

COLUMBIA LAND CONSERVANCY, INC.
FINANCIAL STATEMENTS
(and Report of Independent Auditors)

December 31, 2018
(with memorandum totals for December 31, 2017)

COLUMBIA LAND CONSERVANCY, INC.
FINANCIAL STATEMENTS
December 31, 2018
(with memorandum totals for December 31, 2017)

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PATTISON, KOSKEY, HOWE & BUCCI

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Columbia Land Conservancy, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of the Columbia Land Conservancy, Inc. (a not-for-profit organization) which comprise the statement of financial position as of December 31, 2018 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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We believe 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 the Columbia Land Conservancy, Inc. as of December 31, 2018, 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.

Emphasis of Matter

As discussed in Note 2, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) 2016-14, *Not-for-Profit (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities* as of and for the year ended December 31, 2018. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the Columbia Land Conservancy, Inc.'s December 31, 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 28, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Pattison, Koskey, Howe & Bucci, CPAs, P.C.

Hudson, New York
June 26, 2019

COLUMBIA LAND CONSERVANCY, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2018
(with memorandum totals for December 31, 2017)

	2018	2017 (memorandum only)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,585,101	\$ 1,104,885
Pledges receivable, current portion	1,335,278	527,039
Accounts receivable	11,512	12,048
Contributions receivable	67,164	117,640
Grants receivable	54,620	79,927
Prepaid expenses	63,359	58,584
Inventory	5,231	4,646
Total current assets	3,122,265	1,904,769
Property and equipment, net	1,210,994	1,135,127
Other assets:		
Investments	9,518,039	7,740,400
Pledges receivable, non-current portion	634,284	851,280
Land	8,698,340	7,391,490
Total other assets	18,850,663	15,983,170
Total assets	\$ 23,183,922	\$ 19,023,066
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 1,115,891	\$ 35,962
Accrued expenses	58,295	48,117
Deferred revenue	15,791	81,952
Other liabilities	14,219	2,026
Notes payable, current	15,061	7,436
Total current liabilities	1,219,257	175,493
Long-term liabilities:		
Notes payable, net of current portion	18,400	7,368
Total long-term liabilities	18,400	7,368
Total liabilities	1,237,657	182,861
Net assets:		
Without donor restrictions	6,580,494	4,402,447
With donor restrictions	15,365,771	14,437,758
Total net assets	21,946,265	18,840,205
Total liabilities and net assets	\$ 23,183,922	\$ 19,023,066

See independent auditors' report and notes to financial statements.

COLUMBIA LAND CONSERVANCY, INC.
STATEMENT OF ACTIVITIES
Year ended December 31, 2018
(with memorandum totals for the year ended December 31, 2017)

	2018			2017 (memorandum only)
	Without Donor Restrictions	With Donor Restrictions	Total	
Operating activities:				
Revenues and support:				
Annual support contributions	\$ 664,824	\$ -	\$ 664,824	\$ 600,899
Foundation grants	243,292	47,541	290,833	211,044
Corporate and business contributions	39,675	-	39,675	31,030
Capital campaign contributions	585,482	605,168	1,190,650	2,881,451
Government grants - other projects	40,000	115,352	155,352	89,947
Government grants - purchase of development rights	2,759,003	-	2,759,003	3,510,330
Fundraising events	-	-	-	20,569
Merchandise sales	13,729	-	13,729	17,502
Donated services	5,711	-	5,711	5,020
Land protection contributions	30,000	40,403	70,403	117,750
Program revenues	41,877	-	41,877	44,585
Rental income	23,100	-	23,100	23,720
Miscellaneous	3,805	-	3,805	2,895
Investment releases per spending policy	141,225	-	141,225	115,109
Net assets released from restriction	1,217,729	(1,217,729)	-	-
Total revenues and support	5,809,452	(409,265)	5,400,187	7,671,851
Expenses:				
Program:				
Public conservation area management	645,431	-	645,431	380,482
Easement stewardship and management	140,022	-	140,022	148,000
Land protection activities	567,934	-	567,934	655,606
Purchase of development rights	2,705,330	-	2,705,330	3,500,440
Community outreach and education	278,424	-	278,424	256,745
Total Program Expenses	4,337,141	-	4,337,141	4,941,273
Supporting Services:				
Management and General	380,727	-	380,727	200,675
Fundraising	307,000	-	307,000	341,941
Total Supporting Services	687,727	-	687,727	542,616
Total expenses	5,024,868	-	5,024,868	5,483,889
 Change in net assets from operating activities	 784,584	 (409,265)	 375,319	 2,187,962
Non-operating activities:				
Investment return, net	(38,387)	(427,532)	(465,919)	734,210
Endowment contributions- capital campaign	-	1,906,035	1,906,035	35,897
Donated land	1,446,850	-	1,446,850	3,224,000
Write down of property held for sale	-	-	-	(196,000)
Write down of donated building	-	-	-	(56,000)
Loss on sale of land	(15,000)	-	(15,000)	-
Loss on disposal of fixed assets	-	-	-	(104,393)
Investment releases per spending policy	-	(141,225)	(141,225)	(115,109)
 Change in net assets from non-operating activities	 1,393,463	 1,337,278	 2,730,741	 3,522,605
 Change in net assets	 2,178,047	 928,013	 3,106,060	 5,710,567
Net assets, beginning of year	4,402,447	14,437,758	18,840,205	13,129,638
 Net assets, end of year	 \$ 6,580,494	 \$ 15,365,771	 \$ 21,946,265	 \$ 18,840,205

