

HUDSON HIGHLANDS LAND TRUST, INC.

AUDITED FINANCIAL STATEMENTS

As of and for the year ended September 30, 2022
(with memorandum totals for the
year ended September 30, 2021)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Hudson Highlands Land Trust, Inc.:

Opinion

We have audited the financial statements of Hudson Highlands Land Trust, Inc., (a not-for-profit corporation) (the "Land Trust") which comprise the statement of financial position as of September 30, 2022 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Hudson Highlands Land Trust, Inc. as of September 30, 2022, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Hudson Highlands Land Trust, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Hudson Highlands Land Trust, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited Hudson Highlands Land Trust, Inc.'s September 30, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 14, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

UHY LLP

Hudson, New York
February 16, 2023

HUDSON HIGHLANDS LAND TRUST, INC.
STATEMENT OF FINANCIAL POSITION
September 30, 2022
(with memorandum totals for September 30, 2021)

	2022	2021 (memorandum only)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 163,535	\$ 74,219
Money market funds	814,768	504,009
Grants receivable	11,728	61,389
Prepaid expenses	10,958	8,135
Pledge receivable	17,356	-
Total current assets	<u>1,018,345</u>	<u>647,752</u>
LONG-TERM ASSETS		
Notes receivable (note 9)	198,089	171,589
Cash and cash equivalents	187,979	94,257
Money market funds	242,148	1,304,338
Investments (note 4)	5,998,179	9,104,176
Land (note 3)	4,853,739	1,945,454
Dividends receivable	4,800	-
Deposits	1,613	1,613
Equipment, net of accumulated depreciation	8,499	1,535
Total long-term assets	<u>11,495,046</u>	<u>12,622,962</u>
Total assets	<u>\$ 12,513,391</u>	<u>\$ 13,270,714</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 4,410	\$ 8,446
Accrued expenses	16,313	18,445
Deferred revenue	47,600	58,830
Total current liabilities	<u>68,323</u>	<u>85,721</u>
LONG-TERM LIABILITIES		
Notes payable (note 5)	575,000	575,000
Total long-term liabilities	<u>575,000</u>	<u>575,000</u>
Total liabilities	<u>643,323</u>	<u>660,721</u>
NET ASSETS		
Without donor restrictions (note 6)	11,735,265	12,475,022
With donor restrictions (note 6)	134,803	134,971
Total net assets	<u>11,870,068</u>	<u>12,609,993</u>
Total liabilities and net assets	<u>\$ 12,513,391</u>	<u>\$ 13,270,714</u>

See notes to financial statements.

HUDSON HIGHLANDS LAND TRUST, INC.
STATEMENT OF ACTIVITIES
For the year ended September 30, 2022
(with memorandum totals for the year ended September 30, 2021)

	2022			2021 (memorandum only)
	Without Donor Restrictions	With Donor Restrictions	Total	
OPERATING ACTIVITIES				
SUPPORT AND REVENUE				
Contributions	\$ 1,004,494	\$ -	\$ 1,004,494	\$ 738,303
Grants	146,072	88,554	234,626	204,889
Fundraising events, net	86,830	-	86,830	-
Interest and dividends	-	-	-	92,964
Net assets released from restrictions	88,722	(88,722)	-	-
Total support and revenue	<u>1,326,118</u>	<u>(168)</u>	<u>1,325,950</u>	<u>1,036,156</u>
EXPENSES				
Land Conservation	329,235	-	329,235	368,654
Natural Resource Planning	113,500	-	113,500	197,888
Outreach and Education	138,212	-	138,212	101,468
Management and general	153,616	-	153,616	152,790
Fundraising	69,552	-	69,552	62,982
Total expenses	<u>804,115</u>	<u>-</u>	<u>804,115</u>	<u>883,782</u>
Change in net assets from operating activities	<u>522,003</u>	<u>(168)</u>	<u>521,835</u>	<u>152,374</u>
NON-OPERATING ACTIVITIES				
Amortization on notes receivable	-	-	-	4,998
Donated land	519,200	-	519,200	-
Investment (loss) income, net	(1,780,960)	-	(1,780,960)	3,019,901
Realized gain on sale of land	-	-	-	1,782
Change in net assets from non-operating activities	<u>(1,261,760)</u>	<u>-</u>	<u>(1,261,760)</u>	<u>3,026,681</u>
CHANGE IN NET ASSETS	(739,757)	(168)	(739,925)	3,179,055
NET ASSETS, Beginning of year	<u>12,475,022</u>	<u>134,971</u>	<u>12,609,993</u>	<u>9,430,938</u>
NET ASSETS, End of year	<u>\$ 11,735,265</u>	<u>\$ 134,803</u>	<u>\$ 11,870,068</u>	<u>\$ 12,609,993</u>

See notes to financial statements.

