

UPPER SACO VALLEY LAND TRUST

FINANCIAL STATEMENTS

Years ended December 31, 2021 and 2020

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INDEPENDENT AUDITORS' REPORT

To The Board of Directors
Upper Saco Valley Land Trust
North Conway, New Hampshire

Opinion

We have audited the accompanying financial statements of Upper Saco Valley Land Trust (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021 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 financial statements referred to above present fairly, in all material respects, the financial position of Upper Saco Valley Land Trust as of December 31, 2021 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Upper Saco Valley Land Trust 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 Upper Saco Valley Land Trust's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 generally accepted auditing standards 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 generally accepted auditing standards, we:

Exercise professional judgement 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 Upper Saco Valley Land Trust'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Upper Saco Valley Land Trust'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

Upper Saco Valley Land Trust's 2020 financial statements were audited by Leone, McDonnell & Roberts Professional Association, and an unmodified audit opinion was expressed on those audited financial statements in the report dated September 9, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Rowley & Associates, P.C.
Concord, New Hampshire
August 8, 2022

UPPER SACO VALLEY LAND TRUST, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2020
See Independent Auditors' Report

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>2021</u>	<u>2020</u>
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 216,959	\$ 2,122,743	\$ 2,339,702	\$ 1,070,494
Investments	344,878	-	344,878	288,117
Accounts receivable	4,000	-	4,000	5,358
Pledges receivable, current	-	553,890	553,890	532,375
Deposits	-	100,000	100,000	-
Prepaid expenses	4,520	-	4,520	3,968
Total Current Assets	<u>570,357</u>	<u>2,776,633</u>	<u>3,346,990</u>	<u>1,900,312</u>
PROPERTY AND EQUIPMENT				
Building	105,000	-	105,000	105,000
Conservation easements	-	58	58	56
Land	-	2,532,686	2,532,686	2,103,286
Furniture and equipment	26,282	-	26,282	25,733
	<u>131,282</u>	<u>2,532,744</u>	<u>2,664,026</u>	<u>2,234,075</u>
Less accumulated depreciation	28,746	-	28,746	23,530
	<u>102,536</u>	<u>2,532,744</u>	<u>2,635,280</u>	<u>2,210,545</u>
OTHER ASSETS				
Pledges receivable, less current, net of discounts of \$3,377 in 2021 and \$16,969 in 2020	-	66,373	66,373	424,231
Beneficial interest in assets held by others	-	296,595	296,595	245,658
	<u>-</u>	<u>362,968</u>	<u>362,968</u>	<u>669,889</u>
Total Assets	<u>672,893</u>	<u>5,672,345</u>	<u>6,345,238</u>	<u>4,780,746</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	9,919	-	9,919	7,392
Accrued expenses	24,624	-	24,624	18,091
Total Current Liabilities	<u>34,543</u>	<u>-</u>	<u>34,543</u>	<u>25,483</u>
LONG TERM LIABILITIES				
Note payable	207,000	-	207,000	-
NET ASSETS				
Without donor restrictions				
Undesignated	28,941	-	28,941	148,264
Board designated	402,409	-	402,409	415,912
Total without donor restrictions	<u>431,350</u>	<u>-</u>	<u>431,350</u>	<u>564,176</u>
With donor restrictions	-	5,672,345	5,672,345	4,191,087
	<u>431,350</u>	<u>5,672,345</u>	<u>6,103,695</u>	<u>4,755,263</u>
Total Liabilities and Net Assets	<u>\$ 672,893</u>	<u>\$ 5,672,345</u>	<u>\$ 6,345,238</u>	<u>\$ 4,780,746</u>

See Notes to Financial Statements

UPPER SACO VALLEY LAND TRUST, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2021
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020
See Independent Auditors' Report