See independent auditors' report and notes to financial statements.

COLUMBIA LAND CONSERVANCY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2018
(with memorandum totals for the year ended December 31, 2017)

	2018							2017 (memorandum only)	
	Public Conservation Area Management	Easement Stewardship and Management	Land Protection Activities	Community Outreach and Education	Total Program	General and Administration	Fundraising and Development	Total	Total
Staff salaries	\$ 247,926	\$ 82,959	\$ 287,087	\$ 150,227	\$ 768,199	\$ 185,026	\$ 127,845	\$ 1,081,070	\$ 924,401
Taxes and benefits	60,923	23,622	71,278	39,121	194,944	38,390	28,040	261,374	210,037
Professional development	3,891	50	3,722	5,309	12,972	2,834	2,588	18,394	15,382
Advertising and marketing	-	-	-	1,057	1,057	6,145	5,896	13,098	5,394
Bad debt	-	-	200	-	200	2,910	-	3,110	-
Banking and credit card services	-	-	56	-	56	3,588	-	3,644	4,960
Board and committees	-	-	-	-	-	7,154	776	7,930	2,841
Catering and event services	-	-	661	13,710	14,371	1,461	35,598	51,430	33,930
Consulting services	75,287	-	26,183	5,825	107,295	21,394	41,439	170,128	162,674
Depreciation	81,075	2,565	7,400	3,352	94,392	3,645	3,545	101,582	83,134
Donations to other organizations	2,000	750	10,200	350	13,300	3,000	-	16,300	17,450
Donor/volunteer expenses	-	-	-	319	319	-	250	569	279
Duplication	91	112	841	518	1,562	1,889	184	3,635	1,717
Equipment and fixtures	16,272	2,144	1,193	1,124	20,733	417	1,913	23,063	28,317
In-kind services and materials	-	-	-	895	895	4,816	-	5,711	5,020
Insurance	4,142	12,849	63	-	17,054	33,311	2,188	52,553	48,257
Interest	658	40	116	53	867	58	56	981	946
Memberships and subscriptions	-	-	2,725	65	2,790	2,131	95	5,016	4,477
Merchandise	-	-	-	8,020	8,020	-	-	8,020	12,073
Miscellaneous	1,080	-	-	635	1,715	2,349	43	4,107	4,107
Occupancy	13,275	3,106	8,164	3,964	28,509	4,022	3,910	36,441	26,235
Payroll services	-	-	-	-	-	5,283	-	5,283	5,157
Payments in lieu of taxes	17,169	-	3,882	-	21,051	-	-	21,051	15,293
PCA vehicle expense	11,958	-	-	-	11,958	-	-	11,958	8,265
Postage/shipping/storage	1,579	1,482	1,444	4,155	8,660	4,981	6,026	19,667	13,447
Printing and design	11,044	384	4,571	21,000	36,999	119	14,527	51,645	64,848
Professional fees	1,073	4,138	66,447	-	71,658	32,310	-	103,968	76,931
Property maintenance and improvements	68,979	-	-	-	68,979	248	-	69,227	98,578
Recruitment	-	-	-	-	-	5,231	-	5,231	7,730
Staff travel	-	523	313	98	934	1,483	521	2,938	3,810
Supplies and services	27,009	5,298	12,099	18,627	63,033	6,532	31,560	101,125	66,750
Surveys and filings	-	-	16,403	-	16,403	-	-	16,403	26,349
Purchase of development rights	-	-	2,705,330	-	2,705,330	-	-	2,705,330	3,500,440
Trade land	-	-	42,886	-	42,886	-	-	42,886	4,660
	<u>\$ 645,431</u>	<u>\$ 140,022</u>	<u>\$ 3,273,264</u>	<u>\$ 278,424</u>	<u>\$ 4,337,141</u>	<u>\$ 380,727</u>	<u>\$ 307,000</u>	<u>\$ 5,024,868</u>	<u>\$ 5,483,889</u>

See independent auditors' report and notes to financial statements.

