

GRANBY LAND TRUST, INC.

FINANCIAL STATEMENTS

December 31, 2019 and 2018

TABLE OF CONTENTS

	Page No.
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position, December 31, 2019 With Comparative Totals for December 31, 2018	3
Statement of Activities, Year Ended December 31, 2019 With Comparative Totals for Year Ended December 31, 2018	4
Statements of Cash Flows	5
Statement of Functional Expenses December 31, 2019 With Comparative Totals for December 31, 2018	6
Notes to Financial Statements	7-16

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COMPANIES PRACTICE SECTION

INDEPENDENT AUDITORS' REPORT

To The Board of Directors
Granby Land Trust, Inc.

We have audited the accompanying financial statements of Granby Land Trust, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities and changes in net assets, cash flows and functional expenses 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 of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Granby Land Trust, Inc as of December 31, 2019 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Prior Year Financial Statement and Summarized Comparative Information

We previously reviewed Granby Land Trust's 2018 financial statements and in our conclusion dated July 11, 2019, stated that based on our review, we were not aware of any material modifications that should be made to the 2018 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended December 31, 2018, for it to be consistent with the reviewed financial statements from which it has been derived.

Rowley & Associates, PC

Rowley & Associates, P.C.
Concord, New Hampshire
May 21, 2020

GRANBY LAND TRUST, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2019, With Comparative Totals for December 31, 2018

	<u>Net Assets Without Donor Restriction</u>	<u>Net Assets With Donor Restriction</u>	<u>(Audited) 2019</u>	<u>(Reviewed) 2018</u>
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 121,236	\$ -	\$ 121,236	\$ 681,159
Accounts receivable	1,942	-	1,942	2,476
Investments	2,684,046	6,223	2,690,269	2,003,890
Total Current Assets	<u>2,807,224</u>	<u>6,223</u>	<u>2,813,447</u>	<u>2,687,525</u>
OTHER ASSETS				
Deposit - right of first refusal	-	-	-	5,000
HFPG Granby Land Trust Fund	101,448	-	101,448	86,826
HFPG Mary Edwards Fund	666,155	-	666,155	595,960
HFPG Bertha Dimock Fund	169,426	277,493	446,919	382,504
Total Other Assets	<u>937,029</u>	<u>277,493</u>	<u>1,214,522</u>	<u>1,070,290</u>
PROPERTY AND EQUIPMENT, at cost				
Land - Donated	-	7,153,907	7,153,907	6,969,406
Land - Purchased	-	626,602	626,602	324,661
Equipment	608	-	608	608
Conservation easements	-	26	26	26
	608	7,780,535	7,781,143	7,294,701
Less accumulated depreciation	608	-	608	608
	<u>-</u>	<u>7,780,535</u>	<u>7,780,535</u>	<u>7,294,093</u>
Total Assets	<u><u>3,744,253</u></u>	<u><u>8,064,251</u></u>	<u><u>11,808,504</u></u>	<u><u>11,051,908</u></u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable and accrued expenses	-	-	-	2,193
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,193</u>
COMMITMENTS AND CONTINGENCIES (See Notes)				
NET ASSETS				
Without donor restriction	3,744,253	-	3,744,253	3,519,578
With donor restriction	-	8,064,251	8,064,251	7,530,137
Total Net Assets	<u>3,744,253</u>	<u>8,064,251</u>	<u>11,808,504</u>	<u>11,049,715</u>
Total Liabilities and Net Assets	<u><u>\$ 3,744,253</u></u>	<u><u>\$ 8,064,251</u></u>	<u><u>\$ 11,808,504</u></u>	<u><u>\$ 11,051,908</u></u>

See Notes to Financial Statements

GRANBY LAND TRUST, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019
With Comparative Totals for the Year Ended December 31, 2018

