	(19,332)
Accounts payable	(28,752)	33,642
Accrued expenses	(4)	(1,144)
Contract liability	(178,556)	266,572
Total adjustments	<u>1,525,894</u>	<u>(816,720)</u>
Net cash (used for) provided by operating activities	<u>(368,095)</u>	<u>357,288</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of Keeler Lane property and equipment	4,144,641	-
Proceeds from sale of investments	3,843,426	1,898,595
Purchases of investments	(7,984,346)	(1,893,797)
Purchase of certificates of deposit	(893,221)	(395,973)
Proceeds from maturities of certificates of deposit	305,540	246,263
Purchases of property and equipment	(83,849)	(47,390)
Net cash used for investing activities	<u>(667,809)</u>	<u>(192,302)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan payable	550,000	-
Proceeds from PPP loan	161,910	-
Restricted contributions for stewardship endowment	20,200	27,360
Net cash provided by financing activities	<u>732,110</u>	<u>27,360</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(303,794)	192,346
CASH AND CASH EQUIVALENTS, Beginning of year	982,524	790,178
CASH AND CASH EQUIVALENTS, End of year	\$ 678,730	\$ 982,524
RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	\$ 667,432	\$ 967,205
Restricted cash - for endowment	11,298	15,319
	<u>\$ 678,730</u>	<u>\$ 982,524</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Donated stock	<u>\$ 13,241</u>	<u>\$ 16,691</u>

See notes to consolidated financial statements.

DUTCHESS LAND CONSERVANCY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 – NATURE OF OPERATIONS

The Dutchess Land Conservancy, Inc., located in Millbrook, New York, was formed to preserve and protect the scenic, agricultural and environmental resources on land located primarily in Dutchess County, New York. The primary activities of the Organization are:

- A. Land conservation through acquisition of conservation easements (both donated and purchased) and other approaches to preserve open land.
- B. Stewardship of the land the Organization holds under conservation easement through monitoring, management assistance through referrals and education, and enforcement.
- C. Public education regarding techniques for open space preservation and land stewardship by hosting and participating in events, seminars, meetings and conferences, as well as public speaking, writing and disseminating information through the Organization's website, e-mail, the press, newsletters, annual reports, brochures, and meeting with community members and public officials.
- D. Providing expert consulting services to landowners, municipalities and other non-profit groups on land conservation.

The Organization relies primarily on income derived from public support, grants, special events and consulting services to fund operations.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Dutchess Land Conservancy, Inc. and its wholly owned subsidiary, Keeler Lane Development Corporation ("Keeler Lane") (collectively, the "Organization") effective December 31, 2016, the date 100% of Keeler Lane's stock was contributed to Dutchess Land (see "trade land"). Keeler Lane's wholly owned subsidiary, Millbrook Property Holdings, LLC ("Millbrook Holdings") is consolidated with Keeler Lane. On January 23, 2017, Millbrook Holdings was merged into Keeler Lane. All activity of Keeler Lane is included in these consolidated financial statements. All significant intercompany transactions have been eliminated in consolidation. Keeler Lane held the Shekomeko property, which was sold in December 2020.

Financial Statement Presentation and Basis of Accounting

The Organization follows standards of accounting and financial reporting for certain not-for-profit organizations. Accordingly, the consolidated financial statements are prepared on the accrual basis of accounting.

The consolidated financial statements are presented in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016.

Under the provisions of the ASC, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

- *Net assets without donor restrictions* – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

DUTCHESS LAND CONSERVANCY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation and Basis of Accounting (Continued)

- *Net assets with donor restrictions* – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Endowment earnings are restricted until “appropriated by expenditure” by the Organization’s board.

Expenses are reported as decreases in net assets without donor restrictions.

Contributions

The Organization accounts for contributions in accordance with the recommendations of the FASB in FASB ASC 958-605, “Accounting for Contributions Received and Contributions Made.” In accordance with FASB ASC 958-605, contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions support.

The Organization reports gifts of goods and equipment as net assets without donor restrictions, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit donor stipulations that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions upon acquisition of the assets and the assets are placed in service.

Property Held for Sale

Property held for sale is recorded based on appraisals obtained and written down, as needed, when the Organization determines the value is impaired. As of December 31, 2020, the Organization does not have any property held for sale.

Trade Land

In the land conservation world, a trade land is any piece of donated real property that is sold to generate funding, whether it possesses conservation value or not. The Organization accepts fee interest donations of land with the understanding that it will resell the property and apply the proceeds to help further its mission. If the donated land has conservation value, a conservation easement will be placed on the property at the time of sale. Funds generated from the sale of the trade land help fund the Organization’s work to protect land in Dutchess County and the surrounding area, and its long-term stewardship responsibilities for the land it protects in perpetuity.