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>2021 Total</u>	<u>2020 Total</u>
Revenues and other support:				
Gifts, grants and contributions	\$ 214,113	\$ -	\$ 214,113	\$ 172,348
Net change in investment values	44,205	48,273	92,478	63,010
Forgiveness of SBA loan	-	-	-	35,000
New Hampshire GOFERR grant	-	-	-	8,527
CARES Act FMLA grant	-	-	-	7,487
Rental income	5,038	-	5,038	1,681
Special events, net of direct costs of \$0 in 2021 and \$772 in 2020	2,025	-	2,025	(772)
Total revenues, gains and other support	<u>265,381</u>	<u>48,273</u>	<u>313,654</u>	<u>287,281</u>
Net Asset Transfers:				
Land purchased with donor restricted funds	(350,000)	350,000	-	-
Net assets released from donor- imposed restriction	251,425	(251,425)	-	-
	<u>(98,575)</u>	<u>98,575</u>	<u>-</u>	<u>-</u>
Expenses:				
Program services	234,811	-	234,811	210,546
General and administrative	49,657	-	49,657	52,232
Fundraising	15,164	-	15,164	11,313
Total Expenses	<u>299,632</u>	<u>-</u>	<u>299,632</u>	<u>274,091</u>
Net Operating Increase (Decrease)	<u>(132,826)</u>	<u>146,848</u>	<u>14,022</u>	<u>13,190</u>
Special Projects				
Special projects income	-	1,350,679	1,350,679	2,093,753
Special projects income, land and easements, non-cash	-	179,402	179,402	250,000
Special projects (expense)	-	(195,671)	(195,671)	(543,678)
Net profit (loss) on special projects	<u>-</u>	<u>1,334,410</u>	<u>1,334,410</u>	<u>1,800,075</u>
Net Increase (Decrease) in Net Assets	(132,826)	1,481,258	1,348,432	1,813,265
Net assets, beginning of year	<u>564,176</u>	<u>4,191,087</u>	<u>4,755,263</u>	<u>2,941,998</u>
Net assets, end of year	<u>\$ 431,350</u>	<u>\$ 5,672,345</u>	<u>\$ 6,103,695</u>	<u>\$ 4,755,263</u>

See Notes to Financial Statements

UPPER SACO VALLEY LAND TRUST, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020
See Independent Auditors' Report

	2021						2020
	Land Protection	Outreach	Total Program Services	General and Administrative	Fundraising	Total	Total
Salaries and related expenses							
Salaries and wages	\$ 192,274	\$ -	\$ 192,274	\$ -	\$ 10,118	202,392	173,434
Payroll taxes	15,830	-	15,830	-	833	16,663	12,678
Benefits	12,742	-	12,742	-	60	12,802	13,232
Total Salaries and related expenses	220,846	-	220,846	-	11,011	231,857	199,344
Depreciation	-	-	-	5,216	-	5,216	3,112
Dues and subscriptions	-	-	-	2,815	-	2,815	10,345
Fees and permits	-	-	-	3,042	-	3,042	1,309
Insurance	-	-	-	4,685	-	4,685	5,876
Annual meeting and membership expenses	-	-	-	-	-	-	971
Miscellaneous	1,384	-	1,384	-	-	1,384	2,595
Office expenses	-	-	-	4,827	-	4,827	9,576
Printing and postage	-	5,987	5,987	938	4,153	11,078	8,408
Professional fees	900	-	900	11,415	-	12,315	10,103
Rent - office	-	-	-	8,400	-	8,400	8,400
Stewardship costs	5,434	-	5,434	-	-	5,434	8,593
Telephone and internet	-	-	-	1,722	-	1,722	1,171
Travel and conferences	260	-	260	369	-	629	655
Real estate taxes	-	-	-	6,228	-	6,228	3,366
Marketing and publicity	-	-	-	-	-	-	267
Utilities	-	-	-	-	-	-	-
Total operating expenses	228,824	5,987	234,811	49,657	15,164	299,632	274,091
Special projects expenses	195,671	-	195,671	-	-	195,671	543,678
Total expenses	\$ 424,495	\$ 5,987	\$ 430,482	\$ 49,657	\$ 15,164	\$ 495,303	\$ 817,769

See Notes to Financial Statements

UPPER SACO VALLEY LAND TRUST, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 and 2020
See Independent Auditors' Report

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 1,348,432	\$ 1,813,265
Adjustments to reconcile change in net assets to net unrestricted cash provided by operating activities:		
Non-cash land and easement contributions	(179,402)	-
Net change in investments	(56,761)	(37,489)
Net change on beneficial interest in assets held by others	(50,937)	(22,714)
Depreciation	5,216	3,112
(Increase) Decrease in operating assets, net:		
Accounts receivable	1,358	(1,471)
Pledges receivable	336,343	(948,856)
Deposits	(100,000)	-
Prepaid expenses	(552)	2,482
Increase (Decrease) in operating liabilities, net:		
Accounts payable and accrued expenses	9,060	(13,718)
Net cash provided by operating activities	<u>1,312,757</u>	<u>794,611</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net purchases of investments	-	(37,434)
Easement purchases	-	(5)
Land purchases	(250,000)	(153,000)
Purchase of property and equipment	(549)	(106,092)
Net cash (used) by investing activities	<u>(250,549)</u>	<u>(296,531)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	<u>207,000</u>	-
Net increase in cash and cash equivalents	1,269,208	498,080
Cash and cash equivalents, beginning of year	<u>1,070,494</u>	<u>572,414</u>
Cash and cash equivalents, end of year	<u>\$ 2,339,702</u>	<u>\$ 1,070,494</u>
SUPPLEMENTAL SCHEDULE OF CASH FLOW INFORMATION		
Non-cash donations of land and conservation easements	<u>\$ 179,402</u>	<u>\$ 250,000</u>

