

**COLUMBIA LAND CONSERVANCY, INC.
FINANCIAL REPORT
DECEMBER 31, 2016**

COLUMBIA LAND CONSERVANCY, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Columbia Land Conservancy, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Columbia Land Conservancy, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Columbia Land Conservancy, Inc. as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Columbia Land Conservancy, Inc.'s December 31, 2015 financial statements, and our report dated June 16, 2016, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent; in all material respects, with the audited financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of revenue and support and functional expenses on pages 25-27 are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Marvin and Company, P.C.

Latham, NY
June 26, 2017

COLUMBIA LAND CONSERVANCY, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016
(WITH COMPARATIVE TOTALS FOR 2015)

ASSETS

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2016 Total</u>	<u>2015 Total</u>
ASSETS					
Cash and cash equivalents (Notes 2 and 3)	\$ 249,660	\$ 610,789	\$ 650,000	\$ 1,510,449	\$ 3,141,576
Accounts receivable	1,488	-	-	1,488	2,953
Grants receivable (Note 2)	-	60,140	-	60,140	39,050
Unconditional promises to give (Notes 2 and 4)	160,160	-	-	160,160	151,611
Prepaid expenses	49,111	-	-	49,111	45,467
Inventory	6,177	-	-	6,177	5,345
Investments (Notes 2 and 5)	646,447	1,970,961	3,203,644	5,821,052	4,262,020
Mortgage receivable (Notes 2 and 6)	-	-	-	-	5,088
Due to/from	(91,792)	91,792	-	-	-
Property and equipment, net of accumulated depreciation (Notes 2 and 7)	1,296,451	-	-	1,296,451	1,402,811
Land (Notes 2 and 8)	1,841,211	36,500	2,460,779	4,338,490	4,338,490
Total assets	<u>\$ 4,158,913</u>	<u>\$ 2,770,182</u>	<u>\$ 6,314,423</u>	<u>\$ 13,243,518</u>	<u>\$ 13,394,411</u>

See accompanying notes to financial statements.

COLUMBIA LAND CONSERVANCY, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016
(WITH COMPARATIVE TOTALS FOR 2015)

LIABILITIES AND NET ASSETS

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2016 Total</u>	<u>2015 Total</u>
LIABILITIES					
Accounts payable	\$ 33,675	\$ -	\$ -	\$ 33,675	\$ 16,085
Accrued expenses	47,226	-	-	47,226	42,243
Deferred revenue (Note 9)	1,700	-	-	1,700	1,150
Other liabilities	1,276	750	-	2,026	10,293
Line of credit	-	-	-	-	125,000
Notes payable (Note 11)	29,253	-	-	29,253	19,872
Total liabilities	<u>113,130</u>	<u>750</u>	<u>-</u>	<u>113,880</u>	<u>214,643</u>
COMMITMENTS (Note 13)					
NET ASSETS					
Unrestricted					
Undesignated	740,273	-	-	740,273	808,026
Board-designated (Note 14)	2,009,059	-	-	2,009,059	2,016,935
Property and equipment (Note 7)	1,296,451	-	-	1,296,451	1,402,811
Total unrestricted	4,045,783	-	-	4,045,783	4,227,772
Temporarily restricted (Note 15)	-	2,769,432	-	2,769,432	2,637,573
Permanently restricted (Note 15)	-	-	6,314,423	6,314,423	6,314,423
Total net assets	<u>4,045,783</u>	<u>2,769,432</u>	<u>6,314,423</u>	<u>13,129,638</u>	<u>13,179,768</u>
Total liabilities and net assets	<u>\$ 4,158,913</u>	<u>\$ 2,770,182</u>	<u>\$ 6,314,423</u>	<u>\$ 13,243,518</u>	<u>\$ 13,394,411</u>

See accompanying notes to financial statements.

COLUMBIA LAND CONSERVANCY, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2016
(WITH COMPARATIVE TOTALS FOR 2015)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2016 Total</u>	<u>2015 Total</u>
REVENUE AND SUPPORT					
Fundraising and contributions	\$ 1,128,331	\$ 388,355	\$ -	\$ 1,516,686	\$ 4,195,530
Program revenues	27,149	-	-	27,149	44,582
Rental income (Note 16)	24,100	-	-	24,100	34,513
Investment income (loss) (Note 5)	28,018	263,766	-	291,784	(36,319)
Other income (loss)	(21,169)	3,777	-	(17,392)	2,534
Transfers	(96)	96	-	-	-
Subtotal	1,186,333	655,994	-	1,842,327	4,240,840
NET ASSETS RELEASED FROM RESTRICTIONS					
Satisfaction of program restrictions	524,135	(524,135)	-	-	-
TOTAL REVENUE AND SUPPORT	1,710,468	131,859	-	1,842,327	4,240,840
EXPENSES					
Program services:					
Public conservation area management	417,413	-	-	417,413	483,044
Easement stewardship and management	111,130	-	-	111,130	78,728
Land protection activities	549,504	-	-	549,504	443,036
Community outreach and education	389,941	-	-	389,941	401,238
Total Program Services	1,467,988	-	-	1,467,988	1,406,046
Supporting services:					
General and administration	187,939	-	-	187,939	145,415
Fundraising and development	236,530	-	-	236,530	152,378
Total Supporting Services	424,469	-	-	424,469	297,793
TOTAL EXPENSES	1,892,457	-	-	1,892,457	1,703,839
CHANGE IN NET ASSETS	(181,989)	131,859	-	(50,130)	2,537,001
NET ASSETS, BEGINNING OF YEAR	4,227,772	2,637,573	6,314,423	13,179,768	10,642,767
NET ASSETS, END OF YEAR	\$ 4,045,783	\$ 2,769,432	\$ 6,314,423	\$ 13,129,638	\$ 13,179,768

See accompanying notes to financial statements.

