

HUDSON HIGHLANDS LAND TRUST, INC.

AUDITED FINANCIAL STATEMENTS

As of and for the year ended September 30, 2023
(with memorandum totals as of and for the
year ended September 30, 2022)

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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) which comprise the statement of financial position as of September 30, 2023 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, 2023, 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 Highland 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 Highland 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 Highland 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 Highland Land Trust, Inc.'s September 30, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 16, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

The image shows a handwritten signature in black ink that reads "UHY LLP". The letters are stylized and cursive.

Hudson, New York
February 6, 2024

HUDSON HIGHLANDS LAND TRUST, INC.
STATEMENT OF FINANCIAL POSITION
September 30, 2023
(with memorandum totals for September 30, 2022)

	2023	2022 (memorandum only)
ASSETS		
Cash and cash equivalents	\$ 252,019	\$ 351,514
Money market funds	1,983,058	1,056,916
Investments	6,952,904	5,998,179
Grants receivable	-	11,728
Prepaid expenses	7,886	10,958
Pledge receivable	-	17,356
Other receivable	4,022	-
Notes receivable (note 9)	199,854	198,089
Dividends receivable	5,044	4,800
Deposits	1,613	1,613
Land (note 3)	4,650,221	4,853,739
Equipment, net of accumulated depreciation	4,639	8,499
Total assets	<u>\$ 14,061,260</u>	<u>\$ 12,513,391</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 27,957	\$ 4,410
Accrued expenses	24,183	16,313
Deferred revenue	3,000	47,600
Notes payable (note 5)	575,000	575,000
Total liabilities	<u>630,140</u>	<u>643,323</u>
NET ASSETS		
Without donor restrictions (note 6):		
Highland Steward Fund (board designated)	8,335,969	6,631,195
Land, net of notes payable (board designated)	4,075,221	4,278,739
Undesignated	806,498	825,331
With donor restrictions (note 6)	213,432	134,803
Total net assets	<u>13,431,120</u>	<u>11,870,068</u>
Total liabilities and net assets	<u>\$ 14,061,260</u>	<u>\$ 12,513,391</u>

See notes to financial statements.

HUDSON HIGHLANDS LAND TRUST, INC.
STATEMENT OF ACTIVITIES
For the year ended September 30, 2023
(with memorandum totals for the year ended September 30, 2022)

	2023			2022 (memorandum only)
	Without Donor Restrictions	With Donor Restrictions	Total	
OPERATING ACTIVITIES				
SUPPORT AND REVENUE				
Contributions	\$ 772,430	\$ -	\$ 772,430	\$ 1,004,494
Grants	10,498	165,262	175,760	234,626
Amortization of discount on notes receivable	1,765	-	1,765	-
Fundraising events, net	74,685	-	74,685	86,830
Contributions - In-kind	91,288	-	91,288	-
Net assets released from restrictions	86,633	(86,633)	-	-
Total support and revenue	<u>1,037,299</u>	<u>78,629</u>	<u>1,115,928</u>	<u>1,325,950</u>
EXPENSES				
Land Conservation (Acquisitions)	306,779	-	306,779	329,235
Natural Resources and Stewardship	223,756	-	223,756	113,500
Outreach and Education	282,520	-	282,520	138,212
Public Policy and Planning	67,843	-	67,843	-
Management and General	154,521	-	154,521	153,616
Fundraising	54,937	-	54,937	69,552
Total expenses	<u>1,090,356</u>	<u>-</u>	<u>1,090,356</u>	<u>804,115</u>
Change in net assets from operating activities	<u>(53,057)</u>	<u>78,629</u>	<u>25,572</u>	<u>521,835</u>
NON-OPERATING ACTIVITIES				
Donated land	-	-	-	519,200
Investment income (loss), net	1,425,394	-	1,425,394	(1,780,960)
Interest expense	(5,031)	-	(5,031)	-
Realized gain on sale of land	115,117	-	115,117	-
Change in net assets from non-operating activities	<u>1,535,480</u>	<u>-</u>	<u>1,535,480</u>	<u>(1,261,760)</u>
CHANGE IN NET ASSETS	<u>1,482,423</u>	<u>78,629</u>	<u>1,561,052</u>	<u>(739,925)</u>
NET ASSETS, Beginning of year	<u>11,735,265</u>	<u>134,803</u>	<u>11,870,068</u>	<u>12,609,993</u>
NET ASSETS, End of year	<u>\$ 13,217,688</u>	<u>\$ 213,432</u>	<u>\$ 13,431,120</u>	<u>\$ 11,870,068</u>

See notes to financial statements.