DUTCHESS LAND CONSERVANCY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Trade Land (Continued)

The Organization currently owns two trade land properties. Properties are located in the Town of Pawling, NY, and the Town of Washington, NY.

Carrying costs associated with the properties until time of sale that are periodic in nature are expensed as incurred. Costs that extend the useful life of the underlying buildings for property held and used are capitalized and depreciated. Often a sale takes many years due to the Organizations' commitment to careful conservation planning prior to resale. In addition, the value to the Organization will be reduced at the time of sale by the placement of a conservation easement restricting future use and development.

During the year ended December 31, 2020, the Organization sold its trade land located in the Town of North East, New York which was received as a gift on December 31, 2016 through a donation of 100% of the stock in Keeler Lane. The following is a summary of the loss on sale of the property:

Carrying value of property sold	\$ 7,631,048
Net proceeds from sale	<u>4,144,641</u>
Loss on sale	<u>\$ 3,486,407</u>

Due to the significant conservation value of the Keeler Lane property, a conservation easement was placed on the property restricting future use and development prior to the sale. A reduction in the value of the property was recorded at the time of sale to reflect the conservation easement.

Conservation Easements

The Organization does not record donated easements at fair value. Donated easements are carried at zero book value primarily because a typical conservation easement provides the Organization with no affirmative rights except to monitor and enforce the easement and this constitutes a burden. Costs incurred by the Organization to purchase development rights are expensed in the period incurred.

Prior Year Amounts

Amounts shown for December 31, 2019, in the accompanying statements are included to provide a basis for comparison with December 31, 2020, and present summarized totals only. Accordingly, the December 31, 2019, amounts are not intended to present all information necessary for a fair presentation in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

Cash equivalents include time deposits, certificates of deposit and highly liquid investments with maturities of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Investments

In accordance with FASB ASC 958-320, "Accounting for Certain Investments Held by Not-for-Profit Organizations" investments in debt and equity securities are reported at fair value on the statement of financial position with the net appreciation (depreciation) in the fair value investments, which consists of the realized gains or losses and the unrealized gains (depreciation) on those investments, is presented in the statement of activities in accordance with donor restrictions as investment return. Investment return is presented net of investment fees.

DUTCHESS LAND CONSERVANCY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

The Organization accounts for its investments at market value on a trade date basis. The value of publicly traded common stocks is based upon quoted market prices. Bonds not actively traded without a readily determinable market value are recorded at estimated fair value based on pricing techniques used by the Organization's fund manager based primarily on discounted cash flows and comparable activity in an active market. The average cost method is primarily used to determine the basis for computing realized gains or losses.

Fair Value Measurements

FASB ASC 820-10 "Fair Value Measurements" defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. FASB 820-10 does not require any new fair value measurements but applies to other GAAP accounting pronouncements that use fair value as a relevant measurement attribute.

Investments are measured at fair value on a recurring basis. In accordance with FASB ASC 820-10, fair value measurements are identified as Level 1, Level 2 or Level 3. Level 1 fair value is based on quoted prices in active markets for identical assets/liabilities. Level 2 fair value is based on significant other observable inputs. Level 3 fair value is based on significant unobservable inputs. There are no Level 3 inputs for the year ended December 31, 2020.

The following is a description of the valuation methodologies used for assets measured at fair value:

- Certificates of deposit are recorded at their carrying value, which approximates fair value.
- Equity securities and exchange traded funds are principally valued at the regular trading session closing price on the exchange market in which such securities are principally traded, using the market approach.
- Fixed income securities are recorded at their quoted market prices and are considered to be traded in an active market due to the high level of daily trading volume.

The Organization believes its valuation methods are appropriate and consistent with other market participants. The use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Donated Services, Goods and Facilities

A substantial number of volunteers have donated hours to the Organization's program services, educational events, and fund-raising campaigns during the year; however, these donated services are not reflected in the financial statements since the services do not require specialized skills. Donated professional services, legal services and specialized skills, which enhanced or created a financial asset, are reflected in the statement of activities at their fair value. The Organization's office space is donated and during the year ended December 31, 2020, an estimated rental value of \$25,201 was recorded by the Organization (see Note 6). The Organization received donated stock in the amount of \$13,241 during the year ended December 31, 2020. Other than the services stated above, no other donated goods or services were recorded.

Materials and other assets received as donations are recorded and reflected in the accompanying financial statements at their fair values at the date of receipt.

In accordance with the Organization's policy, the Organization applies Accounting Standards Update (ASU), "Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows" which requires not-for-profit entities to classify unrestricted cash receipts from the sale of donated financial assets that were nearly immediately converted into cash as cash inflows from operating activities. Cash receipts in which the donor restricts the use of contributed resources to long-term purposes should be classified as cash flows from financing activities.