HUDSON HIGHLANDS LAND TRUST, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended September 30, 2022
(with memorandum totals for the year ended September 30, 2021)

	2022							2021
	Land Conservation	Natural Resource Planning	Outreach and Education	Total Programs	Management and General	Fundraising	Total	(memorandum only)
Salaries	\$ 130,991	\$ 46,559	\$ 66,157	\$ 243,707	\$ 77,626	\$ 48,229	\$ 369,562	\$ 543,490
Payroll taxes	9,784	3,478	4,942	18,204	5,798	3,602	27,604	39,071
Employee benefits	15,406	5,354	7,126	27,886	9,029	5,562	42,477	64,696
Occupancy	9,875	3,136	4,454	17,465	5,226	3,247	25,938	25,301
Communications and publicity	1,058	-	-	1,058	-	-	1,058	8,667
Other contractors and professional fees	103,765	40,038	42,379	186,182	9,272	5,761	201,215	76,232
Accounting and legal	-	-	-	-	35,043	-	35,043	34,341
Office	3,140	987	2,746	6,873	4,389	2,256	13,518	16,188
Training and education	8,980	-	-	8,980	3,737	-	12,717	1,096
Sponsorships and partner support	537	10,192	271	11,000	-	-	11,000	10,000
Telephone and internet	1,444	513	729	2,686	857	532	4,075	3,525
Insurance	7,459	2,651	3,767	13,877	1,993	-	15,870	14,384
Dues and subscriptions	12,935	-	4,800	17,735	160	-	17,895	22,150
Depreciation	820	292	414	1,526	486	302	2,314	768
Other	871	300	427	1,598	-	61	1,659	1,270
Property taxes	22,170	-	-	22,170	-	-	22,170	22,603
Subtotal	<u>329,235</u>	<u>113,500</u>	<u>138,212</u>	<u>580,947</u>	<u>153,616</u>	<u>69,552</u>	<u>804,115</u>	<u>883,782</u>
Cost of direct benefit to donors:								
Other direct expenses	-	-	-	-	-	1,470	1,470	-
Total cost of direct benefit to donors	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,470</u>	<u>1,470</u>	<u>-</u>
Total expenses	<u>\$ 329,235</u>	<u>\$ 113,500</u>	<u>\$ 138,212</u>	<u>\$ 580,947</u>	<u>\$ 153,616</u>	<u>\$ 71,022</u>	<u>\$ 805,585</u>	<u>\$ 883,782</u>

See notes to financial statements.

HUDSON HIGHLANDS LAND TRUST, INC.
STATEMENT OF CASH FLOWS
For the year ended September 30, 2022
(with memorandum totals for the year ended September 30, 2021)