COLUMBIA LAND CONSERVANCY, INC.
STATEMENT OF CASH FLOWS
Year ended December 31, 2018
(with memorandum totals for the year ended December 31, 2017)

	2018	2017 (memorandum only)
Cash Flows From Operating Activities:		
Change in net assets	\$ 3,106,060	\$ 5,710,567
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	101,582	83,134
Donated land	(1,446,850)	(3,224,000)
Realized and unrealized (loss) gain	672,686	(605,009)
Loss on disposal of land/assets	15,000	104,393
Restricted contributions for endowment	(1,119,865)	(35,897)
Write down of land property held for sale	-	196,000
Bad debt expense	3,110	-
Changes in:		
Pledges receivable	(591,243)	(1,218,159)
Accounts receivable	(2,574)	(10,560)
Grants receivable	25,307	(19,787)
Contributions receivable	50,476	(117,640)
Prepaid expenses	(4,775)	(9,473)
Inventory	(585)	1,531
Accounts payable	1,079,929	2,287
Accrued expenses	10,178	891
Deferred revenue	(66,161)	80,252
Other liabilities	12,193	-
Total adjustments	(1,261,592)	(4,772,037)
Net cash provided by operating activities	1,844,468	938,530
Cash Flows From Investing Activities:		
Proceeds from sale of investments	22,584	6,591,423
Purchases of investments	(2,472,909)	(7,905,762)
Proceeds from sale of land	125,000	-
Purchase of fixed assets	(149,052)	(51,203)
Net cash used for investing activities	(2,474,377)	(1,365,542)
Cash Flows From Financing Activities:		
Restricted contributions for endowment	1,119,865	35,897
Repayment of line of credit/long-term debt	(9,740)	(14,449)
Net cash used for financing activities	1,110,125	21,448
Increase (decrease) in cash and cash equivalents	480,216	(405,564)
Cash and cash equivalents, beginning of year	1,104,885	1,510,449
Cash and cash equivalents, end of year	\$ 1,585,101	\$ 1,104,885
Supplemental disclosure of cash flow information:		
Interest paid	\$ 981	\$ 946
Write-off of donated building	\$ -	\$ 56,000
Donated stock	\$ 74,271	\$ 578,466
Fixed asset purchase financed with debt	\$ 28,397	\$ -

See independent auditors' report and notes to financial statements.

COLUMBIA LAND CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

1. Organization and Nature of Operations:

The Columbia Land Conservancy, Inc., (the "Organization" or "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 based in Chatham, New York. It receives its support from private donations, program fees, investment income, and private and government grants.

Program Services:

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, the Organization provides numerous informational programs to community groups, issues frequent press releases about its programs and projects, and maintains a substantive and active web site and social media presence. 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.

See independent auditors' report

COLUMBIA LAND CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

1. Organization and Nature of Operations (Continued):

Program Services (Continued):

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.

Conservation Lands - CLC owns 14 properties with a variety of conservation attributes. Each property is managed to maintain and/or improve its ecological health, to demonstrate best practices for conservation management, and for public access. Ten Public Conservation Areas 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. Four other properties are not currently open to the public, but are being maintained and monitored by staff. CLC also manages one public preserve for Scenic Hudson Land Trust, Inc. (See Note 12).

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.

Summarized Comparative Information:

Amounts show for December 31, 2017, in the accompanying statements are included to provide a basis for comparison with December 31, 2018 and present summarized totals only. Accordingly, the December 31, 2017 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.

Contributions:

CLC accounts for contributions in accordance with FASB ASC 958-605, "Accounting for Contributions Received and Contributions Made." Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the nature of any donor restrictions.

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

See independent auditors' report.

COLUMBIA LAND CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

2. Summary of Significant Accounting Policies (Continued):

Contributions (Continued):

When a restriction expires, that is, when a 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. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without donor restriction upon acquisition of the assets and the assets are placed in service.