See Notes to Financial Statements

UPPER SACO VALLEY LAND TRUST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 2021 and 2020
See Independent Auditors' Report

Note 1. Nature of Organization

Upper Saco Valley Land Trust (the Organization) is a New Hampshire nonprofit conservation organization dedicated to preserving natural resources and promoting education and awareness of the protection of natural resources. The Organization conducts its activities predominantly in Central New Hampshire and Western Maine.

The Organization's primary sources of revenue are contributions from the public (including gifts of land), investment income, government grants as well as revenue from special events undertaken for fundraising.

Note 2. Significant Accounting Policies

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.

Basis of Accounting: The financial statements of the Upper Saco Valley Land Trust have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

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.

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

Land is recorded at cost if purchased and fair value if contributed.

**UPPER SACO VALLEY LAND TRUST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 2021 and 2020
See Independent Auditors' Report**

Note 2. Significant Accounting Policies (Continued)

Property and Equipment are carried at cost or, if contributed, at estimated fair value at the date of contribution, with the exception of conservation easements discussed below also in Note 2. Material assets with a useful life in excess of one year are capitalized. Depreciation is accounted for using the straight-line method in amounts designed to amortize the cost of the assets over their estimated useful lives as follows:

Office Equipment:	3-7 years
Furniture and Fixtures	5-10 years
Building	39 years

Depreciation expense for the years ended December 31, 2021 and 2020 were \$5,216 and \$3,112, respectively.

Capitalization Policy: Costs for repairs and maintenance are expensed when incurred and betterments are capitalized. Assets sold or otherwise disposed of are removed from the accounts, along with the related accumulated depreciation, and any gain or loss is recognized.

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:

Land Protection – This program includes the permanent protection of new property and associated natural resources through the donation or purchase of conservation easements and land, as well as stewardship and management of those lands and easements once acquired. These activities are conducted by staff, volunteers and contracted professionals and include the evaluation, negotiation and completion of new land acquisition projects; and conducting natural resource inventories, boundary maintenance, habitat management, and easement monitoring site visits on lands and easements already acquired.

Outreach – This program is focused on educating members of the Upper Saco Valley Land Trust, the general public, and community leaders on land conservation options and natural resources through field trips, seminars, presentations and special events.

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, 2021 and 2020 the Organization had no cash equivalents.

Advertising: The Organization expenses advertising costs as incurred.

UPPER SACO VALLEY LAND TRUST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 2021 and 2020
See Independent Auditors' Report

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 on the Statement of Financial Position at the nominal value of \$1. 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.

Contributions: Contributions received are recorded as 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 restriction 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.

Revenue and Revenue Recognition: Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash or other assets are received.

Income taxes: The Organization is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code. However, income from activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b) (1) (A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Management has evaluated the Organization's tax positions and concluded that the Organization has maintained its tax-exempt status and has taken no uncertain tax positions that would require adjustment to the financial statements.

Donations of long-lived assets: The Organization records donations of services and materials which increase long-lived assets at their fair values and recognizes these revenues as increases in net assets.

Pledges receivable: The Organization's pledges receivable is made up of short-term and long-term pledges. Management considered accounts receivable to be fully collectible and accordingly, no allowance for doubtful accounts had been established. Pledges receivable were collectable as of December 31:

<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>Discount</u>	<u>Total</u>
\$553,890	\$49,750	\$10,000	\$10,000	(\$3,377)	\$620,263

UPPER SACO VALLEY LAND TRUST
NOTES TO FINANCIAL STATEMENTS
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See Independent Auditors' Report

Note 2. Significant Accounting Policies (Continued)

New Accounting Pronouncement: In February, 2016, the FASB issued ASU 2016-02, Leases (Topic 842). Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than twelve months. Consistent with current GAAP, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. However, unlike current GAAP—which requires only capital leases to be recognized on the statement of financial position—the new ASU will require both types of leases to be recognized on the statement of financial position. This standard is effective for annual reporting periods beginning after December 15, 2021.

Financial Instruments: The carrying value of cash and cash equivalents, pledges and accounts receivable, prepaid expenses, accounts payable and accrued expense are stated at carrying cost at December 31, 2021 and 2020, which approximates fair value due to the relatively short maturity of these instruments. Other financial instruments held at year-end are investments and beneficial interests in assets held by charitable foundations which are stated at fair value.