HUDSON HIGHLANDS LAND TRUST, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended September 30, 2023
(with memorandum totals for the year ended September 30, 2022)

	2023							2022	
	Land Conservation	Natural Resources & Stewardship	Outreach and Education	Public Policy & Planning	Total Programs	Management and General	Fundraising	Total	(memorandum only)
Salaries	\$ 86,206	\$ 130,033	\$ 163,902	\$ 36,863	\$ 417,004	\$ 86,700	\$ 39,943	\$ 543,647	\$ 369,562
Payroll taxes	6,880	10,378	13,081	2,942	33,281	6,919	3,189	43,389	27,604
Employee benefits	10,420	15,718	19,811	4,456	50,405	10,480	4,828	65,713	42,477
Occupancy	5,120	6,129	7,726	1,738	20,713	4,087	1,883	26,683	25,938
Communications and publicity	279	421	6,986	119	7,805	-	-	7,805	1,058
Other contractors and professional fees	79,318	14,631	52,745	10,232	156,926	5,985	2,757	165,668	201,215
Accounting and audit	-	-	-	-	-	31,596	-	31,596	35,043
Office	5,323	6,540	3,906	1,123	16,892	4,849	1,609	23,350	13,518
Training and education	4,317	5,496	406	991	11,210	-	-	11,210	12,717
Sponsorships	-	5,000	5,000	-	10,000	-	-	10,000	11,000
Telephone and internet	584	881	1,110	250	2,825	587	271	3,683	4,075
Insurance	8,037	4,582	775	1,299	14,693	2,568	-	17,261	15,870
Dues and subscriptions	5,758	2,744	5,727	6,101	20,330	134	62	20,526	17,895
Depreciation	612	923	1,164	262	2,961	616	284	3,861	2,314
Meetings and travel	2,637	2,730	181	1,467	7,015	-	111	7,126	1,659
Property taxes	-	17,550	-	-	17,550	-	-	17,550	22,170
In-kind services	91,288	-	-	-	91,288	-	-	91,288	-
Subtotal	<u>306,779</u>	<u>223,756</u>	<u>282,520</u>	<u>67,843</u>	<u>880,898</u>	<u>154,521</u>	<u>54,937</u>	<u>1,090,356</u>	<u>804,115</u>
Interest	5,031	-	-	-	5,031	-	-	5,031	-
Cost of direct benefit to donors:									
Other direct	-	-	-	-	-	-	12,142	12,142	1,470
Total cost of direct benefit to donors	-	-	-	-	-	-	12,142	12,142	1,470
Total expenses	<u>\$ 311,810</u>	<u>\$ 223,756</u>	<u>\$ 282,520</u>	<u>\$ 67,843</u>	<u>\$ 885,929</u>	<u>\$ 154,521</u>	<u>\$ 67,079</u>	<u>\$ 1,107,529</u>	<u>\$ 805,585</u>

See notes to financial statements.

HUDSON HIGHLANDS LAND TRUST, INC.
STATEMENT OF CASH FLOWS
For the year ended September 30, 2023
(with memorandum totals for the year ended September 30, 2022)

	2023	2022 (memorandum only)
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,561,052	\$ (739,925)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Donated land	-	(519,200)
Depreciation	3,861	2,314
Realized gain on sale of land	(115,117)	-
Unrealized and realized (gain) loss on investments	(1,220,756)	1,916,033
Amortization of discount on notes receivable	(1,765)	
Decrease (increase) in prepaid expenses	3,072	(2,823)
Decrease (increase) in pledge receivable	17,356	(17,356)
Increase in other receivable	(4,022)	-
Decrease in grants receivable	11,728	49,661
Increase in dividends receivable	(244)	(4,800)
Increase (decrease) in accounts payable	23,547	(4,036)
Increase (decrease) in accrued expenses	7,870	(2,132)
Decrease in deferred revenue	(44,600)	(11,230)
Total adjustments	<u>(1,319,070)</u>	<u>1,406,431</u>
Net cash provided by operating activities	<u>241,982</u>	<u>666,506</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Principal disbursed on note receivable	-	(26,500)
Purchase of land parcels	(88,131)	(2,389,085)
Purchase of fixed assets	-	(9,278)
Sales of investments	400,317	2,147,100
Purchases of investments	(134,287)	(957,136)
(Purchases) sales of money market funds, net	(926,142)	751,431
Proceeds from sale of land	406,766	-
Net cash used for investing activities	<u>(341,477)</u>	<u>(483,468)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(99,495)	183,038
CASH AND CASH EQUIVALENTS, Beginning of year	<u>351,514</u>	<u>168,476</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 252,019</u>	<u>\$ 351,514</u>

See notes to financial statements.