DUTCHESS LAND CONSERVANCY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unconditional Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Unconditional promises to give are shown as receivables. Pledges receivable may be paid in full or over a period of years based on the terms of the pledge. The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on the prior years' experience and management's analysis of specific promises made. As of December 31, 2020, all promises to give are considered collectible. Given the short duration of the outstanding unconditional promises to give at December 31, 2020, no discounting was applied to the receivable balance.

Contract Liabilities

Payments received on grants with contingencies are treated as contract liabilities until the contingency is met. Unspent funds, if any, are payable to the grantor upon completion of the grant specifications. Contract liabilities of \$94,516 were recorded as of December 31, 2020.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and the reported amounts of assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

Concentrations of Credit and Market Risk

Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash equivalents, certificates of deposits, and investments. Cash is maintained at FDIC insured financial institutions and credit exposure is limited to any one institution. The Organization has not experienced any losses on its cash balances. As of December 31, 2020, the Organization's cash balances at financial institutions exceeded FDIC insurance limits by approximately \$209,700. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents. Based on management's review of the strength of the financial institutions, management feels the risk of loss on its cash balances are minimal.

Investments are exposed to various risks. Due to the level of risk associated with these securities and the level of uncertainty related to the changes in their value, it is at least reasonably possible that changes in risks in the near term could materially affect account balances and the amounts reported in the consolidated statement of financial position and consolidated statement of activities as of and for the year ended December 31, 2020.

Income Taxes

Dutchess Land Conservancy is exempt from Federal income taxes as an organization described in Section 501(c)(3) of the Internal Revenue Code. Effective December 31, 2016, Dutchess Land Conservancy received a donation of 100% of the stock of Keeler Lane. The land held by Keeler Lane was sold at a loss in December 2020.

Dutchess Land Conservancy has been indemnified by the prior owners of Keeler Lane for any past tax liability.

Keeler Lane, with the consent of its shareholders, elected under the Internal Revenue Code to be taxed as an S corporation. In lieu of corporation income taxes, the shareholders of an S corporation are taxed on their proportionate share of the company's taxable income. Therefore, income passed to Dutchess Land Conservancy from Keeler Lane, if any, is subject to taxation as unrelated business income. The Organization does not have any taxable unrelated business income for the year ended December 31, 2020.

DUTCHESS LAND CONSERVANCY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

Dutchess Land Conservancy utilizes the method of accounting for income taxes set forth in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, *Income Taxes*. Deferred income tax assets and liabilities are computed annually for differences between the consolidated financial statements and the tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change in deferred tax assets and liabilities.

The Organization has evaluated any uncertain tax positions and related income tax contingencies and determined uncertain positions, if any, are not material to the financial statements, according to FASB ASC 740-10. Penalties and interest assessed by income taxing authorities are included in operating expenses, if incurred. None of the Organization's returns are currently under examination.

Property, Equipment and Depreciation

Property and equipment are recorded at cost, if purchased, or fair market value at the date of donation. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets. The Organization capitalizes assets valued at \$500 or greater. Expenditures for maintenance and repairs are charged to expense when incurred. Gains and losses from sales or other dispositions of depreciable property are included in current operations.

Functional Expenses

The cost of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Office supplies	Full time equivalents
Equipment rental, repairs and maintenance	Square Footage
Postage	Full time equivalents
Printing and copying	Full time equivalents
Telephone	Full time equivalents
Utilities	Square Footage
Insurance	Square Footage
Computer related expenses	Full time equivalents
Rent	Square Footage
Depreciation	Square Footage

DUTCHESS LAND CONSERVANCY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing activities including interest and dividend income generated from the Organization's bank accounts and investment return to support the current year operating budget. Non-operating activities are limited to resources that generate return from board and donor restricted endowments, less amounts authorized to support the current year operating budget, as well as donor restricted endowment contributions, financing costs, contributions of land and property restricted as to use by donors, and other activities considered to be of a more unusual or nonrecurring nature.

Risks and Uncertainties

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic.

Subsequent to March 11, 2020, the Organization has taken the following actions to comply with laws and regulations and address the impact of COVID-19: closed their offices to the general public and required all employees, other than the Financial Manager, to work virtually.

In April 2020, the Organization applied for and received a loan in the amount of \$161,910 from its bank through the Small Business Administration's (SBA) Paycheck Protection Program (PPP). This loan allowed the Organization to retain a full workforce to date. On November 27, 2020, the Organization's bank forgave the PPP loan in full. This balance has been recorded as loan forgiveness from the extinguishment of debt on the consolidated statement of activities for the year ended December 31, 2020.

According to the rules of the SBA, the Organization is required to retain PPP loan documentation for six years after the date the loan was forgiven in full, and permit authorized representatives of the SBA, including representatives of its Office of Inspector General, to access such files upon request. Should the SBA conduct such a review and reject all or some of the Organization's judgments pertaining to satisfying PPP loan eligibility or forgiveness conditions, the Organization may be required to adjust previously reported amounts and disclosures in the financial statements.