	2022	2021 (memorandum only)
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (739,925)	\$ 3,179,055
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Donated land	(519,200)	-
Depreciation	2,314	768
Discount on notes receivable	-	(4,998)
Unrealized and realized loss (gain) on investments	1,916,033	(3,019,901)
(Increase) decrease in prepaid expenses	(2,823)	1,582
Realized gain on sale of land	-	(1,782)
Increase in pledge receivable	(17,356)	-
Decrease (increase) in grants receivable	49,661	(61,389)
Increase in dividends receivable	(4,800)	-
(Decrease) increase in accounts payable	(4,036)	8,015
Decrease in accrued expenses	(2,132)	(1,677)
(Decrease) increase in deferred revenue	(11,230)	58,830
Total adjustments	1,406,431	(3,020,552)
Net cash provided by operating activities	666,506	158,503
CASH FLOWS FROM INVESTING ACTIVITIES		
Principal disbursed on note receivable	(26,500)	-
Payment received on note receivable	-	180,000
Purchase of land parcels	(2,389,085)	(184,981)
Purchase of fixed assets	(9,278)	-
Sales of investments	2,147,100	866,037
Purchases of investments	(957,136)	(835,947)
Sales (purchases) of money market funds, net	751,431	(197,092)
Proceeds from sale of land	-	630,000
Net cash (used for) provided by investing activities	(483,468)	458,017
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on loan payable - Rosenbaum	-	(500,000)
Net cash used for financing activities	-	(500,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS	183,038	116,520
CASH AND CASH EQUIVALENTS, Beginning of year	168,476	51,956
CASH AND CASH EQUIVALENTS, End of year	\$ 351,514	\$ 168,476
NON CASH ACTIVITY		
Donated investments	\$ 3,247	\$ 4,155
RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS:		
Cash and cash equivalents - current	\$ 163,535	\$ 74,219
Cash and cash equivalents - long-term	187,979	94,257
Total cash and cash equivalents	\$ 351,514	\$ 168,476

See notes to financial statements.

HUDSON HIGHLANDS LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 1 – NATURE OF ACTIVITIES

Hudson Highlands Land Trust, Inc. (the “Land Trust”) is a not-for-profit corporation exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). The Land Trust works to preserve open space in the Hudson Highlands, where the Appalachian Mountains cross the Hudson River. Less than 50 miles north of New York City, this region is rich in unique ecosystems and biodiversity, providing critical habitat for at-risk wildlife species. Municipalities in the Hudson Highlands include, but are not limited to, Philipstown, Highlands, Putnam Valley and Cornwall, New York. At September 30, 2022, the Land Trust held 93 conservation easements protecting 2,564 acres of property and an additional 1,005 acres are held in fee by the Land Trust.

The Land Trust has the following programs:

Land Conservation: Acquisition and stewardship of the Land Trust’s conservation real estate portfolio. The Land Trust acquires real estate interests in property for conservation purposes through outright fee acquisition, facilitating conservation partners’ fee acquisitions, and purchase or donation of conservation easements (and/or public access easements) on high conservation value properties. The Land Trust manages its conservation easement interests through monitoring and enforcement. Stewardship of the land they own also includes activities to preserve and enhance conservation values, and to facilitate public access, where applicable.

Natural Resource and Planning: Documenting natural, scenic, and cultural resources and advocating for their consideration in municipal planning and review of development plans. The Land Trust works with local municipalities, town boards, conservation boards, and advisory councils to create inventories of valuable natural resources and priority open spaces. Recognizing the importance of connectivity of protected lands in natural resource protection, the Land Trust founded and coordinates the “New York Highlands Network” – a 16-member coalition of land trusts and government agencies that conserve land throughout the New York Highlands. This work includes advocacy for local, state, federal, and private funding for the protection of natural resources.

Outreach and Education: Building public support for natural resource protection. Through events and communications efforts, the Land Trust provides accessible information to area residents and visitors on the vast natural resources of the Hudson Highlands and ways to protect them. This includes educational forums on natural resources and relevant laws; monthly newsletters; brochures/seminars on conservation options; newspaper articles; press releases; educational pages on the Land Trust’s web site; trail steward support and training for popular hiking trails; and social media posts. The Land Trust recently launched several initiatives to make their conservation work more inclusive of diverse populations across the New York Highlands.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Financial Statement Presentation

The financial statements of the Land Trust have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Land Trust follows standards of accounting and financial reporting for certain not-for-profit organizations. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, Not-for-Profit Entities.

HUDSON HIGHLANDS LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting and Financial Statement Presentation (Continued)

Under the provisions of the 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 Land Trust and changes therein are classified as follows:

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

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors or grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Land Trust or by passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

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

Prior Year Amounts

Amounts shown for September 30, 2021, in the accompanying statements, are included to provide a basis for comparison with September 30, 2022 and present summarized totals only. Accordingly, the September 30, 2021 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.

Pledges Receivable

Unconditional pledges receivable that are expected to be collected within one year are recorded at their net realizable value. Unconditional pledges receivable that are expected to be collected in future years are recorded at the net 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 is 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.

