

**Weantinoge Heritage Land Trust, Inc.  
Financial Statements and  
Independent Auditor's Report  
December 31, 2015**

**Weantinoge Heritage Land Trust, Inc.**  
**Index to Financial Statements**  
**December 31, 2015**

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## **Independent Auditor's Report**

To the Board of Directors of  
Weantinoge Heritage Land Trust, Inc.  
Kent, Connecticut

We have audited the accompanying statement of financial position of Weantinoge Heritage Land Trust, Inc. (the "Land Trust"), as of December 31, 2015, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 Land Trust'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 Land Trust'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 audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Weantinoge Heritage Land Trust, Inc. as of December 31, 2015, 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 Summarized Comparative Information**

We have previously audited the Weantinoge Heritage Land Trust, Inc.'s 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 16, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink, appearing to read "Reynolds & Rowella, LLP", is written in a cursive style.

Reynolds & Rowella, LLP

New Canaan, Connecticut  
September 8, 2016

**Weantinoge Heritage Land Trust, Inc.**  
**Statements of Financial Position**  
**As of December 31, 2015 and 2014**

	2015	2014
<b>Assets</b>		
Cash and cash equivalents	\$ 251,926	\$ 288,674
Miscellaneous receivables	120,758	12,939
Prepaid expenses	8,747	13,333
Restricted cash and cash equivalents	1,636,297	1,160,901
Investments at fair value (cost \$243,194 and \$232,881, respectively)	512,652	515,662
Land and easements held for preservation	33,615,898	31,628,196
Equipment and furnishings, net	6,637	2,469
<b>Total Assets</b>	<u>\$ 36,152,915</u>	<u>\$ 33,622,174</u>
 <b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 55,821	\$ 50,456
Note payable	250,000	250,000
<b>Total Liabilities</b>	<u>305,821</u>	<u>300,456</u>
 <b>Net Assets</b>		
Unrestricted	34,199,713	32,146,732
Temporarily restricted	1,072,381	1,074,986
Permanently restricted	575,000	100,000
<b>Total Net Assets</b>	<u>35,847,094</u>	<u>33,321,718</u>
 <b>Total Liabilities and Net Assets</b>	<u>\$ 36,152,915</u>	<u>\$ 33,622,174</u>

See accompanying notes to financial statements.

**Weantinoge Heritage Land Trust, Inc.**  
**Statement of Activities and Changes in Net Assets**

**For the Year Ended December 31, 2015 with Summarized Comparative Totals for 2014**

	2015			2014
	Unrestricted	Temporarily Restricted	Permanently Restricted	Summary Total
<b>Operating Revenue and Support</b>				
Contributions - land and easements	\$ 1,987,702	\$ -	\$ -	\$ 1,987,702
Contributions - cash and securities	454,507	84,000	475,000	1,013,507
Government grants	6,856	-	-	6,856
Program service income	400	-	-	400
Net realized and unrealized (losses) gains on investments	(15,298)	-	-	(15,298)
Interest and dividends	11,482	57	-	11,539
Gifts-in-kind	-	-	-	-
Other income	12,177	-	-	12,177
Special events, net of direct costs (\$77,537 and \$43,287, respectively)				
Sub-Total	234,747	-	-	234,747
Net assets released from restrictions	2,692,573	84,057	475,000	3,251,630
	86,662	(86,662)	-	-
<b>Total Operating Revenue and Support</b>	<b>2,779,235</b>	<b>(2,605)</b>	<b>475,000</b>	<b>3,018,767</b>
<b>Operating Expenses</b>				
Program services	425,362	-	-	425,362
Management and general	188,724	-	-	188,724
Fundraising	112,168	-	-	112,168
<b>Total Operating Expenses</b>	<b>726,254</b>	<b>-</b>	<b>-</b>	<b>726,254</b>
<b>Change in Net Assets</b>	<b>2,052,981</b>	<b>(2,605)</b>	<b>475,000</b>	<b>2,525,376</b>
<b>Net Assets, Beginning of Year</b>	<b>32,146,732</b>	<b>1,074,986</b>	<b>100,000</b>	<b>33,321,718</b>
<b>Net Assets, End of Year</b>	<b>\$ 34,199,713</b>	<b>\$ 1,072,381</b>	<b>\$ 575,000</b>	<b>\$ 35,847,094</b>
				<b>\$ 33,321,718</b>

See accompanying notes to financial statements.