	<u>Net Assets Without Donor Restriction</u>	<u>Net Assets With Donor Restrictions</u>	<u>(Audited) Total 2019</u>	<u>(Reviewed) Total 2018</u>
Revenues and other support:				
Contributions, cash and securities	\$ 46,271	\$ -	\$ 46,271	\$ 74,940
Contributions, non-cash	-	179,500	179,500	-
Increase in land value, non-cash	-	-	-	32,600
Membership contributions	22,524	-	22,524	27,292
Rental income	-	-	-	4,000
Art activities income, net expenses of 2019: \$9,263 and 2018: \$9,932	2,949	-	2,949	1,704
Total revenues, gains and other support	<u>71,744</u>	<u>179,500</u>	<u>251,244</u>	<u>140,536</u>
Net Asset Transfers				
Land purchased with donor restricted funds	(301,941)	301,941	-	-
Cost of donated land	(5,000)	5,000	-	-
Released from donor imposed restrictions	16,742	(16,742)	-	-
Total net asset transfers	<u>(290,199)</u>	<u>290,199</u>	<u>-</u>	<u>-</u>
Expenses:				
Program services	88,268	-	88,268	50,528
General and administrative	20,536	-	20,536	17,613
Fundraising	994	-	994	2,060
Total Operating Expenses	<u>109,798</u>	<u>-</u>	<u>109,798</u>	<u>70,201</u>
Net Operating Increase (Decrease) in Net Assets	<u>(328,253)</u>	<u>469,699</u>	<u>141,446</u>	<u>70,335</u>
Investment Gain (Loss)				
Dividend and interest income	80,630	-	80,630	43,677
Realized and unrealized gain (loss) on investments	387,481	-	387,481	(183,246)
Unrealized gain (loss) on HFPG Funds	84,817	64,415	149,232	(115,788)
Gain on sale of property	-	-	-	1,950
Total investment gain (loss)	<u>552,928</u>	<u>64,415</u>	<u>617,343</u>	<u>(253,407)</u>
Net Increase (Decrease) in Net Assets	224,675	534,114	758,789	(183,072)
Net assets, beginning of year	<u>3,519,578</u>	<u>7,530,137</u>	<u>11,049,715</u>	<u>11,232,787</u>
Net assets, end of year	<u>\$ 3,744,253</u>	<u>\$ 8,064,251</u>	<u>\$ 11,808,504</u>	<u>\$ 11,049,715</u>

See Notes to Financial Statements

GRANBY LAND TRUST, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 and 2018

	(Audited) 2019	(Reviewed) 2018
	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 758,789	\$ (183,072)
Adjustments to reconcile change in net assets to net unrestricted cash provided by operating activities:		
Non-cash land and building contributions	(179,500)	-
Increase in land value, non-cash	-	(32,600)
Net realized and unrealized (gain) loss on investments	(310,941)	183,245
Net unrealized (gain) loss HFPG Funds	(149,232)	115,788
(Gain) on sale of land	-	(1,950)
(Increase) Decrease in operating assets, net:		
Accounts receivable	534	(2,226)
Increase (Decrease) in operating liabilities, net:		
Rental security deposit	-	(5,000)
Accounts payable	(2,193)	209
Net cash provided by operating activities	<u>117,457</u>	<u>74,394</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Land purchases	(301,941)	-
Proceeds from sale of land	-	260,250
Net purchases of investments	(889,568)	(909,730)
Proceeds from sales of investments	514,129	216,913
Net cash (used) by investing activities	<u>(677,380)</u>	<u>(432,567)</u>
Net (decrease) in cash and cash equivalents	(559,923)	(358,173)
Cash and cash equivalents, beginning of year	<u>681,159</u>	<u>1,039,332</u>
Cash and cash equivalents, end of year	<u>\$ 121,236</u>	<u>\$ 681,159</u>
SUPPLEMENTAL INFORMATION ON NON-CASH ACTIVITIES		
Non-cash contributions	<u>\$ 179,500</u>	<u>\$ -</u>
Increase in land value	<u>\$ -</u>	<u>\$ 32,600</u>