HUDSON HIGHLANDS LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

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, 2023, the Land Trust held 94 conservation easements protecting 2,594 acres of property and an additional 978 acres are held in fee by the Land Trust.

The Land Trust has the following programs:

Land Conservation (Acquisitions): Conserving land to protect natural resources, ecological integrity, and the Hudson Highlands’ scenic landscape remains the primary focus of Hudson Highlands Land Trust, Inc. The Land Trust’s conservation activity protects land of important ecological and scenic value. The program activities are both strategic and opportunistic, using all methodologies available for land preservation – purchasing properties, facilitating partner projects, and permanently protecting other privately held lands through their conservation easement program.

Natural Resources and Stewardship: The Land Trust manages its conservation easement interests through monitoring and enforcement. Stewardship of the Land Trust’s property includes activities to preserve and enhance conservation values (e.g., water quality protections and habitat restoration), and to facilitate public access, where applicable. Other natural resources and stewardship work includes coordinating volunteers for other local activities – such as amphibian migration and invasive species management initiatives.

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.

Public Policy 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 and communication/coordination across the region, The Land Trust founded and coordinates the “New York Highlands Network” – a coalition of land trusts and government agencies working in the New York Highlands. This work includes advocacy for local, state, federal, and private funding for the protection of natural resources.

HUDSON HIGHLANDS LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

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.

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, 2022, in the accompanying statements, are included to provide a basis for comparison with September 30, 2023 and present summarized totals only. Accordingly, the September 30, 2022 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.

HUDSON HIGHLANDS LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Support (Continued)

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.

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).

The Land Trust reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the related carrying amount of an asset may not be recoverable. In the event that facts and circumstances indicate that the cost of any long-lived asset may be impaired, an evaluation of recoverability would be performed. If considered impaired, the carrying amount of the asset is reduced to its current fair value.

Fair Value Measurements

FASB ASC 820 "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 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.

HUDSON HIGHLANDS LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

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. 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.

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, legal and specialized skills services, if any, which enhanced or create 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, 2023, cash and cash equivalents exceeded FDIC limits by approximately \$27,500.

Money market funds are not covered by the 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 incur losses 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 donor quality. Generally, collateral is not required.

HUDSON HIGHLANDS LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 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.

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 and are considered Level 1 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.

Reclassifications

The Land Trust changed the presentation of its statement of financial position from a classified to an unclassified statement for the year ended September 30, 2023. As a result, the memorandum only totals on the statement of financial position for the year ended September 30, 2022 were reclassified to conform to the current year presentation.

HUDSON HIGHLANDS LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Standards

As of October 1, 2022 the Land Trust adopted Accounting Standards Update (“ASU”) No. 2016-02, *Leases*, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The new standard provides a number of optional practical expedients in transition. The Land Trust elected the package of practical expedients, which permits the Land Trust to not reassess under the new standard prior conclusions about lease identification, lease classification, and initial direct costs. The impact of adoption is mainly related to 1) the recognition of right of use (“ROU”) assets and lease liabilities on the statement of financial position, and 2) providing significant new disclosures about the Land Trust’s leasing activities. The Land Trust applied the practical expedient to adopt retrospectively to the beginning of the year.

Subsequent Events

Subsequent events have been evaluated through February 6, 2024, which is the date the financial statements were available to be issued.

NOTE 3 – LAND

The Land Trust owns the following land:

		Fiscal Years Acquired
		<u>2017/2019/2020/</u>
Granite Mountain Preserve	\$ 2,013,385	2022
Canopus Creek Preserve	961,403	2021/2022
Stapf Farm	1,228,498	2022
Portion of the Former Garrison Golf Course	401,858	2022
Corbeels	45,077	2023
Total	<u>\$ 4,650,221</u>	

As of September 30, 2023, the Land Trust currently owns several properties totaling almost 1,000 acres (Granite Mountain Preserve, Canopus Creek Preserve, Stapf, a portion of the former Garrison Golf Course, and Corbeels). The Land Trust is holding these properties in fulfillment of its exempt purpose. Any future sale of the land parcels is subject to board of directors’ approval, and any proceeds of said parcel must first be used to further our mission.