As the pandemic continues to endure, the disease could have an adverse material effect on the Organization's activities, results of operations, financial condition and cash flow.

Subsequent Events

Subsequent events have been evaluated through July 21, 2021, which is the date the financial statements were available to be issued.

The Organization received reimbursement from New York State related to one of its Purchase of Development Rights (PDR) projects in July 2021. The funds from this reimbursement were used to pay off its loan payable balance in full (Note 8) of \$550,000 upon receipt in July 2021.

NOTE 3 – CERTIFICATES OF DEPOSIT

The certificates of deposit balance consists of eight certificates of deposit with a total balance at December 31, 2020 of \$868,221. The certificates of deposit have maturities that range from six months to a year and earn interest at rates ranging from 0.10% - 1.00%. The certificates of deposit are held within a Certificate of Deposit Account Registry Service (CDARS) account with various financial institutions and fully covered by FDIC.

DUTCHESS LAND CONSERVANCY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020

NOTE 4 – INVESTMENTS

Investments, stated at fair value, at December 31, 2020, are as follows:

	Cost	Unrealized Gain	Fair Market Value	FASB ASC 820-10 Measurements
Common Stocks	\$ 1,311,108	\$ 1,969,085	\$ 3,280,193	Level 1
Exchange Traded / Closed-end Funds	4,532,665	339,233	4,871,898	Level 1
Government Securities	998,143	21,880	1,020,023	Level 2
Corporate Fixed Income	1,245,623	47,787	1,293,410	Level 2
Cash and Cash equivalents	1,749,340	-	1,749,340	N/A
Total Investments	<u>\$ 9,836,879</u>	<u>\$ 2,377,985</u>	<u>\$ 12,214,864</u>	

NOTE 5 – PROPERTY AND EQUIPMENT

A summary of property and equipment as of December 31, 2020, is as follows:

		Useful Life
Buildings and building improvements	\$ 6,000	15-40 years
Leasehold improvements	394,888	4-18 years
Office furniture and equipment	220,498	5-7 years
	<u>621,386</u>	
Less: accumulated depreciation	<u>(523,260)</u>	
	<u>\$ 98,126</u>	

Depreciation is calculated over the useful lives of the assets. Leasehold improvements are depreciated over the remaining term of the office lease. Total depreciation expense recorded for the year ended December 31, 2020 was \$63,448. Leasehold improvements are fully depreciated as of December 31, 2020.

NOTE 6 – COMMITMENTS AND RELATED PARTIES

Office lease:

The Organization leases its office in Millbrook, New York under a twenty-year operating lease that was set to expire in November 2020 from an individual who is a former board member, a current advisory board member and a relative of a current officer of the board. The lease agreement was extended for another year to November 30, 2021 on September 1, 2020. The lease agreement requires annual rent payments of \$1. The lease agreement gives the tenant (the Organization) the right to make substantial improvements to the property. Under the terms of the lease, all improvements made shall become the property of the landlord at the lease's termination, without any obligation to reimburse the Organization. In 2020, the Organization recorded donated rent income based on an estimated rental value of \$25,200 and a corresponding rent expense of \$25,201. This amount was based on a realtor estimate of the fair rental value of the property.

DUTCHESS LAND CONSERVANCY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020

NOTE 7 – DEFINED CONTRIBUTION PENSION PLAN

The Organization has a 403(b) contribution retirement plan covering all full and part-time employees, excluding interns. Employees are eligible to participate in the plan on the date of hire, if they so elect. The 403(b) is a voluntary retirement savings program and is classified as a “defined contribution plan”. In 2020, the Organization elected to contribute 3% of each employee’s compensation. The total contribution expense for the year ended December 31, 2020 was \$25,150.

NOTE 8 – LOAN PAYABLE

On November 18, 2020, the Organization entered into a loan payable with a local private foundation for \$550,000. The loan is interest-free and has a maturity date of November 18, 2025. The full principal of the loan payable is due at the maturity date. The loan is collateralized by a security interest in a financial account. The Organization calculated imputed interest on the loan and determined it was immaterial to the financial statements as a whole. Therefore, imputed interest was not recorded.

NOTE 9 – KEELER LANE DEVELOPMENT CORPORATION / DEFERRED TAXES

Keeler Lane Development Corporation (Keeler Lane) is a for-profit entity taxed as an “S” corporation. At the time the stock was donated to Dutchess Land Conservancy (DLC) in 2016 it had an appraised fair market value of \$7,590,000 which was used to step up the book basis of Keeler Lane’s assets in accordance with generally accepted accounting principles which treat the donation as a purchase of the Corporation’s assets. That value was allocated between the Corporation’s only assets as follows: 435.75 acres of land - \$6,709,120 and buildings - \$880,880. The tax basis of the assets at the time of the donation of the stock was \$5,143,703.