See Notes to Financial Statements

GRANBY LAND TRUST, INC
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2018

	2019						(Audited)	(Reviewed)
	Maintenance and Stewardship	Property Acquisition	Public Outreach	Total Program Services	General and Administrative	Fundraising	Total 2019	Total 2018
Professional services	\$ 1,677	\$ -	\$ -	\$ 1,677	\$ 4,556	\$ -	\$ 6,233	\$ 7,611
Records management	-	-	-	-	858	-	858	869
Consulting services	-	-	-	-	9,215	-	9,215	2,452
Accreditation	10,560	-	-	10,560	-	-	10,560	600
Insurance	3,438	-	-	3,438	2,814	-	6,252	5,959
Memberships and conferences	-	-	2,759	2,759	-	-	2,759	3,968
Membership Development	-	-	-	-	-	120	120	4,941
Miscellaneous	-	-	-	-	577	-	577	896
Office supplies and expenses	1,160	-	-	1,160	1,161	-	2,321	2,177
Postage and printing	-	-	-	-	155	874	1,029	1,058
Trails	-	-	2,002	2,002	-	-	2,002	477
Property maintenance	21,247	-	-	21,247	-	-	21,247	6,047
Property stewardship	2,550	-	-	2,550	-	-	2,550	3,967
Property acquisition costs	-	36,867	-	36,867	-	-	36,867	19,929
Mapping	-	-	1,758	1,758	-	-	1,758	3,740
Rent expense	1,200	-	-	1,200	1,200	-	2,400	2,400
Marketing and education	-	-	1,450	1,450	-	-	1,450	1,510
Web site	-	-	1,600	1,600	-	-	1,600	1,600
Total operating expenses	\$ 41,832	\$ 36,867	\$ 9,569	\$ 88,268	\$ 20,536	\$ 994	\$ 109,798	\$ 70,201

See Notes to Financial Statements

GRANBY LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 2019 and 2018
Notes on the Financial Statements

Note 1. Nature of Organization

The Granby Land Trust, Inc (the Organization) is a nonprofit land preservation and conservation organization dedicated to the protection of the natural environment in Granby, Connecticut for the benefit of all present and future residents and visitors. The Organization's primary sources of revenue are contributions from the public (including gifts of land) and investment income.

Note 2. Significant Accounting Policies

The summary of significant accounting policies of the Organization is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of The Granby Land Trust, Inc's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Basis of Presentation

The Organization maintains its accounting records on the accrual basis of accounting whereby revenues are recorded when earned and expenses are recorded when the obligation is incurred. The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets without Donor Restrictions – These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Net Assets with Donor Restrictions – These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted.

Property, equipment, furniture and fixtures are carried at cost, less accumulated depreciation.

Investments: Investments are stated at fair-market value. The net realized and unrealized gains (losses) on investments are reflected in the statement of activities.

Comparative Financial Information: The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

Estimates and assumptions: Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from these estimates.

GRANBY LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 2019 and 2018
Notes on the Financial Statements

Note 2. Significant Accounting Policies (Continued)

Functional allocation of expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The following is a summary of the program services:

Property Maintenance and Stewardship:

This program involves the protection of property and associated natural resources through stewardship and maintenance of land and easements owned by the GLT. These activities are conducted by volunteers and professionals and include conducting natural resource inventories, site and boundary maintenance, habitat management and monitoring site visits on lands and easements.

Property Acquisition:

This program includes the permanent protection of property acquired either by purchase or donation, or by conservation easement. The GLT conducts long term planning to determine appropriate priority corridors in the town, and concentrates its acquisition efforts in those areas. These efforts are conducted by volunteers and professionals and include the evaluation, negotiation and completion of new land acquisition projects.

Public Outreach:

This program is focused on promoting public awareness in the community about the importance of land preservation and conservation and activities of the Granby Land Trust to protect the natural heritage of the town.