**Weantinoge Heritage Land Trust, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2015**  
**With Summarized Comparative Totals for 2014**

Expenses	2015				2014
	Program Services	Management and General	Fund Raising	Total Expenses	Summary Total
Payroll	\$ 219,816	\$ 101,673	\$ 72,494	\$ 393,983	\$ 360,610
Professional fees	34,625	39,951	-	74,576	58,458
Land maintenance	59,257	-	-	59,257	22,245
Professional services	27,811	3,538	19,849	51,198	144,763
Insurance	20,372	15,651	3,804	39,827	19,680
Rent	22,156	7,386	7,386	36,928	28,394
Office expenses	4,546	13,153	1,203	18,902	31,610
Other special event	12,603	-	-	12,603	23,849
Printing	4,738	3,586	3,155	11,479	10,187
Property taxes	8,506	-	-	8,506	4,091
Postage and shipping	3,183	369	2,254	5,806	4,499
Travel and meals	3,758	1,218	373	5,349	5,780
Dues and memberships	550	500	1,650	2,700	2,500
Education and outreach	1,860	38	-	1,898	2,049
Vehicle expense	1,544	-	-	1,544	755
Depreciation	-	1,202	-	1,202	975
Meetings	-	305	-	305	2,129
Miscellaneous	37	154	-	191	100
Accreditation application	-	-	-	-	6,400
<b>Total Expenses</b>	<b>\$ 425,362</b>	<b>\$ 188,724</b>	<b>\$ 112,168</b>	<b>\$ 726,254</b>	<b>\$ 729,074</b>

See accompanying notes to financial statements.

**Weantinoge Heritage Land Trust, Inc.**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2015 and 2014**

	2015	2014
<b>Operating Activities</b>		
Change in net assets	\$ 2,525,376	\$ 2,289,693
Adjustment to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	1,202	975
Unrealized net depreciation (appreciation) on investments	5,903	(49,708)
Realized loss (gain) on investments	9,395	(204)
Contributions of land and easements for preservation	(1,987,702)	(1,185,627)
Contributions of stock	(35,929)	(22,984)
Changes in operating assets and liabilities:		
Miscellaneous receivables	(107,819)	(10,387)
Prepaid expenses	4,586	(1,235)
Restricted cash and cash equivalents	(475,396)	(830,212)
Accounts payable and accrued expenses	5,365	(6,593)
Net Cash (Used in) Provided by Operating Activities	<u>(55,019)</u>	<u>183,718</u>
<b>Investing Activities</b>		
Purchases of property and equipment	(5,370)	(2,550)
Purchases of land	-	(286,964)
Purchases of investments	(10,313)	(9,071)
Proceeds from sale of investments	33,954	15,347
Net Cash Provided by (Used in) Investing Activities	<u>18,271</u>	<u>(283,238)</u>
<b>Change in Cash &amp; Cash Equivalents</b>	(36,748)	(99,520)
<b>Cash &amp; Cash Equivalents, Beginning of Year</b>	288,674	388,194
<b>Cash &amp; Cash Equivalents, End of Year</b>	<u>\$ 251,926</u>	<u>\$ 288,674</u>
<b>Supplemental Disclosures of Cash Flow information</b>		
Non cash investing and financing transactions:		
Land purchased with debt	<u>\$ -</u>	<u>\$ 250,000</u>

See accompanying notes to financial statements.



# Weantinoge Heritage Land Trust, Inc.

## Notes to Financial Statements

### December 31, 2015

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#### 1. Nature of Operations and Summary of Significant Accounting Policies

##### Nature of Operations

Weantinoge Heritage Land Trust, Inc. (the "Land Trust") is a non-profit land trust that promotes the permanent protection of natural areas, fish and wildlife, and working farmland through the acquisition and stewardship of conservation lands. The Land Trust accepts both contributions of title to property and contributions of conservation easements, which are then monitored. Sources of revenue include contributions and memberships, special fundraising events, investment earnings, grants, and fees for certain services related to land preservation.

##### Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America ("GAAP"). Revenues are recognized when earned and expenses are recognized when incurred.

The Land Trust's financial statement presentation follows the recommendations of the Financial Accounting Standards Board's Accounting Standards Codification No. 958, Not-For-Profit Entities (ASC 958). Under ASC 958, net assets, revenues, and investment gains and losses are classified based on the absence or existence and nature of donor-imposed restrictions as follows:

- Unrestricted net assets – Net assets that are not subject to donor-imposed restrictions.
- Temporarily restricted net assets – Net assets subject to donor restrictions for a period of time or specific purposes. When a donor imposed time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.
- Permanently restricted net assets – Net assets result from contributions from donors that place permanent restrictions on the use of the funds and require that the original contribution be invested in perpetuity. This type of contribution is reported as a permanently restricted net asset, the income from which may be either temporarily restricted or unrestricted, depending on the donor's specifications.

The Land Trust's accounting policy reports donations with donor-imposed restrictions that have been satisfied in the same reporting period as received as unrestricted revenue.

##### Use of Estimates

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

**Weantinoge Heritage Land Trust, Inc.**  
**Notes to Financial Statements**  
**December 31, 2015**

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Cash and Cash Equivalents

The Land Trust has defined cash equivalents as highly liquid investments with original maturities of three months or less.

Concentration of Credit Risk

The Land Trust maintains cash balances in bank accounts, including brokerage accounts which may at times exceed federally insured limits. The Land Trust has not experienced any losses from such concentration and believes it is not exposed to any significant credit risk with respect to such balances.

Investments

The Land Trust records its financial assets and liabilities at fair value. The accounting standard for fair value provides a framework for measuring fair value, clarifies the definition of fair value and expands disclosures regarding fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the reporting date. The accounting standard establishes a three-tier hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

**Level 1** – Quoted prices in active markets for identical assets or liabilities.

**Level 2** – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

**Level 3** – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The following is a description of the valuation methodologies used for instruments measured at fair value:

Money Market - Valued using amortized cost.

Publicly Traded Mutual Funds - Valued at market value.

**Weantinoge Heritage Land Trust, Inc.**  
**Notes to Financial Statements**  
**December 31, 2015**

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Equipment and Furnishings

Equipment and furnishings are recorded at cost, or if donated, at the approximate fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the asset for a specific purpose. Assets are depreciated using the straight-line method over the estimated useful lives of the assets which is 5-7 years for equipment and furnishings. Major repairs which extend, or improve the useful lives of the assets are added to their respective cost basis. Normal repair and maintenance costs are expensed as incurred.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Donated securities are recorded at fair value at the date of gift. Securities received by donation are generally sold immediately. In-kind contributions of equipment or other items are recorded at their fair value at the date of donation, and are unrestricted unless their use has been limited by a restriction imposed by the donor. Contributed services are reported as contributions at their fair value if such services create or enhance nonfinancial assets and were provided by individuals possessing required specialized skills. The Land Trust received a variety of donated services throughout the year from generous volunteers, including property, trail and field maintenance activities. However, the services did not meet the criteria for recognition, and no fair value has been assigned or recorded.

Land and Conservation Easements

Purchased land is recorded at cost.

Donated land and conservation easements are recorded as unrestricted net assets. Donated properties are valued at estimated fair value and recorded on the date the deed is filed in the municipal land records. All conservation easements acquired are valued at one dollar (\$1) and recorded by the Land Trust on the date the deed restriction is filed in the municipal land records.

Contributions of funds for stewardship and defense of land and easements are reported as temporarily restricted support until utilized for the restricted purpose. It is the Land Trust's policy to place these contributions in the Stewardship Reserve Fund. The Stewardship Reserve Fund is classified as a temporarily restricted quasi-endowment net asset.