Since Keeler Lane is not currently an income generating entity for tax purposes, all expenses incurred by Keeler Lane since 2016 have been treated as deferred costs. During the year ended December 31, 2020, the deferred taxes balance of \$550,215 was applied in the current year due to the sale of the property (see note 2, under “Trade land”).

NOTE 10 – NET ASSETS

Net Assets With Donor Restrictions

The Organization has several funds designated as net assets with donor restrictions.

Endowment Funds

The donor restricted Stewardship Endowment Fund (“SEF”) was created to meet two needs: to provide a long term, ongoing source of funds to help cover the annual costs associated with monitoring and managing the Organization’s conservation easements and to be available to cover expenses associated with managing, upholding or defending an easement should its terms or validity be at risk. The endowment is comprised of restricted contributions invested to generate earnings specifically designated for easement stewardship. If the Board of Directors decides that operating cash flows are sufficient to cover the annual stewardship costs, earnings are generally reinvested. Periodically, the Board of Directors will appropriate a portion of the accumulated earnings for expenditure based on the Organization’s spending policy.

Non-Endowment Funds

The donor restricted Land Protection Fund (“LPF”) was first created in 1996 to provide long term funding to be available to cover expenses associated with upholding or defending conservation easements should their terms or validity be at risk, or for other purposes which the Board may designate. The principal of the LPF and the income generated by the fund are available for easement violation enforcement expenses. Contributions to this fund are not required to be invested in perpetuity but are to be available when needed to uphold or defend conservation easements and/or fund the cost of land protection. Investment earnings may be used for board designated purposes to further the Organization’s mission. Investment income and increases in value from the investment of assets in the fund are treated as board designated net assets.

DUTCHESS LAND CONSERVANCY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020

NOTE 10 – NET ASSETS (Continued)

The donor restricted Land Easement Acquisition Fund (“LEAF”) is a fund that is restricted by donor contributions to be used to purchase land or conservation easements. It is the policy of the Organization to use these funds as directed by the donor. These funds are invested by the Organization in order to generate investment returns in the Land Protection Fund but are tracked as Land Easement Acquisition Funds. Investment income and increases in value from the investment of assets in the fund are treated as board designated net assets.

The donor restricted Molly Schaefer Memorial Education Fund was established in 2015 from a bequest from long time board member Molly Schaefer and matching gifts made by her family and friends and is to be used for education purposes.

The donor restricted Milan Window Fund was established in 1993 to protect land in the Milan Window Area, a unique habitat area in the Towns of Milan and Clinton.

The donor restricted Hunt Country Fund was established in 2018 through an anonymous and generous gift to incentivize conservation activities within a specific area of the county to ensure land stays open and available for equestrian pursuits. Its purpose is to broaden awareness about the rich history of this area as it relates to the conservation work of DLC and the equestrian use of the land and to encourage area landowners to place conservation easements on their properties by providing the resources necessary to offset expenses of placing and stewarding easements.

Donor restricted net assets consist for the following purposes as of December 31, 2020:

Management and general:	
Strategic Plan / IT Security / Video Conferencing System	\$ 5,086
Land Conservation:	
Land Protection Fund	1,198,420
Land Easement Acquisition Fund	172,020
Farmland Protection / Seven Wells	438,000
Sweetwater-Milan Window Fund	52,501
Hunt Country Fund	48,070
Farmers’ Assistance Fund	32,028
Stone Church Fund	25,184
State Required Funding Match	2,700
Education:	
Website Re-design / Photo Project / Expanding Capacity / Communications	119,250
Molly Schaefer Memorial Education Fund	79,517
Stewardship:	
Farmers Match / Stewardship Capacity	85,976
	<u>2,258,752</u>
Subject to the Organization's spending policy and appropriation:	
Stewardship -	
Stewardship Endowment Fund	<u>1,862,828</u>
Subject to the passage of time:	
Time restricted contributions	185,000
Total	<u>\$ 4,306,580</u>

DUTCHESS LAND CONSERVANCY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020

NOTE 10 – NET ASSETS (Continued)

Releases from Donor Restricted Net Assets for the year ended December 31, 2020 are as follows:

Subject to the passage of time	\$	12,500
Subject to expenditure for specified purpose:		
Management and general:		
Strategic Plan / IT Security / Video Conferencing System		38,000
Land Conservation:		
Paddle raise donations		11,428
Stewardship:		
Stewardship Capacity / Stewardship Database Software		5,461
Education:		
Enhancing Our Communications		39,805
	<u>\$</u>	<u>107,194</u>

Net Assets Without Donor Restrictions

Board Designated Net Assets

The board-designated portion of the Land Protection Fund includes the investment income and increases in value from the investment of assets in the fund as well as other contributions without restrictions and is designated by the board to provide long term funding to cover expenses associated with upholding or defending conservation easements or for other purposes which the board may designate. Investment income and earnings may be used for board designated purposes to further the Organization's mission. Income and increases in value from the investment of assets are reinvested in the Land Protection Fund until the point in time the board feels prudent.