Financial Statement Presentation:

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). ASC 958-205 was effective January 1, 2018.

Under provisions of ASC 958, 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 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 purposes from time to time.
- Net assets with 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 CLC or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Revenues are reported as increases in net assets with or without restrictions. Expenses are reported as decreases in net assets without restrictions. Gains and losses on investments and other assets or liabilities, if any, are reported as increases or decreases in net assets without restrictions unless their use is restricted by explicit donor stipulation or by law.

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 liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

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.

See independent auditors' report.

COLUMBIA LAND CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

2. Summary of Significant Accounting Policies (Continued):

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.

Pledges Receivable:

Unconditional promises to give that are expected to be collected within one year are recorded at their face value which approximates 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, adjusted for donor risk where necessary, applicable to the year in which the promise was received and the duration of the commitment. 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.

An allowance is made for uncollectible promises to give based upon management's judgement and analysis of creditworthiness of the donors, past collection experience, and other relevant factors. No allowance for uncollectible promises to give was deemed necessary as of December 31, 2018.

Inventory:

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

Investments:

Investments consist of certificates of deposit, municipal bonds, and publicly traded mutual funds, purchased and recorded at cost on a trade date basis or received as contributions and recorded at fair value as of the date received. Net appreciation (depreciation) in the fair value of investments, which consists of the realized and unrealized gains or losses and the unrealized appreciation (depreciation) on those investments, is presented in the statement of activities as investment return. Investment return is presented net of investment fees. The average cost method is primarily used to determine the basis for computing realized gains or losses.

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 market value as of the date of 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 useful lives of the assets using the straight-line method.

See independent auditors' report.

COLUMBIA LAND CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

2. Summary of Significant Accounting Policies (Continued):

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.

- Values are primarily based on independent professional appraisals performed for the Organization 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 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.

Functional Expense Allocations:

Management has performed occupancy (square-footage) and time studies of administrative costs and personnel to enable the finance office to allocate indirect 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 \$13,098 for the year ended December 31, 2018.

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.

See independent auditors' report.

COLUMBIA LAND CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

2. Summary of Significant Accounting Policies (Continued):

Income Taxes:

Columbia Land Conservancy, Inc. has been granted an exemption from Federal income taxes as an organization described in 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.

The Organization has evaluated any uncertain tax positions and related income tax contingencies and determined any 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. The Organization is no longer subject to examination by federal and state taxing authorities for years prior to the year ended December 31, 2015.

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 hours to the Organization'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.

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 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. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents. The Organization places its cash and cash equivalents with high credit quality institutions.

Reclassifications:

Certain reclassifications have been made to the prior year information to conform to the current year presentation.

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 CLC's ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, property asset transactions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature.

See independent auditors' report.

COLUMBIA LAND CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

2. Summary of Significant Accounting Policies (Continued):

New Accounting Pronouncement:

On August 18, 2016, FASB issued ASU 2016-14, "Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities." The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. CLC has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Subsequent Events:

Subsequent events have been evaluated through June 26, 2019, which is the date the financial statements were available to be issued.

On December 19, 2018, CLC closed on the Breathe Deep Farm easement project which was funded by the NYS Ag & Markets Hudson Valley Agricultural Enhancement Program and the Scenic Hudson Land Trust (SHLT). The final NYS funding for this project was delayed. CLC's partner, SHLT, covered the state's share of the cost at closing with the understanding the CLC would reimburse them once the funds from the state were deposited. As a result, CLC owed \$1,057,675 to SHLT as of December 31, 2018. Those funds were wired directly to Scenic Hudson on January 8, 2019.

On March 11, 2019, CLC took ownership of the Thompson Finch Farm in Ancram, NY, and entered into a long-term ground lease with the current farmer. Under the ground lease model, CLC owns the farm's 196.3 acres, while the structures on the property are owned by the leasing farmer. Thanks to a community-wide effort led by the CLC, including a multi-pronged partnership with Equity Trust, Dutchess Land Conservancy, and Scenic Hudson, the property will remain a farm long into the future. More than 300 community members plus multiple organizations and foundations contributed \$1,525,328 to purchase the farm; CLC raised and paid \$1,015,956 toward the purchase of the easement and the land with partners paying the remaining \$509,372.

As part of this transaction, CLC took advantage of a five-year, no interest loan for \$400,000 from the PCLB Foundation. The loan is secured with an investment account held at Vanguard with the stipulation that the account maintain a fair market value of a minimum of \$600,000.