Capitalization policy: Expenditures for additions, renewals and betterments of property and equipment, unless of relatively minor amount, are capitalized. Maintenance and repairs are expensed as incurred. Upon retirement or sale, the cost of the assets disposed of and the related accumulated depreciation are removed from the accounts and any gain or loss is included in other income in the period in which the asset is disposed.

Contributions: Contributions received are recorded as an increase in net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. When restrictions expire (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. In the absence of donor restrictions to the contrary, restrictions on contributions of property or equipment or on assets restricted to acquiring property or equipment expire when the property or equipment is placed in service.

Gifts and donations of investments or equipment are recorded at fair-market value on the date of the gift.

Promises to Give: Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

GRANBY LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 2019 and 2018
Notes on the Financial Statements

Note 2. Significant Accounting Policies (Continued)

Conservation Easements: In conformity with the practice followed by many land trusts, conservation easements purchased or donated are recorded as assets at the nominal value of \$1 on the Statement of Financial Position. All easements acquired by purchase are recorded as conservation activities expenses in the statement of activities and changes in net assets. In addition, costs incurred in obtaining the easements are recorded as current period expenses.

Cash and cash equivalents: For purposes of reporting cash flows, the Organization considers all highly liquid debt instruments with an initial maturity of three months or less to be cash equivalents, excluding amounts the use of which is limited restriction. At years ended December 31, 2019 and 2018 the Organization had no cash equivalents.

Income taxes: The Organization has been notified by the Internal Revenue Service that it is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is further classified as an organization that is not a private foundation under Section 509(a)(3) of the Code. The most significant tax positions of the Organization are its assertion that it is exempt from income taxes and its determination of whether any amounts are subject to unrelated business tax (UBIT). The Organization follows the guidance of Accounting Standards Codification (ASC) 740, Accounting for Income Taxes, related to uncertain income taxes, which prescribes a threshold of more likely than not for recognition and recognition of tax positions taken or expected to be taken in a tax return. All significant tax positions have been considered by management. It has been determined that it is more likely than not that all tax positions would be sustained upon examination by taxing authorities. Accordingly, no provision for income taxes has been recorded.

Concentration of Risk: The Organization maintains cash balances at a local bank. These accounts are insured by the Federal Deposit Insurance Corporation. At various times throughout the year, the Organization may have cash balances at the financial institution that exceed the insured amount. Management does not believe this concentration of cash results in a high level of risk for the Organization. At December 31, 2019 and 2018 the Organization had no uninsured cash balances in these accounts.

As of December 31, 2019 the Organization had \$2,508 on deposit in cash sweep accounts with a brokerage firm. The Securities Investor Protection Corporation insures \$100,000 of these funds against losses due to the failure of the brokerage firm leaving \$-0- uninsured. As of December 31, 2018 the balances in these accounts were \$520,849 of which \$420,849 was uninsured.

Financial Instruments: The carrying value of cash and cash equivalents, accounts receivable, accounts payable and accrued expense are stated at carrying cost at December 31, 2019 and 2018, which approximates fair value due to the relatively short maturity of these instruments. Other financial instruments held at year-end are investments, and funds which are stated at fair value.

Reclassifications : Certain financial statement and note information from the prior year financial statements have been reclassified to conform with current year presentation format.

Subsequent Event: Management has evaluated subsequent events through May 21, 2020, the date on which the financial statements were available to be issued to determine if any are of such significance to require disclosure. There were no events matching this criterion during this period.

GRANBY LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 2019 and 2018
Notes on the Financial Statements

Note 2. Significant Accounting Policies (Continued)

New Accounting Pronouncement : During the year ended December 31, 2018, the Organization adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016- 14—Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities (ASU 2016- 14). This 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 between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions.