Allocation of Functional Expenditures

The statement of Activities is presented with expenses allocated functionally to the various programs and other activities. Some expenses have been prorated by units of usage or other formula basis to the functional categories benefited.

**Weantinoge Heritage Land Trust, Inc.**  
**Notes to Financial Statements**  
**December 31, 2015**

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Income Taxes

The Land Trust qualifies as a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is included in the accompanying financial statements.

Management has evaluated the Land Trust's tax position and concluded that the Land Trust has taken no uncertain tax positions that require adjustment to or disclosures in the financial statements. The Land Trust's 2013 through 2015 tax years are open for examination by federal, state or local tax authorities.

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 GAAP. Accordingly, such information should be read in conjunction with the Land Trust's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

Events Occurring After Reporting Date

The Land Trust has evaluated events and transactions occurring between December 31, 2015 and September 8, 2016, which is the date the financial statements were available to be issued for possible disclosure and recognition in the financial statements.

**2. Fair Value of Financial Instruments**

The assets that are measured at fair value on a recurring basis and categorized using the three levels of fair value hierarchy consisted of the following as of December 31, 2015 and 2014:

	2015			
	Level 1	Level 2	Level 3	Total
Money market funds:				
Restricted cash equivalents	\$ 1,636,297	\$ -	\$ -	\$ 1,636,297
Unrestricted cash equivalents	47,813	-	-	47,813
Total money market funds	1,684,110	-	-	1,684,110
Investments:				
Publicly traded mutual funds	512,232	-	-	512,232
Common stocks	420	-	-	420
Total investments	512,652	-	-	512,652
Total	\$ 2,196,762	\$ -	\$ -	\$ 2,196,762

**Weantinoge Heritage Land Trust, Inc.**  
**Notes to Financial Statements**  
**December 31, 2015**

	2014			
	Level 1	Level 2	Level 3	Total
Money market funds:				
Restricted cash equivalents	\$ 1,160,901	\$ -	\$ -	\$ 1,160,901
Unrestricted cash equivalents	177,210	-	-	177,210
Total money market funds	1,338,111	-	-	1,338,111
Investments:				
Publicly traded mutual funds	507,822	-	-	507,822
Common Stocks	7,840	-	-	7,840
Total Investments	515,662	-	-	515,662
Total	<u>\$ 1,853,773</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,853,773</u>

### 3. Equipment and Furnishings

Equipment and furnishings, net consisted of the following at December 31:

	2015	2014
Office equipment and furnishings	\$ 28,423	\$ 23,053
Vehicles	21,435	21,435
Total	49,858	44,488
Less: accumulated depreciation and amortization	(43,221)	(42,019)
Total Equipment and Furnishings, Net	<u>\$ 6,637</u>	<u>\$ 2,469</u>

Depreciation expense for the years ended December 31, 2015 and 2014 was \$1,202 and \$975, respectively.

### 4. Note Payable

In December 2014, the Land Trust entered into a note payable agreement with The Peter and Carmen Lucia Buck Foundation, Inc. for \$250,000 (the "Note Payable"). Proceeds from the Note Payable were used to fund the purchase of a parcel of West Aspetuck land. The Note Payable bears no interest through December 2020 and then interest is calculated at .25% per year compounded annually through its maturity in December 2024. The Note Payable is secured by the property located in Kent, Connecticut. As of December 31, 2015 and 2014 the Land Trust was in compliance with the covenants of this agreement.

**Weantinoge Heritage Land Trust, Inc.**  
**Notes to Financial Statements**  
**December 31, 2015**

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**5. Land and Conservation Easements**

Land Held for Conservation

The Land Trust accepted five fee simple gifts totaling approximately 40 acres of land in New Milford and Washington Connecticut during 2015, with a total value of \$1,987,700.

The Land Trust accepted two fee simple gifts, totaling approximately 139 acres of land in New Milford and Canaan Connecticut during 2014, with a total value of \$840,000.