3. Concentration of Credit Risk:

At year end and at various times during the year, the Organization may have amounts on deposit with the bank that exceed Federal Deposit Insurance Corporation limits. As of December 31, 2018, cash and cash equivalents of \$1,142,409 were in excess of FDIC coverage.

See independent auditors' report.

COLUMBIA LAND CONSERVANCY, INC.
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2018

4. Pledges Receivable:

Pledges receivable as of December 31, 2018, relate mainly to the Organization's capital campaign.

After receiving a leadership gift of \$2.4 million dollars in late 2015, CLC began planning a capital campaign and in 2017 launched *Columbia County Tomorrow: Our Heritage, Our Future* with a goal to raise at least \$7,000,000. The campaign increases CLC's capacity and strengthens the organization's ability to continue to work effectively and strategically. The campaign proceeds will support three broad initiatives. They include: 1) the Legacy Lands Fund will enhance the existing permanently restricted endowment for the management of CLC's public conservation areas (previously named the PCA management fund); 2) the Farm and Forest Fund will be used to support CLC's efforts to secure and protect properties of high conservation value as they come on the market; and 3) the Community Engagement Fund will focus on connecting people with the land. This initiative will enable CLC to expand its capacity to provide outdoor education, work more closely with County schools and community-based youth organizations, assist landowners looking to CLC for guidance on how to manage their property, and support planning, trail building, and create municipal parkland by providing additional resources to municipal officials and community groups. Funds that are not directed to one of these particular initiatives will be allocated to the Capital Campaign General Fund which is a Board Designated fund. Once the campaign is completed, the Board will designate a portion without donor restrictions from this fund to the three initiatives listed above.

As of December 31, 2018, the campaign has raised \$8,454,004 in the form of contributions and pledges. These funds were designated as follows and represent amounts pledged prior to discounting:

Legacy Lands Fund	\$ 3,463,749
Farm and Forest Fund	846,335
Community Engagement Fund	30,240
General Fund	4,113,680
	<u>\$ 8,454,004</u>

Pledges receivable at December 31, 2018 related to the campaign consist of the following:

Pledges receivable, current portion	\$ 1,335,278
Total current	<u>1,335,278</u>
Pledges receivable, non-current portion	692,448
Less: Discount	<u>(58,164)</u>
Total non-current	<u>634,284</u>
Pledges receivable	<u>\$ 1,969,562</u>

See independent auditors' report.

COLUMBIA LAND CONSERVANCY, INC.
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2018

4. Pledges Receivable (Continued):

Pledges receivable at December 31, 2018 are expected to be realized as follows:

2019	\$ 1,335,278
2020	413,611
2021	208,837
2022	30,000
2023	10,000
Thereafter	30,000
Total	<u>2,027,726</u>
Discount	(58,164)
Net Present Value	<u><u>\$ 1,969,562</u></u>

5. Investments:

Columbia Land Conservancy, Inc.'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 3.5% of the five-year rolling average of certain endowment funds each fiscal year. Such revenues are generally transferred from 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 the Organization draws those funds, if available, during the year the expenses are incurred.

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.

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COLUMBIA LAND CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

5. Investments (Continued):

Investments, stated at fair value, at December 31, 2018, are as follows:

	Cost	Unrealized Gain (Loss)	Fair Value	FASB ASC 820 Measurements
Certificates of deposit	\$ 90,000	\$ (751)	\$ 89,249	Level 1
Mutual funds:				
Equity	4,847,000	(203,195)	4,643,805	Level 1
Fixed income	4,242,652	(74,240)	4,168,412	Level 1
Real estate	354,231	(29,086)	325,145	Level 1
Money market fund	212,056	-	212,056	Level 1
Municipal bonds	78,565	(1,198)	77,367	Level 2
Accrued interest	2,005	-	2,005	N/A
Total Investments	<u>\$ 9,826,509</u>	<u>\$ (308,470)</u>	<u>\$ 9,518,039</u>	

A portion of the above portfolio is considered donor restricted (see Note 14).

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 such as quoted prices for similar assets or liabilities in an active market, quoted prices for identical or similar assets in markets that are not active, and inputs other than quoted prices. Level 3 fair value is based on significant unobservable inputs for the asset or liability. See above for classification of the Organization's investments.

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 based upon similar certificates of deposit available in the market.