Note 3. Investments

Investments are presented in the financial statements at fair-market value. Investments at December 31, 2019 were composed of the following:

	<u>2019</u>	<u>2018</u>
Bond funds	\$ 831,872	\$ 700,927
Equity funds	1,858,397	1,302,963
Money market	<u>2,508</u>	<u>520,849</u>
	\$2,692,777	\$2,524,739
Less amounts included in cash	<u>(2,508)</u>	<u>(520,849)</u>
Total investments	<u>\$2,690,269</u>	<u>\$2,003,890</u>

Total investment return and activity on investments as of December 31, 2019 is summarized as follows:

	<u>Without Donor Restriction</u>		<u>With Donor Restriction</u>	<u>Total</u>
	<u>Undesignated</u>	<u>Board Designated</u>		
Balance at December 31, 2018:	\$ 443,615	\$ 2,074,901	\$ 6,223	\$ 2,524,739
Interest and dividends	31,579	48,978	-	80,557
Realized and unrealized losses	<u>70,930</u>	<u>316,551</u>	<u>-</u>	<u>387,481</u>
Subtotal	<u>546,124</u>	<u>2,440,430</u>	<u>6,223</u>	<u>2,992,777</u>
Amounts released from restriction and designation	<u>-</u>	<u>(300,000)</u>	<u>-</u>	<u>(300,000)</u>
Balance at December 31, 2019:	<u>\$ 546,124</u>	<u>\$ 2,140,430</u>	<u>\$ 6,223</u>	<u>\$ 2,692,777</u>

GRANBY LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 2019 and 2018
Notes on the Financial Statements

Note 3. Investments (Continued)

FASB Accounting Standards Codification Topic 820-10 *Fair Value Measurements* defines fair value, requires expanded disclosures about fair value measurements, and establishes a three-level hierarchy for fair value measurements based on the observable inputs to the valuation of an asset or liability at the measurement date. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It prioritizes the inputs to the valuation techniques used to measure fair value by giving the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurement).

Under Topic 820-10, the three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included in Level 1 that are either directly or indirectly observable for the assets or liabilities.

Level 3 inputs are unobservable inputs for the assets or liabilities.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

All investments are measured at Level 1. Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets. None of the investments are Level 2 or Level 3 investments.

The Organization maintains individual and pooled investments containing both with and without donor restriction funds. Investment income, gains, losses, and management fees of any pool are allocated to activities based on each activity's pro-rata share (on dollar and time basis) in the pool. Investments in marketable equity securities and marketable debt securities are carried at fair market value determined by "quoted market prices" per unit (share) as of the balance sheet date. All other investments are stated at cost. Donated investments are recorded at the "fair market value" as of the date of receipt. Investment income; realized and unrealized gains and losses, dividends and interest are recorded as non-operating activities. Investment interest and dividend income on restricted activities is added to, or deducted from, the appropriate activity.

Note 4. Contingencies

The Organization holds 26 conservation easements covering approximately 943 acres. There may be future costs associated with maintaining these properties in accordance with the conservation commitment the easements and properties were acquired to uphold. Because there is no reasonable basis for estimating the potential future cost of defending these easements and properties no liability has been recognized in these financial reports. Included in the 943 acres under easement are approximately 154 acres that are also owned by the organization.

GRANBY LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 2019 and 2018
Notes on the Financial Statements

Note 5. Other Assets

Other assets consist of the three Funds held at the Hartford Foundation for Public Giving (HFPG) as follows:

Granby Land Trust, Inc General Fund had a fair market value of \$101,448 at December 31, 2019. These funds are available for use for any purpose that conforms with the mission of the Land Trust.

Activity in the General Fund was as follows:

Balance at December 31, 2018:	\$ 86,826
Gain on investment	<u>14,622</u>
Balance at December 31, 2019:	<u>\$ 101,448</u>

Mary Edwards Charitable Fund had a fair market value of \$666,155 at December 31, 2019 which includes three (3) Reserve Funds established at the direction of the Organization's Board of Directors. At December 31, 2019 the balances in these funds were as follows:

\$116,632 Mary Edward Charitable Reserve Fund Number 1 for the purpose of assuring that adequate funds are available for stewarding one of more of the Organization's conservation fee owned properties.