2023 Activities:

Granite Mountain Preserve

The Land Trust remains 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-owned property adjoining Granite Mountain Preserve including to enhance public access and passive recreation opportunities on the County property.

Canopus Creek Preserve

The Land Trust maintains Canopus Creek Preserve – researching site cleanup and restoration.

HUDSON HIGHLANDS LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 3 – LAND (Continued)

2023 Activities (continued):

Portion of the Former Garrison Golf Course

The Land Trust removed 550 tons of heavy metal contaminated soil from the property. The two affected areas were then filled in with rich, new soil and seeded with a mix of native grasses supporting the diversity of wildlife on the land.

Stapf Farm

The Land Trust invested in the clean-up of the property – removing dozens of propane tanks and abandoned barrels. The Land Trust also received the permits necessary to remove the abandoned cabins and restore the property to its natural condition in 2024.

Corbeels

The Land Trust acquired 9+ acre parcel on behalf of New York State. The Land Trust anticipates conveying the land to New York as an addition to the Clarence Fahnestock Memorial State Park.

Vrooman

The Land Trust sold its 30-acre Vrooman property subject to a conservation easement limiting the development of the property.

NOTE 4 – INVESTMENTS

Investments, stated at fair value, at September 30, 2023, are as follows:

	Cost	Unrealized Gain	Fair Value	Fair Value Level
Equities	\$ 3,880,189	\$ 3,072,715	\$ 6,952,904	Level 1

Net investment income included the following for the year ended September 30, 2023:

Realized gain on investments	\$ 344,898
Unrealized gain on investments	875,858
Interest and dividends	204,638
Total investment income, net	<u>\$ 1,425,394</u>

NOTE 5 – COMMITMENTS

Lease of real property

The Land Trust originally entered into a lease with 20 Nazareth Way, LLC for office space in Garrison, New York in April 2018. This lease has been extended and runs through April 2024. Rent expense for fiscal 2023 was \$25,626 and is included in “occupancy” on the statement of functional expenses. Future rent expense under the lease agreement is as follows:

Fiscal 2024	\$ 15,169
Total	<u>\$ 15,169</u>

HUDSON HIGHLANDS LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 5 – COMMITMENTS (Continued)

The Land Trust determines if an arrangement is or contains a lease at inception. Leases are included in either operating or financing right-of-use assets (ROU) and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and the ROU assets also include prepaid or accrued rent. The Land Trust does not report ROU assets and lease liabilities for short-term leases (leases with a term of 12 months or less). Instead, the lease payments on those leases are reported as lease expense over the lease term. For the year ended September 30, 2023, the Land Trust deemed the right-of-use asset and lease liability amount to be not material and therefore, did not record the right of use asset or lease obligation.

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. As of September 30, 2023, accrued interest on the two loans totaled \$5,031 and is included in “accrued expenses” on the statement of financial position. The loans are due in one payment including unpaid interest and are due December 15, 2026.

NOTE 6 – NET ASSETS

Donor Restricted Net Assets

The Land Trust has several funds designated as donor restricted net assets as of September 30, 2023 consisting of the following:

Subject to expenditure for specified purpose:

Land Conservation (Acquisitions) / Natural Resources and Stewardship:	
Land acquisition grant	\$ 25,000
Sparacio - Hudson Highlands Land Trust Preserves	12,500
Sparacio - New York Highlands Network (NYHN)	5,000
The Land Trust Alliance - New York State Capacity Grant 2023	50,000
The Land Trust Alliance - New York State Conservation Partnership Program Grant (2023)	100,000
Sparacio 2023	5,000
Outreach and Education:	
New York New Jersey Trail Conference Trail Steward Program	10,000
Map project	697
Poetry Garden	5,235
Total	<u><u>\$ 213,432</u></u>

HUDSON HIGHLANDS LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 6 – NET ASSETS (Continued)

Releases from donor restricted net assets for the year ended September 30, 2023, are as follows:

Subject to expenditure for specified purpose:

Land Conservation (Acquisitions) / Natural Resources and Stewardship:	
The Land Trust Alliance - New York State Conservation Partnership Program Grant (2021) Eagle Scout Project	\$ 100
Appalachian Trail Conservancy - Wild East Grant	9,400
Cornell Douglas Foundation - ReLearning Highlands History/Virtual Heritage Trail	6,212
Cornell Douglas Foundation - Land Conservation	3,620
The Nature Conservancy - Land Parcel Tracker (2021) Granite Mountain	6,627
Sparacio - Environmental Internships	15,000
Sparacio - New York Highlands Network (NYHN)	7,000
The Land Trust Alliance - NYS Conservation Partnership Catalyst Grant	15,219
Excellence	18,000
The Land Trust Alliance - New York State 2022 Transaction Grant	5,455
Total releases from restrictions	<u><u>\$ 86,633</u></u>

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, 2023:

Land subject to board oversight, net of notes payable	\$ 4,075,221
Conservation Easement Monitoring and Enforcement Fund	400,000
Stewardship Fund	3,600,000
Acquisition Funds	4,137,880
Partner Financing Notes	198,089
	<u><u>\$ 12,411,190</u></u>

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

Investments - public securities	\$ 6,952,904
Cash and cash equivalents	105,983
Money market funds	1,073,950
Dividends receivable	5,044
Board designated financial assets (invested net assets)	<u><u>8,137,881</u></u>
Partner Financing Notes	198,089
Land Subject to Board Oversight	4,650,220
Less Notes Payable	<u>(575,000)</u>
Total board designated net assets	<u><u>\$ 12,411,190</u></u>

HUDSON HIGHLANDS LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 6 – NET ASSETS (Continued)

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, 2023, the board designated net asset's investment gain was \$1,425,399 (\$1,220,756) of gains and \$204,643 of interest and dividends). All interest and dividends were reinvested. The Land Trust also received \$291,651 of proceeds from the sale of a land parcel. In terms of outflows from the fund, \$88,131 was used to purchase new land parcels, and \$30,082 was used to maintain and improve existing properties. During the year ended September 30, 2023, the board approved budget provided a draw of \$75,000 from the Highland Steward Fund for general operations, however, it was not needed and therefore, was not taken.

NOTE 7 – SIGNIFICANT CONTRIBUTORS

During the year ended September 30, 2023, three contributors each donated \$300,000, \$150,000 and \$125,000 to the Land Trust. The \$300,000 contributor is the owner of the property/non-profit center where the Land Trust rents office space. In addition, the \$125,000 contribution is from a fund related to a Land Trust board member.

NOTE 8 – LIQUIDITY

The Land Trust's financial assets available within one year of September 30, 2023 for general expenditure are as follows:

Current financial assets at year end:

Cash and cash equivalents	\$ 146,036
Money market funds	909,108
Other receivable	4,022
Total financial assets	<u>1,059,166</u>

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

Restricted by donor with purpose restrictions	<u>(213,432)</u>
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Total financial assets available to meet cash needs for general expenditure within one year	<u><u>\$ 845,734</u></u>
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HUDSON HIGHLANDS LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 8 – LIQUIDITY (Continued)

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 \$105,983 in cash and cash equivalents and \$1,073,950 in money market funds to fund activities in fiscal 2024.

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>(14,146)</u>			
Notes receivable, net	<u>\$ 199,854</u>			

The note receivable issued December 21, 2021, was not discounted because the Land Trust believes that the sale of this property is imminent within one year of September 30, 2023 and the mandatory prepayment terms will be met.

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.

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 \$17,650 for the year ended September 30, 2023.

HUDSON HIGHLANDS LAND TRUST, INC.
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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, 2023, the Land Trust held one special event; a financial summary for the Annual Benefit is as follows:

Revenue	
Contributions	\$ 79,627
Special events:	
Special event revenue	7,200
Cost of direct benefit to donors	<u>(12,142)</u>
Special events, net	<u>(4,942)</u>
Total revenue	<u>74,685</u>
Expenses:	
Fundraising	
Printing	<u>(1,424)</u>
Increase in net assets without donor restrictions	<u>\$ 73,261</u>

NOTE 12 – DONATED GOODS & SERVICES

During the year ended September 30, 2023, the Land Trust recorded \$91,288 in donated goods and services. This donated amount relates to the Garrison Golf Course Soil Clean-Up and was paid for by a single member LLC managed by a board member. The amount recorded was based on the actual amount paid by the LLC for the services provided.