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COLUMBIA LAND CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

6. Property and Equipment:

A summary of property and equipment as of December 31, 2018, is as follows:

<u>Operational Assets</u>		<u>Useful Lives</u>
Buildings and improvements	\$ 582,005	39-39.5 years
Furniture and fixtures	<u>191,030</u>	3-7 years
 Total operational assets	 773,035	
Less: accumulated depreciation	<u>(368,465)</u>	
Net Operational Assets	<u>404,570</u>	
 <u>Public Conservation Areas</u>		
Buildings and improvements	1,116,525	5-39 years
Equipment and vehicles	<u>260,133</u>	5-7 years
 Total Public Conservation Areas	 1,376,658	
Less: accumulated depreciation	<u>(570,234)</u>	
Net Public Conservation Areas	<u>806,424</u>	
 Total Property and Equipment	 <u>\$ 1,210,994</u>	

Total depreciation expense recorded for the year ended December 31, 2018 was \$101,582.

7. Land:

Land consists of the following as of December 31, 2018:

Land-Main St. office building, Chatham	\$ 25,000
Land-public conservation areas-restricted in perpetuity	5,684,779
Land-public conservation areas/other-board designated	1,599,178
Other restricted property	36,500
Other land - without donor restrictions	<u>1,352,883</u>
	<u>\$ 8,698,340</u>

Land - public conservation areas - CLC owns 12 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, Siegel-Kline Kill Conservation Area, Greenport Conservation Area, Ooms Conservation Area, Harris Conservation Area, and Overmountain Conservation Area. In 2018, the Round Ball Mountain Conservation Area was incorporated into the Overmountain 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 one additional conservation area as described in Note 12.

See independent auditors' report.

COLUMBIA LAND CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

7. Land (Continued):

Public conservation areas are of two types:

- Restricted in perpetuity, 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.
- Board designated, which represent properties purchased by CLC or unrestricted property donated to the Organization and converted to public conservation areas.

Land – Board Designated (public conservation area and other)- In 2018, CLC received a bequest and a land donation from landowners in Hillsdale totaling \$220,500. The property, called the Four Sisters, is rich in conservation value and the board has determined that, for the present, the property will be held for limited public access and used for educational purposes.

Other Land – Without Donor Restrictions- Other unrestricted land consists of several parcels that were gifted, bequeathed or purchased by the Organization. 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 Conservation Areas” or sold with the proceeds to be used to support CLC’s programmatic activities. In 2018, CLC was gifted four (4) parcels (total value \$1,226,350); the board has determined these properties will be sold subject to a conservation easement.

8. 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. Payments received in advance for grants that contain contingencies are treated as deferred revenue until the contingency is met. Sponsorship money received in advance of the period covered are deferred until the terms of the sponsorship are met. As of December 31, 2018, deferred revenue is comprised of \$15,791 for purchase development rights (PDR) grant funds received in advance.

9. Line of Credit:

CLC maintains a line of credit that is due on demand with a fixed rate of interest of 5.49% at December 31, 2018, for a three-year period ending August 31, 2021; available balance of \$260,000 at December 31, 2018. There was no outstanding balance as of December 31, 2018.

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COLUMBIA LAND CONSERVANCY, INC.
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2018

10. Notes Payable:

Notes payable were comprised of the following as of December 31, 2018:

Note payable, Ford Motor, 2.9% interest bearing, collateralized by a vehicle; monthly payments of \$825, final payment due in October 2021.	\$ 26,123
Note payable, Ford Motor, 5.99% interest bearing, collateralized by a vehicle; monthly payments of \$369, final payment due in March 2020.	5,002
Note payable, ACP Power Equipment, non-interest bearing, collateralized by machinery; monthly payments of \$221, final payment due in September 2019.	<u>2,336</u>
Total	33,461
Less: current portion	15,061
Long-term Debt	<u><u>\$ 18,400</u></u>

Notes payable are expected to mature as follows:

2019	\$ 15,061
2020	10,264
2021	<u>8,136</u>
	<u><u>\$ 33,461</u></u>

11. Operating Leases:

During the year ended December 31, 2018, the Organization entered into a copier lease agreement. Total lease expense under this agreement was \$3,423 for the year ended December 31, 2018. Future minimum lease payments as of December 31, 2018 are as follows:

2019	\$ 2,921
2020	2,921
2021	2,921
2022	<u>243</u>
	<u><u>\$ 9,006</u></u>

See independent auditors' report.

COLUMBIA LAND CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

12. Commitments:

Easements and Public Conservation Areas:

Acceptance of easements and door restricted public conservation areas impose on the Organization a perpetual obligation to monitor and steward the properties.