COLUMBIA LAND CONSERVANCY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016
(WITH COMPARATIVE TOTALS FOR 2015)

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (50,130)	\$ 2,537,001
Adjustments to reconcile the change in net assets to net cash and cash equivalents used by operating activities:		
Depreciation expense	86,398	82,765
Realized and unrealized (gains) losses	(198,919)	115,299
Amortization of discount on life-estate	-	(7,207)
Donation of securities	-	(3,033,742)
Loss on sale of building	31,570	-
Bad debt expense	22,338	2,750
(Increase) decrease in assets		
Accounts receivable	(20,873)	(198)
Grants receivable	(21,090)	23,450
Unconditional promises to give	(8,549)	(21,790)
Prepaid expenses	(3,644)	4,930
Inventory	(832)	1,016
Increase (decrease) in liabilities		
Accounts payable	17,590	5,012
Accrued expenses	4,983	6,394
Other liabilities	(8,267)	8,310
Deferred revenue	550	(1,400)
	<hr/>	<hr/>
Net cash used by operating activities	(148,875)	(277,410)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of building	112,169	-
Purchase of investments	(1,874,349)	(903,467)
Collections on mortgage receivable	5,088	9,876
Proceeds from sale of investments	514,236	3,854,428
Purchase of fixed assets	(123,777)	(9,738)
	<hr/>	<hr/>
Net cash provided (used) by investing activities	(1,366,633)	2,951,099
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of line of credit/long-term debt	25,028	125,000
Repayment of line of credit/long-term debt	(140,647)	(9,558)
	<hr/>	<hr/>
Net cash provided (used) by financing activities	(115,619)	115,442
Net change in cash and cash equivalents	(1,631,127)	2,789,131
Cash and cash equivalents, beginning of year	<hr/> 3,141,576	<hr/> 352,445
Cash and cash equivalents, end of year	<u>\$ 1,510,449</u>	<u>\$ 3,141,576</u>
Supplemental Cash Flow Information		
Cash paid during the year for:		
Interest	<hr/> \$ 749	<hr/> \$ 1,320

See accompanying notes to financial statements.

COLUMBIA LAND CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

1. ORGANIZATION

Organization Purpose – Columbia Land Conservancy, Inc. (CLC) is a non-profit land trust that works with the community to conserve the farmland, forests, wildlife habitat and rural character of Columbia County, New York, strengthening connections between people and the land. CLC is located in Chatham, New York. It receives its support from private donations, program fees, investment income and private and government grants.

Program Services include:

Land Protection – CLC employs a three pronged programmatic approach to its land protection mission.

- **Conservation Easements:** CLC helps families and individuals protect privately owned land including, but not limited to, working farmlands, by creating, accepting and stewarding conservation easements, ensuring the owner's conservation vision will be upheld forever.
- **Support of land use planning and community projects:** Working with municipalities, communities and conservation groups, CLC encourages land use planning practices and procedures that support protection of the county's rich conservation resources and helps to implement local conservation efforts, including fundraising, acquisition, site planning, and the like for creation of public open spaces, trail building, training of local officials and volunteers, and stewardship of land for habitat, recreation and education.
- **Support for agriculture:** CLC believes that a strong and vibrant farm sector is, among other things, an important conservation asset to this area, where centuries of farming have left an indelible mark on the county's lands, conservation resources and scenic attributes. CLC works to find ways to support an active and resurgent agricultural community, including the development and implementation of innovative strategies to provide new farmers and farmers who want to expand their operation, opportunities to farm land that might otherwise be unaffordable to them.

Community Outreach and Education – CLC works to communicate its mission and the importance of conservation throughout the County with an active and aggressive program of public information and advocacy for conservation values. Among other things, CLC provides numerous informational programs to community groups, issues frequent press releases about its programs and projects, maintains a substantive and active web site and Facebook presence, and supports a monthly column about conservation matters in the major local newspaper. CLC also offers regular outdoor education and recreation opportunities for the general public to promote an appreciation for the natural resources and landscapes within Columbia County.

Easement Stewardship - CLC is responsible for ensuring that the goals of every conservation easement CLC holds are respected in perpetuity. CLC monitors its easement properties by air each year and visits every property on the ground in alternating years to ensure the terms of the easement are being upheld and appropriate action is taken in accordance with best professional standards and practices, if and when necessary.

COLUMBIA LAND CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

1. ORGANIZATION

Public Conservations Areas - CLC owns 12 public conservation areas (PCAs). Nine PCAs are open to the public for hiking and outdoor enjoyment. They are maintained for wildlife habitat, recreation, and CLC's educational programs. The areas offer a diversity of experiences and ecosystems. Three PCAs are not yet open to the public. CLC also manages one public preserve for Scenic Hudson Land Trust, Inc. (See Note 13).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The accounts and financial statements are maintained and presented using the accrual basis of accounting. Revenues are recognized when earned. Expenses are recognized when incurred.

Comparative Financial Information - The financial statements include certain prior-year summarized comparative information in total but not by net asset class. 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 CLC's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

Contributions - CLC accounts for contributions in accordance with the recommendations of accounting principles generally accepted in the United States of America (GAAP). Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

Financial Statement Presentation - CLC is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. A description of the three net asset categories follows:

Unrestricted - Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Trustees.

Temporarily Restricted - Net assets whose use by CLC is subject to donor-imposed restrictions that can be fulfilled by actions of CLC pursuant to those restrictions or that expire with the passage of time.

Permanently Restricted - Net assets subject to donor-imposed restrictions that they be maintained permanently by CLC.

Revenues are reported as increases in unrestricted net assets. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities, if any, are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

COLUMBIA LAND CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Contributions, including unconditional promises to give, are recognized as revenues in the period in which the contribution or promises to give are received. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Use of Estimates - The preparation of financial statements in conformity with GAAP 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 reported amounts of revenues and expenses during the reporting period. Due to their prospective nature, actual results could differ from those estimates.

Liquidity Information - In order to provide information about liquidity, assets have been sequenced according to their nearness of conversion to cash, and liabilities have been sequenced according to the nearness of their resulting use of cash.

Cash Equivalents - For the purpose of the statement of cash flows, CLC considers cash equivalents to be investments with maturities of three months or less at acquisition date. The cost of the cash equivalents, which consist of certificates of deposit and commercial paper, approximates fair value.

Accounts and Grants Receivable - Accounts and grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debts expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts or grants receivable.

Unconditional Promises to Give - Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise was received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Inventory - Inventory consists of items for sale at the CLC store and is stated at the lower of cost or market determined by the first-in, first out method.