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, 2020, from which the summarized information was derived.

Note 3. Subsequent Events

Management has evaluated subsequent events through August 8, 2022, the date on which the financial statements were available to be issued to determine if any are of such significance to require disclosure. It has been determined that no subsequent events matching this criterion occurred during this period.

Note 4. Concentration of Risk

The Organization maintains cash balances in several accounts at local banks. Two accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At various times throughout the year, the Organization may have cash balances at the financial institution that exceeds the insured amount. Management does not believe this concentration of cash results in a high level of risk for the Organization. At December 31, 2021 and 2020 the Organization had \$1,833,163 and \$801,233 in uninsured cash balances, respectively.

UPPER SACO VALLEY LAND TRUST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 2021 and 2020
See Independent Auditors' Report

Note 5. Investments

Investments are presented in the financial statements at fair-market value and are composed of the following at December 31:

Exchange Traded Fund	2021		2020	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
	<u>\$267,575</u>	<u>\$344,878</u>	<u>\$259,864</u>	<u>\$288,117</u>

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.

Note 6. Commitments and Contingencies

The Organization holds 58 conservation easements covering 8,753 acres of land. 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.

UPPER SACO VALLEY LAND TRUST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 2021 and 2020
See Independent Auditors' Report

Note 7. 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 source of support is contributions. Most of that support is held for the purpose of supporting the Organization's budget. The Organization also raises funds to complete 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:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$2,339,702	\$1,070,494
Investments	344,878	288,117
Pledges and accounts receivable	<u>557,890</u>	<u>537,733</u>
	3,242,470	1,896,344
Less amount required subject To donor-imposed restriction	<u>(2,676,633)</u>	<u>(1,417,857)</u>
	<u>\$ 565,837</u>	<u>\$ 478,487</u>

Note 8. Beneficial Interest in Assets Held by Others (Maine Community Foundation)

The Organization transfers certain gifts and grants to the Maine Community Foundation (MCF) in an irrevocable designated fund of MCF, the income of which will be provided to the Organization to use in programs and operations.

MCF maintains investments in a pooled investment account and, using a unitary allocation system, allocates a distribution of income to the Organization each calendar year based on a percentage of the average balance of the fund principle over a specified period. Activity in the account was as follows for the year ended December 31:

	<u>2021</u>	<u>2020</u>
Balance at January 1	\$ 245,658	\$ 222,944
Contributions	12,325	-
Distributions	(8,250)	(7,860)
Fees	(5,244)	(3,806)
Net investment gain	<u>52,106</u>	<u>34,380</u>
Balance at December 31	<u>\$ 296,595</u>	<u>\$ 245,658</u>

UPPER SACO VALLEY LAND TRUST
NOTES TO FINANCIAL STATEMENTS
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Note 9. Special Projects, Easement Acquisitions

Special project expenses consisted of the following during the year ended December 31:

	<u>2021</u>	<u>2020</u>
Ag Revitalization	\$ -	\$ 21,009
World Fellowship	-	289,411
Lucy Brook	1,665	193,405
Vision 2020	217,255	31,687
Sherman Farms	8,132	-
Pine Hill	41,114	-
Jockey Cap	9,189	-
Other expenses related to current year projects	<u>18,316</u>	<u>8,166</u>
Total Special Project Expenses	<u>\$295,671</u>	<u>\$543,678</u>

Note 10. Non-Cash Contributions, Land and Easements

During the year ended December 31 the Organization received the following non-cash contributions:

Non-Cash Contributions 2021:	
Land, Pequawket, 24 acres	\$ 105,400
Land, McCulloch, 17 acres	47,000
Land, Jockey Cap, 16 acres	27,000
Easement, Tilney, 41 acres	1
Easement, Marquis-Kent Hill, 319 acres	<u>1</u>
Total Non-Cash Contributions	<u>\$ 179,402</u>

Non-Cash Contributions 2020:	
Easement, World Fellowship – Whitton Pond, 330 acres	\$ 1
Easement, World Fellowship – Soccer Field, 32 acres	1
Easement, World Fellowship – Weller House, 36 acres	1
Easement, Old Blake Farm, 95 acres	1
Easement, Lucy Brook Farm, 43 acres	<u>1</u>
Total Non-Cash Contributions	<u>\$ 5</u>

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Note 11. Lease Commitment

The Organization is a tenant under a one-year lease from November 2021 to November 2022. The tenant has the right to renew this lease for five successive periods of one year each. Monthly rent payments were \$700 for the years ended December 31, 2021 and 2020, respectively. The annual rent expense for 2021 and 2020 was \$8,400 and \$8,400, respectively. Future minimum rent expense is:

2022: \$7,700

Note 12. License Commitment

In July 2020 the Organization entered a five-year license agreement with an individual for the use of certain real property. The license called for payment equal to the annual cost of property taxes, general liability and property insurance that are attributable to the premises and the improvements located thereon. Rent shall be payable annually, due on the first of January each year. Rental income for the years ended December 31, 2021 and 2020 were \$5,038 and \$1,681, respectfully. Future minimum rental income is based upon the total amount of property taxes and insurance premium for the immediately preceding year.