\$102,052 Mary Edwards Charitable Reserve Fund Number 2 for the purpose of assuring that adequate funds are available for monitoring one or more of the Organization's conservation easements.

\$78,726 Mary Edwards Charitable Reserve Fund Number 3 for the purpose of assuring that adequate funds are available for the legal defense of one of more of the Organizations conservation easements.

In addition to the three Reserve Funds there is a Mary W. Edwards Charitable Fund with a value at December 31, 2019 of \$368,745. These funds are without donor restriction and are available for use for any purpose that conforms with the mission of the Land Trust.

Activity in the Mary W Edwards Funds were as follows:

Balance at December 31, 2018:	\$595, 960
Gain on investment	98,160
Grant distributions	<u>(27,695)</u>
Balance at December 31, 2019:	<u>\$ 666,155</u>

GRANBY LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 2019 and 2018
Notes on the Financial Statements

Note 5. Other Assets (Continued)

The Bertha Dimock Fund had a fair market value of \$446,919 at December 31, 2019. Income earned by the fund is available for use for any purpose that conforms with the mission of the Land Trust. Accumulated earnings that were available at December 31, 2019 amounted to \$169,425. Principal of the fund is restricted in perpetuity and is not available for expenditure. At December 31, 2019 the original principal totaled \$277,494. Activity in the Bertha Dimock Fund was as follows:

	Without Donor <u>Restriction</u>	With Donor <u>Restriction</u>	<u>Total</u>
Balance at December 31, 2018:	\$152,683	\$ 229,821	\$ 382,504
Funds released from restriction	16,743	(16,743)	-
Gain on investment	<u>-</u>	<u>64,415</u>	<u>64,415</u>
Balance at December 31, 2019:	<u>\$169,426</u>	<u>\$ 277,493</u>	<u>\$ 446,919</u>

Note 6. Liquidity and Availability of Financial Assets

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization's primary sources of support are contributions and memberships. Most of that support is held for the purpose of supporting the Organization's budget.

The Organization also raises funds to complete special conservation projects. This support is held for the purpose of maintaining current and future conservation properties. The Organization has the following financial assets that could readily be made available within one year to fund expenses without limitations as of December 31, 2019:

Cash and cash equivalents	\$ 121,236
Investments	2,690,269
Accounts receivable	1,942
Less amounts subject to donor imposed restriction	<u>(6,223)</u>
	<u>\$ 2,807,224</u>

Note 7. Fair Value Measurement-Investments and Beneficial Interest in a Trust

Fair values of assets measured on a recurring basis at December 31, 2019 are as follows:

	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Accounts receivable	\$ -	\$ 1,942	\$ -
Investments in mutual funds	2,690,269	-	-
Beneficial interest in trusts	<u>-</u>	<u>937,029</u>	<u>277,493</u>
Total assets measured at fair value on a recurring basis	<u>\$2,690,269</u>	<u>\$ 938,971</u>	<u>\$ 277,493</u>

GRANBY LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 2019 and 2018
Notes on the Financial Statements

Note 7. Fair Value Measurement-Investments and Beneficial Interest in a Trust (Continued)

The fair market value of accounts receivable are estimated at the present value of expected future cash flows. Fair values for investments in equity mutual funds are determined by reference quoted prices for the securities. Fair value for the beneficial interest in a trust is measured using the fair value of the assets held in the trust as reported by the trustee as of December 31, 2019. In accordance with the terms of the charitable trust agreement, the trustee makes annual distributions equal to net realized income on trust investments. The Organization considers the measurement of its beneficial interest in the trust to be a Level 2 measurement within the fair value measurement hierarchy because measurement is based on the unadjusted fair value of trust assets reported by the trustee and the Organization could receive those assets by directing the trustee to redeem them. These facts are true for Level 3 trust assets except they are restricted in perpetuity and the Organization cannot redeem them.

The Organization reports transfers between levels of the fair value hierarchy, if any, at the end of the reporting period. There were no such transfers at December 31, 2019.