Investments - Investments consist of cash, cash equivalents, bonds, publicly traded shares of common stocks and mutual funds, purchased and recorded at cost or received as contributions and recorded at fair value as of the date received. Recorded amounts are adjusted to fair value at year end. Investment income or loss (including gains and losses on investments, interest and dividends) is included in the statement of activities as an increase or decrease in unrestricted net assets unless the income or loss is restricted by donor or law.

COLUMBIA LAND CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Mortgage Receivable - Mortgage receivable represents a note receivable, secured by property, maturing on June 1, 2016. As the value of the property securing the note is greater than the value of the note, no allowance is deemed necessary.

Property, Equipment and Depreciation - Property and equipment with a value of \$1,000 or greater is recorded at cost. Donated property and equipment is recorded at fair value as of the date of the donation. 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. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets using the straight-line method.

Land - CLC records both acquisitions and conveyances at cost if purchased or at fair value at the date of acquisition, if all or part of the land was received as a donation. Fair value is generally determined by appraisal at the time of acquisition and is not subsequently adjusted.

- Values are primarily based on independent professional appraisals performed for CLC or on appraised values determined or adopted by public agencies.
- Where neither of the foregoing sources is readily available, CLC may use the full cash value as established by the local tax assessor, cost if the cash value is minimal, or internal estimates based on staff analyses.
- Where a current appraisal is available from a professionally qualified independent appraiser retained by a third party, such value may be adopted when CLC is satisfied that the appraisal is reasonable.

Easements - Conservation easements are voluntary legal agreements by which landowners can elect to ensure permanent protection of the conservation values of their property. Easement donors continue to own the property in fee, with the right to live on, rent, mortgage or convey their land subject only to the use restrictions and, sometimes, site planning constraints set out in the easement. CLC does not attribute value to the easements held. Easements are not marketable interests in real estate, and have no segregable economic value to CLC. Indeed, the easements impose on CLC a perpetual obligation to monitor and steward the properties, the costs of which are an on-going expense in CLC's annual budget. During the year ended December 31, 2016, CLC closed on three easements, adding 597 acres of protected land. During the year ended December 31, 2016, CLC also amended two easements both of which extinguished existing acceptable development areas and the corresponding subdivision rights. During the year ended December 31, 2015, CLC closed on eight easements, adding 1,282 acres of protected land. During the year ended December 31, 2015, CLC also amended one easement protecting an additional 218 acres and allowing CLC to update the easement document to its most current format. As of December 31, 2016 CLC holds a total of 187 easements on 26,140 acres in Columbia County. During the years ended December 31, 2016 and 2015, CLC's expense for monitoring and stewarding easements was \$111,130 and \$78,728, respectively. CLC added an additional stewardship staff member in 2016. CLC currently holds 187 easements; best practice indicators recommend one staff position per 75-100 easements.

COLUMBIA LAND CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Functional Expense Allocations - Management has performed occupancy (square-footage) and time studies of administrative costs and personnel to enable the finance office to allocate shared costs to all departments that benefit from the expense. Expenses, such as salaries and benefits, office expense, depreciation and general professional services have been allocated among program services, development, and management and support services classifications based primarily on employee ratios, space occupied, and on estimates made by CLC's management.

Advertising Costs - Advertising costs are expensed as incurred. Total advertising costs were \$6,060 and \$3,524 for the years ended December 31, 2016 and 2015, respectively.

Presentation of Sales Taxes - New York imposes sales tax on CLC's sales of certain merchandise to non-exempt customers. CLC collects the sales tax from customers and remits the entire amount to the state. The accounting policy is to exclude the tax collected and remitted to the state from revenues and cost of sales.

Income Taxes - CLC has been granted an exemption from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has classified CLC as other than a private foundation. The State of New York also recognizes this classification.

Uncertain Tax Positions - For tax-exempt entities, their tax-exempt status itself is deemed to be an uncertainty, since events could potentially occur to jeopardize their tax-exempt status. Management has assessed significant tax positions and believes that there are no such tax positions required to be recognized. Penalties and interest, if any, assessed by taxing authorities will be included in expenses in the year of assessment.

Payments in Lieu of Taxes (PILOT) - While CLC is exempt from property tax on the lands it owns for public access and conservation purposes, it is the organization's policy to make annual PILOT payments to the town or village in which the public conservation areas that it owns are located.

Donated Services, Goods and Facilities - A substantial number of volunteers have donated a considerable number of hours to CLC's program services and fundraising 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.

3. CONCENTRATION OF CREDIT RISK

At year end and at various times during the year, CLC may have amounts on deposit with the bank that exceed Federal Deposit Insurance Corporation limits. Included in cash is \$1.2 million held in an investment account not covered by SIPC insurance.

**COLUMBIA LAND CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

4. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give, in support of ongoing operations, were as follows:

	<u>2016</u>	<u>2015</u>
Amounts due in		
Less than one year	\$ <u>160,160</u>	\$ <u>151,611</u>

Unconditional promises to give greater than one year in time are discounted at a risk-free rate of return. An allowance is made for uncollectible promises to give based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience, and other relevant factors. No allowance for uncollectible promises to give was deemed required.

5. INVESTMENTS

CLC's investment policy conforms to NYPMIFA (New York Prudent Management of Institutional Funds Act). The primary investment objective of CLC is to preserve, protect and enhance its assets, by earning a total return for each fund appropriate to each fund's time horizon, liquidity needs and risk tolerance. This objective is achieved through the use of a portfolio that is diversified across a number of asset classes in a manner that management believes will balance the long-term total return objective while minimizing risk. The purpose of such diversification is to provide reasonable assurance that no single security, investment style, or asset class will have a disproportionate impact on the portfolio's aggregate results.

With approval from the Executive Committee, CLC may recognize as annual operating revenue a maximum of 5% of the three year rolling average of certain endowment funds each fiscal year. Such revenues are generally transferred from the endowment funds in the last month of each fiscal year. Other funds have been established for the express purpose of directly reimbursing CLC for annual expenditures and CLC draws those funds, if available, during the year the expenses are incurred.