Support

Contributions received and unconditional promises to give are initially measured at their estimated fair values and are reported as an increase in net assets. The Land Trust reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or 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.

The Land Trust reports gifts of goods, property and equipment as net assets without donor restriction support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

HUDSON HIGHLANDS LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Support (Continued)

In the absence of explicit donor stipulations about how long those long-lived assets must be maintained, the Land Trust reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Use of Estimates

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

Equipment

Equipment is recorded at cost. Depreciation is computed using the straight-line method over three to five years (the estimated useful lives of the assets). Depreciation expense was \$2,314 during the year ended September 30, 2022.

Fair Value Measurements

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

Income Taxes

The Land Trust is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the Land Trust has been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Section 509(a) of the Internal Revenue Code.

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

Conservation Easements

The Land Trust does not record easements at fair market value. Easements are carried at zero book value primarily because a typical conservation easement provides the Land Trust with no affirmative rights except to monitor and enforce the easement. Generally, land conservation easements restrict the use of the underlying property, are meant to be held in perpetuity, and are not separately marketable. Costs incurred by the Land Trust for conservation easement stewardship and conservation easement enforcement and to purchase development rights are expensed in the period incurred in the statements of activities and functional expenses.

HUDSON HIGHLANDS LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services, Goods and Facilities

A substantial number of volunteers have donated time to the Land Trust's program services and fund-raising campaigns during the year; however, these donated services are not reflected in the financial statements since the services do not require specialized skills. Donated professional services, legal services and specialized skills, if any, which enhanced or created a financial asset are reflected in the statement of activities at their estimated fair value. Materials and other assets received as donations are recorded and reflected in the accompanying financial statements at their estimated fair values at the date of receipt.

Concentrations of Credit Risk

Financial instruments that potentially expose the Land Trust to concentrations of credit risk consist primarily of cash equivalents, money market funds, grant receivables, and pledge receivables. Cash and cash equivalents are maintained at Federal Deposit Insurance Corporation (FDIC) insured financial institutions and credit exposure is limited to any one institution. The Land Trust has not experienced any losses with respect to its cash balances. As of September 30, 2022, cash and cash equivalents exceeded FDIC limits by approximately \$112,800.

Money market funds are not covered by FDIC. Credit risk is considered very low because the money market fund invests primarily in securities that are considered to be high quality. Although money market funds seek to preserve the value of the investment of \$1 per share, it is possible to lose money by investing in money market funds.

The Land Trust reviews all outstanding pledges and grants receivable as of the end of the fiscal year for collectability. Reserves are established when management has determined that collection is not probable taking into account payment history and conversations with the donors. Generally, collateral is not required.

Investments

In accordance with FASB ASC 958-320, "Accounting for Certain Investments Held by Not-for-Profit Organizations" investments in debt and equity securities are reported at fair value on the statement of financial position with corresponding unrealized gains and losses reported in the statement of activities as increases or decreases in net assets.

The Land Trust accounts for its investments at fair value on a trade date basis. The value of publicly traded common stocks is based upon quoted market prices. Investment return is presented net of investment fees. The first in first out (FIFO) method is primarily used to determine the basis for computing realized gains or losses.

Investments are measured at fair value on a recurring basis. In accordance with FASB ASC 820-10, fair value measurements are identified as Level 1, Level 2, or Level 3. Level 1 fair value is based on quoted prices in active markets for identical assets/liabilities. Level 2 fair value is based on significant other observable inputs. Level 3 fair value is based on significant unobservable inputs. See above for classification of the Land Trust's investments. The Land Trust does not have any Level 2 or Level 3 investments.

HUDSON HIGHLANDS LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash, Cash Equivalents and Money Market Funds

For purposes of reporting cash flows, the Land Trust considers cash in operating bank accounts, demand deposits, cash on hand, and highly liquid debt instruments purchased with a maturity of three months or less as cash and cash equivalents. Money market funds are not considered cash equivalents given the composition of such investments.

Functional Expenses

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

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Land Trust's ongoing activities. This includes investment earnings utilized to fund period expenses. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, capital grants, and other activities considered to be more unusual or of a nonrecurring nature.

Subsequent Events

Subsequent events have been evaluated through February 16, 2023, which is the date the financial statements were available to be issued.