The table below presents information about the changes in the contribution receivable-beneficial interest in the trust, which is measured at fair value on a recurring basis:

Balance, December 31, 2018	\$1,065,290
Change in value in beneficial interest	177,197
Distribution received from the trust	<u>(27,965)</u>
December 31, 2019	<u>\$ 1,214,522</u>

The change in value in beneficial interest is included in other gains and losses in the statement of activities.

Note 8. Net Assets with Donor Restrictions

Net assets subject to expenditure for specific purpose as of December 31:

	<u>2019</u>	<u>2018</u>
Reserve for Garmany Preserve - State Grant	\$ <u>6,223</u>	\$ <u>6,223</u>

Net assets subject to restriction in perpetuity as of December 31:

Principal portion of The Bertha Dimock Fund	\$ 277,493	\$ 229,821
Land and Easements	<u>7,780,535</u>	<u>7,294,093</u>
SUBTOTAL	<u>\$ 8,058,028</u>	<u>\$ 7,523,914</u>
Total Net Assets with Donor Restrictions	<u>\$ 8,064,251</u>	<u>\$ 7,530,137</u>

GRANBY LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 2019 and 2018
Notes on the Financial Statements

Note 9. Board Designated Funds

As of December 31 the board designated funds consisted of the following:

	<u>2019</u>	<u>2018</u>
Reserve for Easement Stewardship	\$ 91,000	\$ 91,000
Reserve for Easement Legal Defense	137,508	134,456
Reserve for Fee Property Stewardship	<u>122,500</u>	<u>115,000</u>
Subtotal formulaic funds	351,008	340,456
Stillwell Stewardship Fund	41,000	35,000
Holcombe Bequest	<u>2,140,430</u>	<u>2,074,902</u>
	<u>\$2,532,438</u>	<u>\$2,450,358</u>

Certain undesignated funds have been set aside by the Board of Directors for particular purposes based on a formula that takes into account expected staff time and probability of legal action, which is determined by the complexity of the document and other factors. The Land Trust Alliance, of which the Organization is a member, provides the formula based on these factors.

Further, the Organization maintains a separate compilation of the activities and status of its Holcombe Fund. This fund was created through contributions from the estates of Seth and Lucy Holcombe, given to the Organization in a series of contributions during 2016, 2017 and 2018. The fund is maintained in a separate investment account presently held with Schwab Investments. The Organization keeps a separate tracking of all contributions, investment income (and losses), and expenditures. Expenditures are limited to Organization expenses for land acquisition and stewardship, in accordance with the terms of the contributions. Semi-annual reports of the fund's activities are prepared by the Organization's treasurer and reviewed by the Organization's Board of Directors.

The Holcombe Fund consists of cash and investments. The activity in the Holcombe Fund was as follows:

Balance as of December 31, 2018:	\$2,074,902
Interest & dividends	48,978
Realized & Unrealized Gain	316,551
Expenditures for acquisition and stewardship	<u>(300,000)</u>
Balance as of December 31, 2019	<u>\$2,140,430</u>

Note 10. Cost Allocation

The costs of providing the various programs 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 the programs and supporting services benefited based on estimates that are based on their relationship to those activities. consistently applied. Those expenses include occupancy costs. Occupancy costs are allocated based on square footage. Other cost allocations are based on the relationship between the expenditure and the activities benefited.

GRANBY LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 2019 and 2018
Notes on the Financial Statements

Note 11. Donated Land

Two properties were donated to the Organization during the year ended December 31, 2019.

Katan property - Appraised including a structure that was then torn down by the Organization upon receipt of the property. Due to this, the Organization valued the Katan property at the appraised value of the land only:	\$133,800
Less prior year value of of deposit-right of first refusal	<u>(5,000)</u>
Subtotal	128,000
 VanVleck property - Appraised value:	 <u>50,700</u>
 Total land donated:	 <u>\$179,500</u>