The Land Trust purchased a fee simple parcel of approximately 16 acres of land in Kent Connecticut during 2014 for approximately \$537,000 of which \$250,000 was financed with a Note Payable agreement described in Note 4. The valuation of the land on the date of the purchase was \$1,300,000. Approximately \$764,000, relating to the difference between the land valuation and the purchase price of the land, was donated to the Land Trust by the seller and has been included in contributions – land and easements in the Statement of Activities for the year ended December 31, 2014.

Conservation Easement

The Land Trust accepted two conservation easements during 2015 and one conservation easement during 2014. The Land Trust has 177 and 175 easements incorporating over 5,000 acres as of December 31, 2015 and 2014, respectively.

**6. Stewardship Reserve Fund**

The Stewardship Reserve Fund ("SRF") consists of temporarily restricted donor contributions for stewardship, monitoring, and enforcement of the Land Trust's conservation easements and fee-owned lands. The SRF is invested, managed and disbursed in accordance with policies established by the Land Trust's Board of Directors. In addition to restricted contributions, the SRF also contains some investment income reinvested over prior years. No portion of the SRF is permanently restricted.

Contributions of funds for stewardship and defense of land and easements are reported as additions to the SRF and as temporarily restricted support. The earnings generated by the SRF will be reported as unrestricted income.

**Weantinoge Heritage Land Trust, Inc.**  
**Notes to Financial Statements**  
**December 31, 2015**

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**7. Temporarily Restricted Net Assets**

Temporarily restricted net assets at December 31, 2015 and 2014 included the following:

	2015	2014
Stewardship reserve fund	\$ 997,848	\$ 1,027,424
Land acquisition contributions	18,000	18,000
Partnership support services	25,000	-
Other conservation and easement protections purposes	31,533	29,562
	<u>\$ 1,072,381</u>	<u>\$ 1,074,986</u>

**8. Permanently Restricted Endowment Fund**

The Land Trust created a permanently restricted endowment fund to provide long-term general operating support to the Land Trust. The Land Trust received donations of \$475,000 and \$100,000 to this fund during the years ended December 31, 2015 and 2014, respectively.

The Land Trust has interpreted the Connecticut Uniform Prudent Management of Institutional Funds Act (Connecticut UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Land Trust classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Land Trust in a manner consistent with the standard of prudence prescribed by Connecticut UPMIFA. In accordance with Connecticut UPMIFA, the Land Trust considers the following factors in making a determination to appropriate or accumulated donor-restricted endowment funds:

- The duration and preservation of the fund,
- The purposes of the Land Trust and the donor-restricted endowment fund,
- General economic conditions,
- The possible effect of inflation and deflation,
- The expected total return from income and the appreciation of investments,
- Other resources of the Land Trust, and
- The investment policies of the Land Trust.



**Weantinoge Heritage Land Trust, Inc.**  
**Notes to Financial Statements**  
**December 31, 2015**

The endowment fund activity for the years ended December 31, 2015 and 2014 are as follows:

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ -	\$ -	\$ 100,000	\$ 100,000
Investment income	-	57	-	57
Contributions	-	25,000	475,000	500,000
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 25,057</u>	<u>\$ 575,000</u>	<u>\$ 600,057</u>
	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ -	\$ -	\$ -	\$ -
Contributions	-	-	100,000	100,000
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>

During 2015, a restricted contribution of \$500,000 was received to serve as an endowment. According to the gift restriction document, signed by the donor, the annual earnings and five percent of the principal in any year are to be used to fund the Land Trust's cost in providing partnership support services to local land trusts. Five percent of the gift, \$25,000, has been recorded as temporarily restricted for partnership supporting services. The remaining \$475,000 has been recorded as a permanently restricted net asset.



**Weantinoge Heritage Land Trust, Inc.**  
**Notes to Financial Statements**  
**December 31, 2015**

The endowment net asset group by net asset classification, type, and purpose of restrictions as of December 31, 2015, is shown below:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-Restricted Endowment				
General	\$ -	\$ 57	\$ 575,000	\$ 575,057
Partnership support services	-	25,000	-	25,000
Total Donor-Restricted Endowment	<u>\$ -</u>	<u>\$ 25,057</u>	<u>\$ 575,000</u>	<u>\$ 600,057</u>

**9. Stewardship Reserve Fund Endowment**

The Stewardship Reserve Fund operates as a quasi-endowment and consists of donor funds that are temporarily restricted for purpose.