Note 13. Compensated Absences

Employees of the Organization are entitled to paid vacation depending on job classification, length of services and other factors. The statement of financial position reflects accrued vacation earned, but unpaid as of December 31, 2021 in the amount of \$5,057.

Note 14. Board Designated Nets Assets

Certain funds without restriction have been set aside by the board 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. As of December 31, the board designated funds consisted of the following:

	<u>2021</u>	<u>2020</u>
Legal Reserve	\$ 156,329	\$ 129,449
Operating Reserve	133,914	115,530
Fee Owned Stewardship	107,022	165,793
Thorne Memorial	<u>5,144</u>	<u>5,140</u>
	<u>\$ 402,409</u>	<u>\$ 415,912</u>

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Note 15. Net Assets with Donor Restrictions

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

	<u>2021</u>	<u>2020</u>
Easement Support	\$2,279,433	\$1,779,018
Land Action	463,126	42,831
General and Other	448	20,238
MCF Fund	<u>296,594</u>	<u>245,658</u>
	<u>\$3,039,601</u>	<u>\$2,087,745</u>

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

Land Conservation	\$2,532,686	\$2,103,286
Deposit, Pine Hill Community		
Forest Expansion	100,000	-
Easement Conservation	<u>58</u>	<u>56</u>
	<u>\$2,632,744</u>	<u>\$2,103,342</u>
Total net assets with donor restrictions:	<u>\$5,672,345</u>	<u>\$4,191,087</u>

Note 16. Fair Value Measurements

In accordance with FASB ASC 820, *Fair Value Measurements and Disclosures*, the Organization is required to disclose certain information about its financial assets and liabilities. Fair values of assets measured on a recurring basis at December 31 were as follows:

<u>2021</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets For Identical Assets (Level 1)</u>	<u>Significant other Observable Inputs (Level 2)</u>
Pledges receivable			
net of discounts	\$ 620,263	\$ -	\$ 620,263
Accounts receivable	4,000	-	4,000
Investments	344,878	344,878	-
Beneficial interest in assets held by others	<u>296,595</u>	<u>-</u>	<u>296,595</u>
	<u>\$1,265,736</u>	<u>\$ 344,878</u>	<u>\$ 920,858</u>
<u>2020</u>			
Pledges receivable			
net of discounts	\$ 956,606	\$ -	\$ 956,606
Accounts receivable	5,358	-	5,358
Investments	288,117	288,117	-
Beneficial interest in assets held by others	<u>245,658</u>	<u>-</u>	<u>245,658</u>
	<u>\$1,495,739</u>	<u>\$ 288,117</u>	<u>\$1,207,622</u>

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Note 16. Fair Value Measurements (Continued)

Fair values for investments were determined by reference to quoted market prices and other relevant information generated by market transactions. The fair market value of pledges and accounts receivable are estimated at the present value of expected future cash flows. Beneficial interest in assets held by others were determined by the estimated value of the future distributions.

Note 17. Line of Credit

The Organization maintains a \$100,000 line of credit with an area bank. The interest rate is variable with a 2.0% margin over the Index, which is the Prime rate as published in the Wall Street Journal. The interest rate as of December 31, 2021 and 2020 was 5.25%. Interest payments are required monthly. The line of credit expires September 2022 and the Organization closed the account in 2022. The Organization did not draw on the line of credit and there were no outstanding balances as of December 31, 2021 and 2020, respectively.

Note 18. Promissory Note

The Organization signed a \$207,000 promissory note with Arizona Zipper in October 2021. The term of the loan is for the Organization to use the principal of the loan for the acquisition of a specific conservation property.

The promissory note has an interest rate of 0% and is due on or before October 15, 2024.

Note 19. Risks and Uncertainties: COVID-19

As a result of the spread of the Covid-19 coronavirus, economic uncertainties have arisen which may negatively impact future financial performance. The potential impact of these uncertainties is unknown and cannot be estimated at the present time.

Note 20. Reclassification

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