As of December 31, 2016 investments of \$2,036,600 are held at Berkshire Taconic Community Foundation. The Board of Trustees of Berkshire Taconic Community Foundation shall have the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to a specified organization if, in the sole judgment of the Board, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served.

CLC invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

COLUMBIA LAND CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

5. INVESTMENTS

As of December 31, 2016, investments consisted of the following:

	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Gain (loss)</u>
Certificates of deposit	\$ 142,063	\$ 140,000	\$ 2,063
Mutual funds - US equities	887,262	821,420	65,842
International equities	389,928	392,463	(2,535)
Fixed income	1,020,852	1,035,120	(14,268)
Real estate	250,672	250,870	(198)
Managed futures	445,424	490,302	(44,878)
Real assets	100,125	110,352	(10,227)
Alternative assets	164,234	166,755	(2,521)
World Allocation	66,431	63,775	2,656
Moderate Allocation	69,684	68,185	1,499
Absolute return	163,061	165,398	(2,337)
Berkshire Taconic Community Foundation*	2,036,600	1,893,417	143,183
Municipal bonds	82,146	80,260	1,886
Accrued interest	<u>2,570</u>	<u>2,570</u>	<u>-</u>
Total	<u>\$ 5,821,052</u>	<u>\$ 5,680,887</u>	<u>\$ 140,165</u>

A portion of this portfolio is considered permanently restricted (See Note 15).

* As of December 31, 2016 the asset mix at Berkshire Taconic Community Foundation was 32.0% Domestic Equity, 19.6% Non-U.S. Developed Equity, 1.8% Emerging Markets Equity, 6.3% Global Private Equity, 24.8% Flexible Capital, 7.2% Domestic Fixed Income, 1.1% Real Assets, and 7.2% Cash.

As of December 31, 2015, investments consisted of the following:

	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Gain (loss)</u>
Money funds	\$ 151,456	\$ 151,456	\$ -
Certificates of deposit	165,323	165,000	323
Mutual funds - US equities	479,942	501,976	(22,034)
International equities	234,660	251,732	(17,072)
Fixed income	449,836	498,411	(48,575)
Real estate	162,435	164,815	(2,380)
Managed futures	284,140	288,676	(4,536)
Real assets	41,195	66,053	(24,858)
Alternative assets	98,398	102,709	(4,311)
World Allocation	38,296	39,574	(1,278)
Moderate Allocation	38,253	41,172	(2,919)
Absolute return	75,745	83,760	(8,015)
Berkshire Taconic Community Foundation*	1,946,867	1,871,501	75,366
Municipal bonds	93,008	92,837	171
Accrued interest	<u>2,466</u>	<u>2,466</u>	<u>-</u>
Total	<u>\$ 4,262,020</u>	<u>\$ 4,322,138</u>	<u>\$ (60,118)</u>

A portion of this portfolio is considered permanently restricted (See Note 15).

COLUMBIA LAND CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

5. INVESTMENTS

* As of December 31, 2015 the asset mix at Berkshire Taconic Community Foundation was 35.8% Domestic Equity, 19.1% Non-U.S. Developed Equity, 3.4% Emerging Markets Equity, 6.2% Global Private Equity, 23.6% Flexible Capital, 7.4% Domestic Fixed Income, 1.1% Real Assets, and 3.4% Cash.

Permanently and temporarily restricted investments are pooled with board designated investments in accounts managed by two investment managers. Income earned and realized and unrealized gains and losses are combined from all accounts and allocated to each fund based on each fund's total investment.

Investment returns for the year ended December 31, 2016 are summarized as follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Interest and dividends	\$ 13,836	\$ 120,699	\$ 134,535
Net realized and unrealized gains (losses)	<u>18,307</u>	<u>180,612</u>	<u>198,919</u>
Total investment income (loss)	32,143	301,311	333,454
Less: investment fees	<u>(4,125)</u>	<u>(37,545)</u>	<u>(41,670)</u>
Investment income (loss) as Shown on Statement of Activities	<u>\$ 28,018</u>	<u>\$ 263,766</u>	<u>\$ 291,784</u>

Included in net realized and unrealized gains were realized investment gains of \$777 for the year ended December 31, 2016.

Investment returns for the year ended December 31, 2015, are summarized as follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Interest and dividends	\$ 15,998	\$ 99,319	\$ 115,317
Net realized and unrealized gains (losses)	<u>(18,286)</u>	<u>(97,013)</u>	<u>(115,299)</u>
Total investment income (loss)	(2,288)	2,306	18
Less: investment fees	<u>(4,744)</u>	<u>(31,593)</u>	<u>(36,337)</u>
Investment income (loss) as shown on Statement of Activities	<u>\$ (7,032)</u>	<u>\$ (29,287)</u>	<u>\$ (36,319)</u>

Included in net realized and unrealized gains were realized investment gains of \$52,727 for the year ended December 31, 2015.

COLUMBIA LAND CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

6. MORTGAGE RECEIVABLE

On June 1, 2005, CLC became the holder of a mortgage bequeathed to CLC as part of the Schor Estate. In 2010, payments were suspended on this mortgage. In March 2011, a mortgage modification and extension agreement was entered into which extends the payments through June 1, 2016 and reduces the interest rate to 4%. At December 31, 2015, the principal balance due was \$5,088. The mortgage was paid off during 2016.

7. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2016</u>	<u>2015</u>
<u>Operational assets</u>		
Land – Main St. office building, Chatham	\$ 25,000	\$ 25,000
Buildings and improvements	578,588	543,673
Furniture and fixtures	<u>206,204</u>	<u>202,514</u>
 Total operational assets	 809,792	 771,187
Less: accumulated depreciation	<u>(355,017)</u>	<u>(336,690)</u>
 Net Operational Assets	 <u>454,775</u>	 <u>434,497</u>
<u>Public Conservation Area assets</u>		
Buildings and improvements	1,143,659	1,272,343
Equipment and vehicles	<u>197,507</u>	<u>173,424</u>
 Total Public Conservation Area assets	 1,341,166	 1,445,767
Less: accumulated depreciation	<u>(499,490)</u>	<u>(477,453)</u>
 Net Public Conservation Area Assets	 <u>841,676</u>	 <u>968,314</u>
 Total Property and Equipment	 <u>\$ 1,296,451</u>	 <u>\$ 1,402,811</u>

Depreciation expense was \$86,398 and \$82,765 for the years ended December 31, 2016 and 2015, respectively.