The Land Trust has adopted a spending rule for the Stewardship Reserve Fund that allows for an annual distribution of between three and five percent of the average value of the fund's assets for easement and fee land stewardship, enforcement and defense, and monitoring expenses.

The Stewardship Reserve Fund activity for the year ended December 31, 2015 and 2014 is as follows:

	<u>2015</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Net assets, beginning of year	\$ 46	\$ 1,027,424	\$ 1,027,470
Investment return:			
Interest and Dividends	515	-	515
Total investment return	<u>515</u>	<u>-</u>	<u>515</u>
Contributions	-	12,000	12,000
Net assets released from restrictions	-	(41,576)	(41,576)
Net assets, end of year	<u>\$ 561</u>	<u>\$ 997,848</u>	<u>\$ 998,409</u>

**Weantinoge Heritage Land Trust, Inc.**  
**Notes to Financial Statements**  
**December 31, 2015**

	2014		
	Unrestricted	Temporarily Restricted	Total
Net assets, beginning of year	\$ -	\$ 290,424	\$ 290,424
Investment return:			
Interest and Dividends	46	-	46
Total investment return	46	-	46
Contributions	-	737,000	737,000
Net assets released from restrictions	-	-	-
Net assets, end of year	\$ 46	\$ 1,027,424	\$ 1,027,470

**10. Related Party Transactions**

The Land Trust leases offices space in Kent, Connecticut pursuant to a 5 years lease agreement that commenced on February 1, 2011 at \$1,750 per month. The lease includes a 4% scheduled annual rent increase, terminates on January 31, 2016 and includes a five year option to renew for an additional 5 year term. The Land Trust has not renewed the lease and is currently on a month-to-month lease.

The building the Land Trust leases for its office space was sold in August 2013. The purchaser of the property is a limited liability company that is managed and owned by two board members of the Land Trust, including the president of the Board of Directors of the Land Trust (through a single member "LLC" entity.) The successor owner of the building assumed the lease with the Land Trust under the same terms and conditions on August 16, 2013. In July of 2014, the Land Trust expanded into the first floor of the building increasing its monthly rental payment by \$1,000 and approximately doubling its office space.

Total payments to the related party for rent for the years ended December 31, 2015 and 2014 were \$36,928 and \$28,546, respectively. As of December 31, 2015 and 2014 there were no amounts due to the related party.

**11. Renting of Pastureland**

The Land Trust rents property located in New Milford, Connecticut to an unrelated party. The lease restricts the use of the property to pastureland for grazing cattle, livestock and other farm animals and for hay fields and other agricultural activities. The lease has a 10 year term and terminates on October 31, 2019. The lessee has an option to renew the lease for an additional 10 years. Rent of \$1,000 is due annually on November 1. The lease was terminated by the unrelated party in 2015.

**Weantinoge Heritage Land Trust, Inc.**  
**Notes to Financial Statements**  
**December 31, 2015**

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**12. Employee Benefit Plan**

The Land Trust adopted a SIMPLE IRA plan (Saving Incentive Match Plan for Employees) (the "Plan") effective January 1, 2012. Under the Plan's adoption agreement, the Land Trust agreed to match participant contributions up to three percent (3%) of the eligible employee's compensation. Participants may contribute up to the yearly maximum allowed by the Internal Revenue Code. The Land Trust contributed matching funds to the Plan for its employees of \$9,557 and \$8,254 for the years ended December 31, 2015 and 2014, respectively.

**13. Concentrations, Risks, and Uncertainties**

The Land Trust's invested assets consist of equities, equity funds, and money market funds. Investment securities are exposed to various risks, including interest rate, market and credit risks. Due to the level of uncertainty related to changes in interest rates, credit and market volatility, it is at least reasonably possible that changes could materially affect the fair value of investments reported in the statement of financial position as of December 31, 2015 and 2014.