During the year ended December 31, 2018, the Organization closed on 8 easements, adding 1,264 acres of protected land. As of December 31, 2018, CLC holds a total of 202 easements on 28,738 acres in Columbia County. During the year ended December 31, 2018, CLC's expense for monitoring and stewarding easements was \$139,982. In 2018, CLC also transferred two easements on public lands owned by CLC to Dutchess Land Conservancy.

Harrier Hill Park:

The Organization 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 SHLT to pay the Organization \$4,000 per year for site management and monitoring as well as reimburse the Organization for any repairs made to the site; repairs greater than \$100 must be preapproved by Scenic Hudson Land Trust, Inc.

Farmland Access, Resources, and Matching Program (FARM):

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

In 2018, the program was updated and rebranded as the FARM program. The agreement with DLC was updated in May 2018 and the fee structure modified. Under the current agreement, DLC will pay \$3,782 per quarter to CLC for staff time related to managing this program on their behalf. This agreement ends March 2020.

13. Board Designated Net Assets:

Board Designated net assets are comprised of the following:

Designated by the Board for:

Investment	\$ 2,400,538
Conservation Lands:	
Schor Conservation Area	590,750
Hand Hollow Conservation Area	175,928
Round Ball Mountain	612,000
Four Sisters	220,500
Total board designated PCAs	<u>1,599,178</u>
Total Board Designated net assets	<u>\$ 3,999,716</u>

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COLUMBIA LAND CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

13. Board Designated Net Assets (Continued):

The funds designated for investment are the accumulated contributions and earnings from a capital campaign endeavor in 2001, plus 2017 and 2018 capital campaign contributions that were without donor restriction, 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 net assets without donor restrictions or properties gifted with no restrictions and converted into public conservation areas.

14. Net Assets With Donor Restrictions - Endowment Funds:

Donor restricted endowment fund assets total \$11,480,357 at December 31, 2018. These assets are comprised of \$5,684,779 in land that was gifted or bequeathed to CLC to use as public conservation areas or purchased with funds restricted for the express purpose of acquiring land for a public conservation area (PCA). The remaining \$5,795,578 represents funds from, and restricted by, donors in perpetuity for specific uses. In 2018, as part of the Capital Campaign, CLC received endowment gifts totaling \$1,916,704, prior to discount on pledges receivable of \$10,669. One million was gifted to create the Ellsworth Kelly Fund, which provides additional support for the management of CLC's public conservation areas, \$895,604 has been donated to create the David & Peggy Rockefeller Endowment Fund which is for general operating support, and an additional \$21,100 was donated to the Legacy Funds which supports the on-going maintenance of our public lands. The remaining funds (\$3,878,874) include 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 the PCA sites, to support PCA staff and 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 restricted endowments are recorded as net assets with donor restrictions.

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 NYPMIFA has required the organization to retain as a fund of perpetual duration. Deficiencies of this nature are reported in three donor restricted endowment funds, which together have an original gift value of \$1,015,604, a current fair market value of \$961,085, and a deficiency of \$54,519 at December 31, 2018. These deficiencies resulted primarily from unfavorable market fluctuations that occurred shortly after the investment of permanently restricted contributions, along with continued discretionary appropriations for certain programs that were deemed prudent by the Board.

Market conditions have subsequently improved and all funds underwater at year end are at or above the required funding level as of the date of this report.

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COLUMBIA LAND CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

14. Net Assets With Donor Restrictions - Endowment Funds (Continued):

Endowment composition by type of fund is as of December 31, 2018:

	<u>With Donor Restrictions</u>
Donor-Restricted Endowment Funds:	
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 5,795,578
Accumulated investment gains	336,007
Total	<u>\$ 6,131,585</u>

Changes in endowment net assets for the year ended December 31, 2018 are as follows:

	<u>With Donor Restrictions</u>
Beginning balance December 31, 2017	\$ 4,705,671
Investment loss, net	(338,896)
Contributions	1,906,035
Appropriated for expenditure	(141,225)
Ending balance December 31, 2018	<u>\$ 6,131,585</u>

Endowment fund balance is comprised of the following as of December 31, 2018:

	<u>With Donor Restrictions</u>
Investments	\$ 5,320,261
Pledge receivable, net discount	811,324
Total	<u>\$ 6,131,585</u>

See independent auditors' report.