The board-designated portion of the Land Easement Acquisition Fund includes the investment income and increases in value from the investment of assets in the fund and is designated to be used to purchase land or conservation easements.

The board designated Reserve Fund is maintained to address unanticipated contingencies that arise during a fiscal year, or for other purposes which the board may designate. The reserve fund is made up of funds from budget surpluses, sale of property and other gifts or income so designated. At the end of each fiscal year, the board may allocate any excess funds in the Operating Fund to the Reserve Fund, or alternatively, if a fiscal year ends with an operating deficit, with Board approval, funds from the Reserve Fund may be used to make up the difference. The Board may also choose to use funds from the Reserve Fund for other purposes that meet the Organization's mission.

The board-designated Stewardship Fund (SF) was created to enhance the fund balance of the donor restricted Stewardship Endowment Fund. As the SEF, it meets two needs: to provide a long term, ongoing source of funds to help the annual costs associated with monitoring and managing the Organization's conservation easements and to be available to cover expenses associated with managing, upholding or defending an easement should its terms or validity be at risk. If the board of directors decides that operating cash flows are sufficient to cover the annual stewardship costs, earnings are generally reinvested. The Stewardship Fund includes funds designated by the board for Stewardship purposes and any bequests that the Organization receives that are not otherwise designated per board policy.

Periodically, the board of directors will appropriate a portion of the accumulated earnings for expenditure based on the Organization's spending policy.

DUTCHESS LAND CONSERVANCY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020

NOTE 10 – NET ASSETS (Continued)

As of December 31, 2020, board designated net assets are as follows:

Land protection fund	\$ 5,355,094
Land easement acquisition fund	367,317
Stewardship fund	2,789,892
Reserve Fund	401,076
Total board designated	<u>\$ 8,913,379</u>

FASB ASC 958-205 provides guidance on the net asset classification of donor-restricted and board designated (“invested net assets”) endowment funds for a not-for-profit organization that is subject Uniform Prudent Management of Institutional Funds Act (“UPMIFA”).

Return Objectives and Risk Parameters

It is the policy of the Organization to invest its funds in a manner which provides the highest investment return with optimum security while meeting the daily cash flow needs of the Organization.

Preservation of capital is the foremost objective of the Organization’s investment program. Investments are diversified by asset type to control risks. The Organization defines the investment time horizon as long term. The Organization holds investments within allocation ranges approved by the board of directors. Transfers from the Organization’s endowment and invested asset funds may be made with Investment Committee recommendation and board approval by the President or any officer of the Organization from the investment account to another existing organizational account. Authority to appoint and change investment managers, and to move assets among investment vehicles, is the responsibility of the board of directors. The board is advised by the Investment Committee, to which it has chosen to delegate its authority over these activities pursuant to the Organization’s Investment Policy and board resolutions delegating authority to the Investment Committee within specific investment parameters.

Strategies Employed for Achieving Objectives

The Organization’s Financial Management Policy designates that the Organization’s financial assets must support current activities as well as longer term obligations and objectives. As of November 2020, the Organization’s Investment Committee manages about 30% of the investment portfolio. Prior to this, external professional investment managers managed most of the non-cash financial assets. Both separate accounts and commingled vehicles are used. Investment managers are given investment guidelines specific to their assignments. The Organization evaluates managers’ performance on a “total return” basis, net of fees, and in relation to investment benchmarks and time periods it deems appropriate for each manager’s mandate.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization’s Financial Management and Investment Policies specify how the Organization’s investment accounts will be overseen and managed. The Organization reinvests dividends and interest earned on an annual basis as long as unrestricted donations received for support are sufficient to cover annual operating expenditures and amounts to meet the Organization’s annual fund goals. Accordingly, the Organization expects its endowments to grow over the long-term to support its obligation to oversee the thousands of acres it holds under conservation easements and for other mission-related purposes. This is consistent with the Organization’s objective that the investment portfolio remains sufficiently liquid to meet all operating requirements reasonably anticipated over the succeeding year and designed to produce a return consistent with a strong desire to preserve capital and a need to maintain the purchasing power of the endowment assets.