NOTE 3 – LAND

The Land Trust owns the following land:

Land		Fiscal Years Acquired
		2017/2019/2020/ 2021/2022
Granite Mountain Preserve	\$ 1,994,532	2022
Vrooman	283,448	2019
Canopus Creek Preserve	961,403	2021/2022
Stapf Farm	1,212,498	2022
Portion of the Former Garrison Golf Course	401,858	2022
Total	\$ 4,853,739	

As of the year ended September 30, 2022, the Land Trust currently owns several properties totaling more than 1,000 acres (Granite Mountain Preserve, Canopus Creek Preserve, Stapf, a portion of the former Garrison Golf Course, and Vrooman). The Land Trust is holding these properties in fulfillment of its exempt purpose. Any future sale of the land parcels is subject to the board of directors' approval, and any proceeds of said parcel must first be used to repay any related loans (Note 5).

HUDSON HIGHLANDS LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 3 – LAND (Continued)

Granite Mountain Preserve

During the year ended September 30, 2022, the Town of Putnam Valley conveyed one tax parcel totaling 26+ acres (and valued at \$124,500) to the Land Trust as an addition to the Granite Mountain Preserve. The property value was recorded based on the assessed value recorded by the Town of Putnam Valley which was recorded at a 100% equalization rate and therefore, approximating fair value. The property has been added to the Land Trust's board designated net assets to support the Land Trust's land conservation program. This parcel was landlocked and inaccessible to the public without Granite Mountain Preserve. During the year ended September 30, 2022, the Land Trust further expanded the Granite Mountain Preserve by acquiring a 43+ acre parcel off of Oscawana Lake Road, in Putnam Valley, New York.

During the year ended September 30, 2022, the Land Trust engaged in a lot-line change with two neighbors along Locust Glen Road in Putnam Valley, New York – conveying < 0.5 acres of manicured lawn (of negligible conservation value) and underground utilities along a road and separate from the larger Preserve property.

During the year ended September 30, 2022, the Land Trust remained a party to a Memorandum of Understanding with the County of Putnam authorizing, but not requiring, the Land Trust to engage in management activities on the County property adjoining Granite Mountain Preserve including to enhance public access and passive recreation opportunities on the County property.

Canopus Creek Preserve

During the year ended September 30, 2022, the Land Trust expanded Canopus Creek Preserve, with the acquisition of two tax parcels totaling 240+ acres in Putnam Valley, New York.

Portion of the Former Garrison Golf Course

During the year ended September 30, 2022, the Land Trust acquired a 57+ acre portion of the former Garrison Golf Course, in Philipstown, New York recorded at a value of \$395,000. The conveyance was a donation. The property was valued at fair value based on an appraisal provided by the donor. The property has been added to the Land Trust's board designated net assets to support the Land Trust's land conservation program.

Stapf Farm

During the year ended September 30, 2022, the Land Trust acquired two tax parcels totaling 118+ acres in Philipstown, New York.

NOTE 4 – INVESTMENTS

Investments, stated at fair value, at September 30, 2022, are as follows:

	Cost	Unrealized Gain	Fair Value	Fair Value Level
Equities	<u>\$ 3,801,322</u>	<u>\$ 2,196,857</u>	<u>\$ 5,998,179</u>	Level 1

HUDSON HIGHLANDS LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 4 – INVESTMENTS (Continued)

Net investment income included the following during the year ended September 30, 2022:

Realized gain on investments	\$ 1,262,384
Unrealized loss on investments	(3,178,417)
Interest and dividends	135,073
Total investment loss, net	<u>\$ (1,780,960)</u>

NOTE 5 – COMMITMENTS

Lease of real property

The Land Trust entered into a three-year lease with 20 Nazareth Way, LLC for office space in Garrison, New York in April 2018. This lease was renewed on April 27, 2021 for three additional years, through April 2024. Rent expense for fiscal 2022 was \$24,882. Future rent expense under the lease agreement is as follows:

Fiscal 2023	\$ 25,563
Fiscal 2024	15,169
Total	<u>\$ 40,732</u>

Long-term debt

During the year ended September 30, 2017, the Land Trust received proceeds from two loans for \$80,000 and \$495,000 to pay for two parcels of land (Note 3). The loans are interest free for the first five years and then incur 0.50% per annum on the unpaid principal balance beginning with the sixth year. A single principal payment plus unpaid interest is due December 15, 2026 for both loans.