COLUMBIA LAND CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

15. Net Assets With Donor Restrictions:

Donor restricted net assets at December 31, 2018 are held as follows:

Subject to expenditure for a specified purpose:

Public Conservation Area Management	\$ 171,062
Community Outreach & Education	
Educational Programming	12,500
Community Outreach	203,353
Special projects	29,695
Capital Campaign: Community Engagement	29,744
Land Protection	
Farm & Forest: Purchase Thompson Finch Farm	800,659
Farm & Forest: General	47,490
Land held to be donated to NYS for Rail Trail	36,500
	1,331,003

Subject to CLC's spending policy and appropriation:

Conservation Easement Stewardship & Legal Defense Fund	1,248,430
	1,248,430

Subject to the passage of time:

Capital Campaign: General fund	969,974
	969,974

Donor restricted endowments (subject to spending policy and appropriations, net of accumulated net earnings of \$336,007)

Public Conservation Area Management	3,654,237
Public Conservation Area Staffing	547,003
Staff Housing	95,962
General Fund (David and Peggy Rockefeller Endowment)	845,768
Ellsworth Kelly Fund (supports PCAs)	988,615
	6,131,585

Land required to be used as a Public Conservation Area	5,684,779
Total net assets with donor restrictions	\$ 15,365,771
	\$ 15,365,771

See independent auditors' report.

COLUMBIA LAND CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

15. Net Assets With Donor Restrictions (Continued):

Releases from donor restricted net assets for the year ended December 31, 2018 are as follows:

Releases from restrictions:

Subject to the passage of time	\$ 661,761
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Subject to expenditure for a specified purpose:

Public Conservation Area Management	276,193
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Agricultural Program	27,087
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Community Outreach & Education	150,000
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General operations	10,000
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Educational Programming	12,500
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Easement Stewardship	7,000
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Special projects	33,188
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Subject to CLC's spending policy and appropriation

Investment in perpetuity:

Public Conservation Area Management	120,275
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Public Conservation Area Staffing	20,950
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Per donor restriction:

CE Stewardship & Legal Defense Fund	40,000
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<u>\$ 1,358,954</u>

16. Rental Income:

CLC received three houses as part of the land transaction at two conservation areas. Currently, CLC rents two houses to staff under annual lease agreements and one to a tenant on a month to month basis. Rental income collected for the year ended December 31, 2018 totaled \$23,100. The lease agreements are as follows:

- One-year lease expiring December 2019 that requires monthly payments of \$650.
- One-year lease expiring June 2019 that requires monthly payments of \$650.
- Month to month lease that requires a monthly payment of \$600.

On December 31, 2018, the aggregate net minimum rental commitment under the leases for 2019 is \$11,700.

The cost of the properties being rented is \$527,250 with a net book value of \$350,790 at December 31, 2018.

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 \$24,670 for the year ended December 31, 2018.

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COLUMBIA LAND CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

18. Liquidity:

The following table reflects CLC's financial assets as of December 31, 2018, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one-year, perpetual endowments and accumulated earnings net of appropriations within one year, or because the CLC board has set aside the funds for a specific contingency reserve. These board designations could be drawn upon if the board approves that action.

Current financial assets at year end:

Cash and cash equivalents	\$ 527,426 *
Accounts receivable	11,512
Grants receivable	54,620
Contributions receivable	67,164
Investments	9,518,039
Pledges receivable	2,027,726
Total financial assets	<u>12,206,487</u>

Less amounts unavailable for general expenditures within one year, due to:

Perpetual and term endowments and accumulated earnings beyond one year	(5,989,280)
Donor restricted net assets, restricted for purpose, beyond one year	(1,206,080)
Grants receivable beyond one year	(10,000)
Pledges receivable beyond one year	(692,448)
Endowment pledge not convertible	(509,415)
Board designated reserve for future contingencies	(600,438)
Financial assets held for others	<u>(12,969)</u>

Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 3,185,857</u></u>
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**Cash and cash equivalents adjusted for an accounts payable in early 2019 for a grant project.*

CLC has an invested asset management policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The policy anticipates that CLC will hold at least \$1,000,000 of its board designated in reserve as an emergency fund should conditions require. CLC also has a \$260,000 line of credit, which it could draw upon in the event of an anticipated liquidity need. The line of credit matures on August 31, 2021. The interest rate is 5.49% with interest due monthly and principal due upon maturity. CLC borrowed \$100,000 using the line of credit during the fiscal year ended December 31, 2018; that amount plus interest was repaid on December 28, 2018.

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