DUTCHESS LAND CONSERVANCY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020

NOTE 10 – NET ASSETS (Continued)

Endowment and invested net assets composition by type of fund as of December 31, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	\$ -	\$ 922,459	\$ 922,459
Accumulated investment gains	-	940,369	940,369
Board designated funds ("invested net assets")	8,913,379	-	8,913,379
Total funds	<u>\$ 8,913,379</u>	<u>\$ 1,862,828</u>	<u>\$ 10,776,207</u>

Changes in endowment and invested net assets for the year ended December 31, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment and invested net assets, beginning of year	\$ 3,940,602	\$ 1,499,760	\$ 5,440,362
Contributions	105,039	20,200	125,239
Proceeds from Keeler land sale contributed	4,144,641	-	4,144,641
Investment return, net	898,097	342,868	1,240,965
Amounts appropriated for expenditure	(175,000)	-	(175,000)
Endowment and invested net assets, end of year	<u>\$ 8,913,379</u>	<u>\$ 1,862,828</u>	<u>\$ 10,776,207</u>

Funds invested for various future land, education and stewardship expenses as of December 31, 2020 are comprised of:

Endowment and invested net assets, end of year	\$ 10,776,207
Cash and cash equivalents designated for investment in land easement acquisition fund	(4,999)
Cash and cash equivalents designated for investment in stewardship endowment	(6,299)
Donor restricted funds	1,449,955
Total investments	<u>\$ 12,214,864</u>

Underwater Endowment Funds

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NYSUMIFA requires the Organization to retain as a fund of perpetual duration. There were none at December 31, 2020.

DUTCHESS LAND CONSERVANCY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020

NOTE 11 – LIQUIDITY

The Organization's financial assets available within one year of December 31, 2020 for general expenditure are as follows:

Current financial assets at year end:

Cash and cash equivalents	\$ 642,432
Unconditional promises to give	61,920
Accounts receivable, net	2,016
Certificates of deposit	893,221
Total financial assets	<u>\$ 1,599,589</u>

The Organization's financial assets have been reduced by amounts not available for general use because of donor imposed restrictions within one year of December 31, 2020 and amounts set aside for long-term investing in endowments.

In addition, the Organization has board designated net assets of \$8,913,379 (See Note 10) which the board could make available to the Organization for general expenditures, if necessary.

NOTE 12 – SPECIAL EVENTS

Special events generate revenue for the Organization as well as raise awareness about the Organization's mission. Some events are annual, and some are incidental to the Organization's central activities and do not happen regularly. Incidental events are recorded net in the accompanying statement of activities.

The Organization held two annual events during the year ended December 31, 2020. Income and expenses related to these events are as follows:

	<u>Drive-In Event</u>	<u>Celebrate the Outdoors Event</u>	<u>Total</u>
Changes in net assets without donor restrictions:			
Revenues:			
Contributions	\$ 156,951	\$ 122,273	\$ 279,224
Special event revenue	225	-	225
Less: Costs of direct benefits to donors	(34,528)	-	(34,528)
Net revenues from special events	<u>(34,303)</u>	<u>-</u>	<u>(34,303)</u>
Total revenues	<u>122,648</u>	<u>122,273</u>	<u>244,921</u>
Expenses:			
Fundraising:			
Postage	496	-	496
Printing and copy	1,630	-	1,630
Travel	-	62	62
Other indirect costs	254	106	360
Increase in net assets without donor restrictions	<u>\$ 120,268</u>	<u>\$ 122,105</u>	<u>\$ 242,373</u>

SUPPLEMENTARY INFORMATION

**DUTCHESS LAND CONSERVANCY, INC.
AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2020**

	Dutchess Land Conservancy, Inc.	Keeler Lane Development Corporation	Eliminations	Consolidated Totals
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 641,173	\$ 26,259	\$ -	\$ 667,432
Unconditional promises to give	61,920	-	-	61,920
Accounts receivable	2,016	-	-	2,016
Prepaid expenses	34,327	-	-	34,327
Certificates of deposit	868,221	-	-	868,221
Total current assets	<u>1,607,657</u>	<u>26,259</u>	<u>-</u>	<u>1,633,916</u>
PROPERTY AND EQUIPMENT, NET	<u>98,126</u>	<u>-</u>	<u>-</u>	<u>98,126</u>
OTHER ASSETS				
Tradeland	756,000	-	-	756,000
Investments	12,214,864	-	-	12,214,864
Investment in Keeler Lane Development Corporation	25,474	-	(25,474)	-
Restricted cash- for investment	11,298	-	-	11,298
Total other assets	<u>13,007,636</u>	<u>-</u>	<u>(25,474)</u>	<u>12,982,162</u>
Total assets	<u>\$ 14,713,419</u>	<u>\$ 26,259</u>	<u>\$ (25,474)</u>	<u>\$ 14,714,204</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 38,925	\$ 785	\$ -	\$ 39,710
Accrued expenses	882	-	-	882
Contract liability	94,516	-	-	94,516
Total current liabilities	<u>134,323</u>	<u>785</u>	<u>-</u>	<u>135,108</u>
LONG-TERM LIABILITIES				
Loan payable	550,000	-	-	550,000
Total long-term liabilities	<u>550,000</u>	<u>-</u>	<u>-</u>	<u>550,000</u>
Total liabilities	<u>684,323</u>	<u>785</u>	<u>-</u>	<u>685,108</u>
NET ASSETS				
Without donor restrictions	9,722,516	-	-	9,722,516
With donor restrictions	4,306,580	-	-	4,306,580
Accumulated loss	-	(6,587,475)	6,587,475	-
Capital Stock	-	6,612,949	(6,612,949)	-
Total net assets	<u>14,029,096</u>	<u>25,474</u>	<u>(25,474)</u>	<u>14,029,096</u>
Total liabilities and net assets	<u>\$ 14,713,419</u>	<u>\$ 26,259</u>	<u>\$ (25,474)</u>	<u>\$ 14,714,204</u>