8. LAND

Land consists of the following:

	<u>2016</u>	<u>2015</u>
Land - public conservation areas - permanently restricted	\$ 2,460,779	\$ 2,460,779
Other temporarily restricted property	36,500	36,500
Land - public conservation areas - board designated	1,378,678	1,378,678
Other land - unrestricted	<u>462,533</u>	<u>462,533</u>
	<u>\$ 4,338,490</u>	<u>\$ 4,338,490</u>

COLUMBIA LAND CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

8. LAND

Land - public conservation areas - CLC owns twelve conservation areas: Drowned Lands Swamp Conservation Area, Bardwell Conservation Area, Borden's Pond Conservation Area, High Falls Conservation Area, Hand Hollow Conservation Area, Bloody Hill Conservation Area, Schor Conservation Area, Round Ball Mountain Conservation Area, Siegel-Kline Kill Conservation Area, Greenport Conservation Area, Ooms Conservation Area and Harris Conservation Area. The properties are recorded at appraised values at acquisition based on the determination that the properties will be operated as public conservation areas in perpetuity. CLC also manages 1 additional conservation area as described in Note 13.

Public conservation areas are of two types:

1. Permanently restricted, which represent properties donated or bequeathed to CLC to be held in perpetuity as public conservation areas and properties purchased with funds specifically donated to CLC for the purchase of property to be held in perpetuity as public conservation areas.
2. Board designated, which represent properties purchased by CLC or unrestricted property donated to CLC and converted to public conservation areas.

Other Land - Unrestricted - Other land - unrestricted consists of several parcels that were gifted, bequeathed or purchased by CLC. When a determination has been made as to the disposition of these properties, the property will either be improved as appropriate and transferred to "Land - Public Conversation Areas" or sold with the proceeds to be used to support CLC's programmatic activities.

9. DEFERRED REVENUE

Deferred revenue results from current year collections for services to be performed in the subsequent year and will be recognized as revenue in the period earned.

10. LINE OF CREDIT

CLC maintains a line of credit that is due on demand with variable interest (5.99% at December 31, 2016); available balance of \$260,000 at December 31, 2016 and 2015. The outstanding balance was \$-0- and \$125,000 at December 31, 2016 and 2015, respectively.

**COLUMBIA LAND CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

11. NOTES PAYABLE

CLC is party to notes payable as follows:

	<u>2016</u>	<u>2015</u>
Note payable, Ford Motor, 1.9% interest bearing, secured by a vehicle; monthly payments of \$599, final payment due in March 2018.	\$ 7,223	\$ 14,413
Note payable, Ford Motor, 5.99% interest bearing, secured by a vehicle; monthly payments of \$369, final payment due in March 2020.	12,319	-
Note payable, ACP Power Equipment, non-interest bearing, secured by machinery; monthly payments of \$220, final payment due in January 2018.	2,847	5,459
Note payable, ACP Power Equipment, non-interest bearing, secured by machinery; monthly payments of \$221, final payment due in January 2018.	6,864	-
Total Notes Payable	29,253	19,872
Less: current portion	16,167	9,611
Long-term Debt	\$ 13,086	\$ 10,261

Long-term debt is payable as follows:

2017	\$	16,167
2018		6,558
2019		5,795
2020		733

12. OPERATING LEASES

Rental expense under operating leases was \$-0- and \$2,611 for the years ended December 31, 2016 and 2015, respectively.

13. COMMITMENTS

Easements and Public Conservation Areas - acceptance of easements and permanently restricted public conservation areas impose on CLC a perpetual obligation to monitor and steward the properties.

Harrier Hill Park - CLC has entered into a contract to monitor, maintain and provide certain management services at Harrier Hill Park in Stockport, NY; the property is owned by the Scenic Hudson Land Trust, Inc. (SHLT). The contract requires that SHLT pay CLC \$4,000 per year for site management and monitoring as well as reimburse CLC for any repairs made to the site (repairs over \$100 must be preapproved by SHLT).

**COLUMBIA LAND CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

13. COMMITMENTS

Farmer Landowner Match Program - In 2013, CLC entered into an agreement with Dutchess Land Conservancy, Inc. (DLC) to provide programmatic services expanding the scope of the existing Farmer Landowner Match Program from Columbia County into Dutchess County. DLC agreed to, among other terms, pay a \$3,000 upfront fee and \$1,000 per month to CLC for staff time related to this program.

Farmland Protection Implementation Project - In November 2016, CLC received notification of Farmland Protection Implementation grant awards from the New York State Department of Ag & Markets totaling \$3,128,304 to permanently protect four farms (totaling 901 acres), three in Columbia County and one in Dutchess County, through the purchase of development rights. CLC estimates that approximately 96% of the awarded funds will go directly to the landowners, and the remainder will fund associated project costs. CLC anticipates contracts for these awards will be issued in 2017; CLC plans to close on these projects within two years.

New York State Department of Agriculture and Markets - In May 2016, CLC was awarded grants totaling \$3,949,480 from the New York State Department of Ag & Markets-Hudson Valley Agricultural Enhancement Program to permanently protect four Columbia County farms and one Rensselaer County farm (totaling 1,425 acres) through the purchase of development rights. CLC estimates that approximately 96% of the awarded funds will go directly to the landowners, and the remainder will fund associated project costs. CLC anticipates closing on one or possibly several of these projects in 2017.

14. BOARD DESIGNATED NET ASSETS

Board Designated net assets are comprised of two components:

	<u>2016</u>	<u>2015</u>
Board Designated for investment	\$ 630,381	\$ 638,257
Board Designated Public Conservation Areas		
Schor Conservation Area	590,750	590,750
Round Ball Mountain Conservation Area	612,000	612,000
Hand Hollow Conservation Area	<u>175,928</u>	<u>175,928</u>
Total Board Designated Public Conservation Areas	<u>1,378,678</u>	<u>1,378,678</u>
Total Board Designated Net Assets	<u>\$ 2,009,059</u>	<u>\$ 2,016,935</u>

The funds designated for investment are the accumulated contributions and earnings from a capital campaign endeavor in 2001 as well as additional amounts approved by the Board on an annual basis. The funds are intended to support the on-going operations of CLC and may be used only with approval from CLC's Board of Trustees.