HUDSON HIGHLANDS LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 6 – NET ASSETS

Donor Restricted Net Assets

The Land Trust has several funds designated as donor restricted net assets. Donor restricted net assets as of September 30, 2022 consist of the following:

Subject to expenditure for specified purpose:

Land Conservation:	
Land acquisition grant	\$ 25,000
Appalachian Trail Conservancy - Wild East Grant	9,400
Cornell Douglas Foundation - Land Conservation	3,360
Nature Conservancy - Addition to Granite Mountain Preserve	6,627
Sparacio - Hudson Highlands Land Trust Preserves	12,500
Eagle Scout Project - Canopus Creek Preserve	100
The Land Trust Alliance - New York State 2022 Transaction Grant	5,455
Sparacio - New York Highlands Network (NYHN)	12,000
The Land Trust Alliance - New York State Capacity & Excellence Grant	18,000
The Land Trust Alliance - New York State Conservation Partnership Program Grant (2021)	15,219
Outreach and Education:	
Cornell Douglas Foundation - Environmental Justice	6,212
Map project	695
Poetry Garden	5,235
Sparacio - Internships	15,000
Total	<u>\$ 134,803</u>

Releases from donor restricted net assets for the year ended September 30, 2022, are as follows:

Subject to expenditure for specified purpose:

Land Conservation:	
The Land Trust Alliance - New York State Conservation Partnership Program Grant (2021)	\$ 21,228
Cornell Douglas Foundation - Testing Remote Technology	4,524
Appalachian Trail Conservancy - Wild East Grant	10,890
Cornell Douglas Foundation - Acquisitions to build Green Corridors	1,500
Cornell Douglas Foundation - Land Parcel Tracker	5,000
The Land Trust Alliance - Nature Conservancy remote monitoring grant	10,500
The Nature Conservancy - Land Parcel Tracker (2021)	21,580
Outreach and Education:	
Open Space Institute Malcomn Gordon Charitable Fund- Heritage Trail Grant	5,000
Cornell Douglas Foundation - Environmental Justice	8,500
Total releases from restrictions	<u>\$ 88,722</u>

HUDSON HIGHLANDS LAND TRUST, INC.
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NOTE 6 – NET ASSETS (Continued)

Board Designated Net Assets

In fiscal 2008, the Land Trust commenced a capital fund raising campaign to provide for its long-term capital needs. In January 2011 and again in June 2014, the Land Trust's Board of Directors refined an earlier May 2008 resolution updating the designation of the assets. Board designated net assets are as follows at September 30, 2022:

Land subject to board oversight, net of notes payable	\$ 4,278,739
Conservation Easement Monitoring and Enforcement Fund	400,000
Stewardship Fund	3,356,092
Acquisition Funds	2,677,014
Partner Financing Notes	198,089
	<u>\$ 10,909,934</u>

The following is a reconciliation of board designated net assets to the related investment account:

Investments - public securities	\$ 5,998,179
Cash and cash equivalents	187,979
Money market funds	242,148
Dividends receivable	4,800
Board designated financial assets (invested net assets)	<u>6,433,106</u>
Partner Financing Notes	198,089
Land Subject to Board Oversight	4,853,739
Less Notes Payable	<u>(575,000)</u>
Total board designated net assets	<u>\$ 10,909,934</u>

The purposes of the board designated funds are to fund the likely future costs of monitoring and enforcing the Land Trust's conservation easements; to support the salary of the Highland Steward of the Land Trust, who is also the Executive Director, to support the other annual operating costs of the stewardship and land conservation activities of the Land Trust; and, to pay for land acquisition and land conservation projects, all as directed by the Land Trust Board of Directors. Annually, the Board determines if funds should be released based on the financial results of the Land Trust and ongoing land acquisition and conservation projects. The investment strategy for this fund is to invest in a manner that will balance investment return with preservation of principal, while meeting the daily cash flow needs of the Land Trust. The S&P 500 is the comparative benchmark for evaluation of the fund's performance. The Land Trust increases the allocation of board designated funds dedicated to Stewardship annually to reflect changes in the Consumer Price Index (CPI).