See notes to consolidated financial statements.

DUTCHESS LAND CONSERVANCY, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF ACTIVITIES
For the year ended December 31, 2020

	Dutchess Land Conservancy, Inc.	Keeler Lane Development Corporation	Eliminations	Total
OPERATING ACTIVITIES				
OPERATING REVENUES AND OTHER SUPPORT				
Contributions:				
General	\$ 782,645	\$ -	\$ -	\$ 782,645
Time restricted	25,000	-	-	25,000
Grants	609,018	-	-	609,018
Purchase of development rights grants	245,573	-	-	245,573
Bequests	105,039	-	-	105,039
Total contributions and grants	<u>1,767,275</u>	<u>-</u>	<u>-</u>	<u>1,767,275</u>
Special events:				
Contributions	279,224	-	-	279,224
Special events revenue	225	-	-	225
Cost of direct benefit to donors	(34,528)	-	-	(34,528)
Net special events revenue	<u>244,921</u>	<u>-</u>	<u>-</u>	<u>244,921</u>
Loss on investment in Keeler Lane	<u>(3,204,012)</u>	<u>-</u>	<u>3,204,012</u>	<u>-</u>
Miscellaneous income	<u>14,407</u>	<u>-</u>	<u>-</u>	<u>14,407</u>
Donated rent	<u>25,200</u>	<u>-</u>	<u>-</u>	<u>25,200</u>
Interest income (expense) - Keeler Lane	<u>36,762</u>	<u>(36,762)</u>	<u>-</u>	<u>-</u>
Dividend and interest income - bank	<u>3,404</u>	<u>-</u>	<u>-</u>	<u>3,404</u>
Total operating revenues and other support	<u>(1,112,043)</u>	<u>(36,762)</u>	<u>3,204,012</u>	<u>2,055,207</u>
OPERATING EXPENSES				
Program:				
Land conservation	434,080	178,516	-	612,596
Purchase of development rights	760,063	-	-	760,063
Stewardship	391,809	-	-	391,809
Education	307,401	-	-	307,401
Total program expenses	<u>1,893,353</u>	<u>178,516</u>	<u>-</u>	<u>2,071,869</u>
Management and general	201,030	-	-	201,030
Fundraising	119,197	-	-	119,197
Total operating expenses	<u>2,213,580</u>	<u>178,516</u>	<u>-</u>	<u>2,392,096</u>
Increase (decrease) in net assets from operating activities, before income taxes	(3,325,623)	(215,278)	3,204,012	(336,889)
Income tax benefit - Keeler Lane	-	500,215	-	500,215
Increase (decrease) in net assets from operating activities, after income taxes	<u>(3,325,623)</u>	<u>284,937</u>	<u>3,204,012</u>	<u>163,326</u>
NON-OPERATING ACTIVITIES				
Loss on sale of Keeler Lane land	-	(3,486,407)	-	(3,486,407)
Forgiveness of PPP loan	161,910	-	-	161,910
Investment return, net	1,249,524	-	-	1,249,524
Stewardship endowment contributions	20,200	-	-	20,200
Loss on disposal of vehicle	-	(2,542)	-	(2,542)
Increase (decrease) in net assets from non-operating activities	<u>1,431,634</u>	<u>(3,488,949)</u>	<u>-</u>	<u>1,429,092</u>
NET INCREASE (DECREASE) IN NET ASSETS	<u>(1,893,989)</u>	<u>(3,204,012)</u>	<u>3,204,012</u>	<u>(1,893,989)</u>
NET ASSETS (ACCUMULATED EARNINGS), Beginning of year	<u>15,923,085</u>	<u>(189,972)</u>	<u>189,972</u>	<u>15,923,085</u>
Distributions	-	(3,193,491)	3,193,491	-
NET ASSETS (ACCUMULATED EARNINGS), End of year	<u>\$ 14,029,096</u>	<u>\$ (6,587,475)</u>	<u>\$ 6,587,475</u>	<u>\$ 14,029,096</u>

See notes to consolidated financial statements.