The public conservation areas listed above are properties purchased with unrestricted assets or properties gifted with no restrictions and converted to public conservation areas.

COLUMBIA LAND CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

15. RESTRICTED NET ASSETS

Permanently restricted net assets total \$6,314,423. These assets are comprised of \$2,460,779 in land that was gifted or bequeathed to CLC to be used as public conservation areas or purchased with funds restricted for the express purpose of acquiring land for a public conservation area (PCA). The additional \$3,853,644 is funds received from, and restricted by, donors in perpetuity for specific uses. These funds included endowments for specific PCA sites, a general PCA management endowment, a PCA staff endowment and a staff housing endowment fund. The PCA related endowments are intended to generate funds to maintain and improve all PCA sites, to support PCA staff and to offset direct expenses for specific sites. The staff housing endowment is designated for upkeep and improvement of housing that CLC owns in part to provide quality, affordable housing for the staff and to otherwise support staff housing expenses. All earnings and appreciation derived from the investment of permanently restricted endowments are recorded as temporarily restricted net assets.

Summary of activity related to invested permanently restricted net assets for the year ended December 31, 2016:

	Permanently Restricted Net Assets	Temporarily Restricted Net Assets	Unrestricted Net Assets	Total
Beginning balance	\$ 3,853,644	\$ 362,645	\$ -	\$ 4,216,289
Interest and dividends	-	82,517	-	82,517
Realized gains	-	1,404	-	1,404
Unrealized gains	-	122,073	-	122,073
Investment fees	-	(25,668)	-	(25,668)
Donations	-	3,135	-	3,135
Release of restrictions	-	(96,309)	96,309	-
Program expenses	-	-	(96,309)	(96,309)
	<u>\$ 3,853,644</u>	<u>\$ 449,797</u>	<u>\$ -</u>	<u>\$ 4,303,441</u>

Summary of activity related to invested permanently restricted net assets for the year ended December 31, 2015:

	Permanently Restricted Net Assets	Temporarily Restricted Net Assets	Unrestricted Net Assets	Total
Beginning balance	\$ 1,453,570	\$ 405,095	\$ -	\$ 1,858,665
Interest and dividends	-	12,304	-	12,304
Realized gains	-	6,077	-	6,077
Unrealized losses	-	(18,093)	-	(18,093)
Investment fees	-	(3,913)	-	(3,913)
Donations	2,400,074	-	-	2,400,074
Release of restrictions	-	(38,825)	38,825	-
Program expenses	-	-	(38,825)	(38,825)
	<u>\$ 3,853,644</u>	<u>\$ 362,645</u>	<u>\$ -</u>	<u>\$ 4,216,289</u>

COLUMBIA LAND CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

15. RESTRICTED NET ASSETS

Temporarily restricted net assets represent earnings on permanently restricted net assets and donations designated by donors for specific uses which have not been spent for the designated purpose by year end.

Restricted net assets at December 31, 2016 are held as follows:

	<u>Permanently Restricted</u>	<u>Temporarily Restricted</u>
Conservation lands held		
Schor Conservation Area	\$ 73,500	\$ -
Bardwell Conservation Area	92,600	-
Bloody Hill Conservation Area	40,500	-
Borden's Pond Conservation Area	128,590	-
Drowned Lands Conservation Area	37,150	-
Greenport Conservation Area	715,000	-
Hand Hollow Conservation Area	723,439	-
Harris Conservation Area	175,000	-
High Falls Conservation Area	145,000	-
Ooms Conservation Area	180,000	-
Siegel-Kline Kill Conservation Area	150,000	-
	<hr/>	<hr/>
Total permanently restricted public conservation areas	2,460,779	-
	<hr/>	<hr/>
Other land held	-	36,500
	<hr/>	<hr/>
Other restricted assets held for the following purposes:		
American Farmland Trust- Ag Intern	-	11,250
Bardwell Conservation Area	4,000	676
Borden's Pond Conservation Area	71,904	10,187
Conservation, Stewardship, and Management	-	1,191,192
Drowned Lands Swamp Conservation Area	34,275	8,010
Founders Fund	-	375,918
Hand Hollow- Woodruff Memorial Gifts	-	2,280
Hillsdale Community Wetlands	20,000	2,866
HRBT (Greenagers)	-	12,500
Land Trust Alliance- Capacity Grant	-	54,000
New York State Department of Agriculture- Ronnybrook	-	4,758
New York State Department of Agriculture- FAMC	-	12,758
New York State Department of Agriculture- Hamm	-	6,858
New York State Department of Agriculture- Doyle	-	5,170
Niverville Community Park	-	545
Ooms Conservation Area	38,891	3,718
Public Conservation Area Management Endowment	3,084,574	362,332
Public Conservation Area Staffing Endowment	500,000	58,812
Round Ball Mountain Conservation Area	-	85,942
Scotland Farm Funds	-	418,769

COLUMBIA LAND CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

15. RESTRICTED NET ASSETS

	<u>Permanently Restricted</u>	<u>Temporarily Restricted</u>
Other restricted assets held for the following purposes:		
Siegel-Kline Kill Conservation Area	\$ -	\$ 41,656
Staff Housing Endowment	100,000	90
The Boston Foundation- Jessie B Cox Fund	-	15,541
Wetlands Mitigation Fund	-	22,104
Woodcock #3 Foundation	-	25,000
	<hr/>	<hr/>
Total other assets	3,853,644	2,732,932
	<hr/>	<hr/>
Total restricted net assets	\$ 6,314,423	\$ 2,769,432

Restricted net assets at December 31, 2015 are held as follows:

	<u>Permanently Restricted</u>	<u>Temporarily Restricted</u>
Conservation lands held		
Schor Conservation Area	\$ 73,500	\$ -
Bardwell Conservation Area	92,600	-
Bloody Hill Conservation Area	40,500	-
Borden's Pond Conservation Area	128,590	-
Drowned Lands Conservation Area	37,150	-
Greenport Conservation Area	715,000	-
Hand Hollow Conservation Area	723,439	-
Harris Conservation Area	175,000	-
High Falls Conservation Area	145,000	-
Ooms Conservation Area	180,000	-
Siegel-Kline Kill Conservation Area	150,000	-
	<hr/>	<hr/>
Total permanently restricted public conservation areas	2,460,779	-
	<hr/>	<hr/>
Other land held	-	36,500

Other restricted assets held for the following purposes:		
Bardwell Conservation Area	4,000	604
Borden's Pond Conservation Area	71,904	11,727
BTCF - Quailwood Grant	-	10,900
Conservation, Stewardship, and Management	-	1,137,177
Drowned Lands Swamp Conservation Area	34,275	11,452
Founders Fund	-	359,733
Hillsdale Community Wetlands	20,000	1,881
Hudson Valley Greenway	-	3,701
Hutchins-Ag Research/Report	-	6,000

COLUMBIA LAND CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

15. RESTRICTED NET ASSETS

Restricted net assets at December 31, 2015 are held as follows:

	<u>Permanently Restricted</u>	<u>Temporarily Restricted</u>
New York State Department of Agriculture	\$ -	\$ 5,000
Niverville Community Park	-	692
Norcross Tech Grant	-	1,800
Ooms Conservation Area	38,891	4,335
OSI Resiliency Project	-	3,862
OSI PCA Stewardship Funds	-	38,499
Public Conservation Area Management Endowment	3,084,574	260,133
Public Conservation Area Staffing Endowment	500,000	69,367
Round Ball Mountain Conservation Area	-	99,203
Scotland Farm Funds	-	504,038
Siegel-Kline Kill Conservation Area	-	44,564
Staff Housing Endowment	100,000	10
Wetlands Mitigation Fund	-	26,395
	<hr/>	<hr/>
Total other assets	3,853,644	2,601,073
	<hr/>	<hr/>
Total restricted net assets	<u>\$ 6,314,423</u>	<u>\$ 2,637,573</u>

16. RENTAL INCOME

CLC rents housing to four tenants under lease agreements. Rental income collected for the years ended December 31, 2016 and 2015 totaled \$24,100 and \$34,513, respectively. The lease agreements are as follows:

- One year lease expiring June, 2016 that requires monthly payments of \$1,050.
- One year lease expiring July, 2017 that requires monthly payments of \$1,050.
- One year lease expiring June, 2017 that requires monthly payments of \$650.
- One property was being rented on month-to-month basis for \$300 per month, this property was sold in January 2016.

On December 31, 2016 the aggregate net minimum rental commitment under the leases in 2017 is \$11,250.

The cost of the properties being rented is \$679,250 with a net book value of \$486,119 at December 31, 2016.

17. PENSION PLAN

CLC offers a 403(b) defined contribution retirement plan through TIAA-CREF to all eligible employees. Currently, the plan provides for annual contributions of 3% of wages earned after one year of service. Contributions to the plan were \$18,832 and \$19,973 for the years ended December 31, 2016 and 2015, respectively.

COLUMBIA LAND CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

18. FAIR VALUE MEASUREMENTS

Generally accepted accounting principles in the United States of America define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. The three levels of fair value hierarchy are described below:

Level 1 - based upon unadjusted quoted market prices in active markets for identical assets or liabilities.

Level 2 - based upon quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 - inputs for Level 3 fair values are unobservable and significant to the overall fair value measurement. CLC has no Level 3 investments.

In certain cases, the inputs used to measure fair value may fall into different levels of fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. CLC's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

Fair values of assets measured on a recurring basis at December 31, 2016 are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
Certificates of deposit	\$ 142,063	\$ 142,063	\$ -
Mutual funds	3,557,673	3,557,673	-
Berkshire Taconic Community Foundation	2,036,600	-	2,036,600
Municipal bonds	82,146	-	82,146
	<u>\$ 5,818,482</u>	<u>\$ 3,699,736</u>	<u>\$ 2,118,746</u>
Total	<u>\$ 5,818,482</u>	<u>\$ 3,699,736</u>	<u>\$ 2,118,746</u>

Fair values of assets measured on a recurring basis at December 31, 2015 are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
Certificates of deposit	\$ 165,323	\$ 165,323	\$ -
Money markets	151,456	151,456	-
Mutual funds	1,902,900	1,902,900	-
Berkshire Taconic Community Foundation	1,946,867	-	1,946,867
Municipal bonds	93,008	-	93,008
	<u>\$ 4,259,554</u>	<u>\$ 2,219,679</u>	<u>\$ 2,039,875</u>
Total	<u>\$ 4,259,554</u>	<u>\$ 2,219,679</u>	<u>\$ 2,039,875</u>

COLUMBIA LAND CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

18. FAIR VALUE MEASUREMENTS

Investments in mutual funds are valued based on quoted market prices within active markets. Investments in bonds are valued based on prices obtained from a pricing service using primarily matrix pricing, which considers observable data that may include dealer quotes, market spreads, cash flows, the U.S. Treasury yield curve, credit information, and the bond's terms and conditions, among other things. Certificates of deposit are stated at fair value.

19. SUBSEQUENT EVENTS

On February 28, 2017, CLC received a gift of 1312 acres in Ancram, New York with an appraised value of \$3,280,000. Per the wishes of the donor, CLC will be working over the next two years to establish a multi-use public conservation area at the property. CLC's anticipates opening a limited portion of the site for passive public recreation in the Fall of 2017.

On April 28, 2017, CLC closed on an easement project funded by a \$1,010,026 Farmland Protection Implementation grant awarded in 2015 from the New York State Department of Agriculture & Markets. The project permanently protects a 212-acre farm in Columbia County through the purchase of development rights; 94% of the contract award went directly to the landowners.

Management has evaluated subsequent events through June 26, 2017, the date the financial statements were available to be issued. During this period, CLC did not have any additional material subsequent events to be recorded or disclosed.