During the year ended September 30, 2022, the board designated net asset's investment loss was \$1,786,294 (\$1,916,033 of losses and \$129,739 of interest and dividends). All interest and dividends were reinvested. The fund also received \$153,400 of grants and contributions. In terms of outflows from the fund, \$2,389,085 was used to finance real estate acquisitions, and \$47,684 was used to maintain and improve existing properties. A draw of \$75,000 was approved by the Board of Directors, however, it was not needed and therefore, was not taken.

HUDSON HIGHLANDS LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 7 – SIGNIFICANT CONTRIBUTORS

During the year ended September 30, 2022, two contributors donated a total of \$525,000 to the Land Trust. One of the contributors is a foundation related to a Land Trust board member. In addition, the Land Trust received donated land valued at \$395,000 from one contributor, who is also a board member.

NOTE 8 – LIQUIDITY

The Land Trust's financial assets available within one year of September 30, 2022 for general expenditure are as follows:

Current financial assets at year end:

Cash and cash equivalents	\$ 163,535
Money market funds	814,768
Grants receivable	11,728
Pledge receivable	<u>17,356</u>
Total financial assets	<u>1,007,387</u>

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

Restricted by donor with purpose restrictions	<u>(134,803)</u>
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Total financial assets available to meet cash needs for general expenditure within one year

\$ 872,584

As discussed in Note 6, the Land Trust has certain board designated funds available in the event they are needed. In addition to the liquid funds available to meet general expenditures within one year, the board designated fund also includes another \$187,979 in cash and cash equivalents and \$242,148 in money market funds to fund a number of significant transactions that could occur in fiscal 2023.

HUDSON HIGHLANDS LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 9 – NOTES RECEIVABLE

During the years ended September 30, 2020 and 2022, the Land Trust had real estate financing transactions, whereby it loaned money to partner land trusts to purchase land parcels that are priority future additions to New York State Parks. The money was loaned at zero interest and is unsecured. The transactions were documented using Conservation Participation Agreements and Promissory Notes dated the same as the purchase dates. The loans will be repaid at the maturity date or an earlier mandatory prepayment when the State of New York (or other suitable conservation buyer) purchases the land from the partner land trusts.

The contract terms are as follows:

<u>Issuance Date</u>	<u>Loan Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Mandatory Prepayment</u>
11/14/2019	\$ 187,500	0%	11/14/2026	Upon purchase of the property by the State of New York, or another suitable conservation buyer.
12/21/2021	<u>26,500</u>	0%	12/20/2028	Upon purchase of the property by the State of New York, or another suitable conservation buyer.
	<u>214,000</u>			
Discount on notes receivable	<u>(15,911)</u>			
Notes receivable, net	<u>\$ 198,089</u>			

The note receivable issued November 14, 2019, was discounted at a rate of 3%. This note was discounted to adjust for the term of the loan and the fact that the loan is unsecured but supported by the proceeds of the sale to New York State or other conservation buyer. The note receivable issued December 21, 2021, was not discounted because the Land Trust believes that the sale of this property is imminent in fiscal year 2023 and the mandatory prepayment terms will be met.

NOTE 10 – PENSION PLAN

The Land Trust has a Section 403(b)(7) pension plan under which employees may elect to contribute a portion of their salaries into a retirement account. The Land Trust matches each employee's contributions up to a stated cap which, for all employees, aggregated \$21,000 for the year ended September 30, 2022.

NOTE 11 – SPECIAL EVENT

Special events generate revenue for the Land Trust as well as raise awareness about the Land Trust's mission. Some events are annual and some are incidental to the Land Trust's central activities.

During the year ended September 30, 2022, the Land Trust held one special event; a financial summary for the Annual Benefit is as follows:

Revenue	
Contributions	\$ 77,200
Special events:	
Special event revenue	11,100
Cost of direct benefit to donors	<u>(1,470)</u>
Special events, net	<u>9,630</u>
Total revenue	<u>86,830</u>
Expenses:	
Fundraising	
Printing	<u>(291)</u>
Increase in net assets without donor restrictions	<u>\$ 86,539</u>