**COLUMBIA LAND CONSERVANCY, INC.
SCHEDULE OF REVENUE AND SUPPORT
FOR THE YEAR ENDED DECEMBER 31, 2016
(WITH COMPARATIVE TOTALS FOR 2015)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2016 Total</u>	<u>2015 Total</u>
Fundraising and Contributions					
Board member annual support	\$ 227,867	\$ -	\$ -	\$ 227,867	\$ 163,957
Corporate and business	29,375	-	-	29,375	43,300
Government grants	-	172,750	-	172,750	121,950
Individual and foundation	836,667	215,605	-	1,052,272	3,815,481
Fundraising events	17,145	-	-	17,145	33,390
Merchandise sales	15,602	-	-	15,602	12,657
Donated services	1,675	-	-	1,675	4,795
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Fundraising and Contributions	<u>\$ 1,128,331</u>	<u>\$ 388,355</u>	<u>\$ -</u>	<u>\$ 1,516,686</u>	<u>\$ 4,195,530</u>
Program Revenues					
Public Conservation Area management	\$ 4,000	\$ -	\$ -	\$ 4,000	\$ 4,013
Easement planning services	10,949	-	-	10,949	27,819
Farmer land owner match program	12,200	-	-	12,200	12,750
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Program Revenues	<u>\$ 27,149</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,149</u>	<u>\$ 44,582</u>
Other Income (Loss)					
Gain (loss) on sale of assets	\$ (31,570)	\$ -	\$ -	\$ (31,570)	\$ -
Miscellaneous fees	10,401	3,777	-	14,178	2,534
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<u>\$ (21,169)</u>	<u>\$ 3,777</u>	<u>\$ -</u>	<u>\$ (17,392)</u>	<u>\$ 2,534</u>

**COLUMBIA LAND CONSERVANCY, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016
(WITH COMPARATIVE TOTALS FOR 2015)**

	<u>Public Conservation Area Management</u>	<u>Easement Stewardship and Management</u>	<u>Land Protection Activities</u>	<u>Community Outreach and Education</u>	<u>Total Program</u>	<u>General and Administration</u>	<u>Fundraising and Development</u>	<u>2016 Total</u>	<u>2015 Total</u>
Expenses									
Staff salaries	\$ 165,271	\$ 64,989	\$ 298,377	\$ 168,115	\$ 696,752	\$ 74,185	\$ 128,407	\$ 899,344	\$ 816,438
Taxes and benefits	36,141	15,682	63,994	36,481	152,298	15,359	28,790	196,447	215,172
Professional development	<u>328</u>	<u>3,191</u>	<u>2,850</u>	<u>1,943</u>	<u>8,312</u>	<u>6,654</u>	<u>3,240</u>	<u>18,206</u>	<u>4,198</u>
Total Payroll and Related	201,740	83,862	365,221	206,539	857,362	96,198	160,437	1,113,997	1,035,808
Advertising and marketing	-	-	-	6,060	6,060	-	-	6,060	3,524
Banking and credit card services	1,024	411	1,751	1,047	4,233	436	809	5,478	3,699
Board and committees	421	174	720	1,791	3,106	179	333	3,618	1,215
Catering and event services	-	-	395	66,189	66,584	-	454	67,038	52,719
Consulting services	5,479	-	20,812	18,648	44,939	1,295	39,719	85,953	43,073
Depreciation	66,509	2,188	7,159	6,166	82,022	2,785	1,591	86,398	82,765
Donations to other organizations	2,000	750	6,150	1,596	10,496	2,500	-	12,996	8,894
Donor/volunteer expenses	-	-	-	-	-	-	11	11	-
Duplication	343	68	286	173	870	72	133	1,075	926
Equipment and fixtures	10,784	1,498	3,739	2,561	18,582	875	7,768	27,225	22,266
In-kind services and materials	-	-	-	1,425	1,425	250	-	1,675	4,251

**COLUMBIA LAND CONSERVANCY, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016
(WITH COMPARATIVE TOTALS FOR 2015)**

	<u>Public Conservation Area Management</u>	<u>Easement Stewardship and Management</u>	<u>Land Protection Activities</u>	<u>Community Outreach and Education</u>	<u>Total Program</u>	<u>General and Administration</u>	<u>Fundraising and Development</u>	<u>2016 Total</u>	<u>2015 Total</u>
Insurance	\$ 3,252	\$ 11,808	\$ -	\$ -	\$ 15,060	\$ 27,210	\$ -	\$ 42,270	\$ 40,593
Interest expense	-	-	-	-	-	749	-	749	1,320
Memberships and subscriptions	321	129	12,015	329	12,794	137	406	13,337	4,409
Merchandise expense	-	-	-	8,779	8,779	-	-	8,779	8,855
Miscellaneous expense	623	-	-	215	838	24,803	1,077	26,718	9,502
Occupancy	5,001	2,216	7,723	6,429	21,369	2,773	1,585	25,727	30,725
Payroll services	858	345	1,468	878	3,549	365	678	4,592	4,126
Payments in lieu of taxes	12,047	-	323	-	12,370	-	-	12,370	14,852
PCA vehicle expense	10,016	-	-	-	10,016	-	-	10,016	14,231
Postage/shipping/storage	784	945	2,368	5,434	9,531	290	2,828	12,649	14,171
Printing and design	6,334	1,378	1,193	29,253	38,158	65	6,099	44,322	55,589
Professional fees	-	690	27,142	-	27,832	18,691	-	46,523	38,252
Property maintenance and improvements	76,130	-	25,000	-	101,130	4,286	-	105,416	85,738
Recruitment	-	406	-	-	406	-	675	1,081	1,782
Staff travel	7	-	137	74	218	1,035	231	1,484	1,052
Supplies and service	13,740	4,262	13,388	26,355	57,745	2,945	11,696	72,386	52,696
Surveys and filings	-	-	32,736	-	32,736	-	-	32,736	57,217
Trade land expenses	-	-	19,778	-	19,778	-	-	19,778	9,559
Total Operating Expenses	<u>\$ 417,413</u>	<u>\$ 111,130</u>	<u>\$ 549,504</u>	<u>\$ 389,941</u>	<u>\$ 1,467,988</u>	<u>\$ 187,939</u>	<u>\$ 236,530</u>	<u>\$ 1,892,457</u>	<u>\$ 1,703,809</u>