

**Weantinoge Heritage Land Trust, Inc.
Financial Statements and
Independent Auditor's Report
December 31, 2017**

Weantinoge Heritage Land Trust, Inc.
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December 31, 2017

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REYNOLDS + ROWELLA

ACCOUNTING AND CONSULTING

Independent Auditor's Report

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

We have audited the accompanying financial statements of Weantinoge Heritage Land Trust, Inc. (the "Land Trust") which comprise the statement of financial position as of December 31, 2017, 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, 2017, 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 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 17, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Reynolds + Rowella, LLP

New Canaan, Connecticut
September 5, 2018

Weantinoge Heritage Land Trust, Inc.
Statements of Financial Position
As of December 31, 2017 and 2016

	2017	2016
Assets		
Cash and cash equivalents	\$ 570,807	\$ 392,374
Investments at fair value (cost \$266,444 and \$254,382 as of December 31, 2017 and 2016, respectively)	698,753	575,229
Miscellaneous receivables	25,030	38,187
Prepaid expenses	-	3,426
Restricted cash and cash equivalents	1,613,196	1,587,553
Property and equipment, net	327,326	334,426
Conservation land and easements	37,700,900	34,645,899
Total Assets	<u>\$ 40,936,012</u>	<u>\$ 37,577,094</u>
 Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 50,759	\$ 42,062
Note payable	250,000	250,000
Total Liabilities	<u>300,759</u>	<u>292,062</u>
Net Assets		
Unrestricted	39,100,395	35,724,812
Temporarily restricted	1,434,858	1,460,220
Permanently restricted	100,000	100,000
Total Net Assets	<u>40,635,253</u>	<u>37,285,032</u>
Total Liabilities and Net Assets	<u>\$ 40,936,012</u>	<u>\$ 37,577,094</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, 2017 with Summarized Comparative Totals for 2016

	2017			2016
	Unrestricted	Temporarily Restricted	Permanently Restricted	Summary Total
Operating Revenue and Support				
Contributions - conservation land and easements	\$ 3,055,001	\$ -	\$ -	\$ 3,055,001
Contributions - cash and securities	500,330	56,325	-	556,655
Contributions - land and building	-	-	-	-
Government grants	369	-	-	369
Program service income	-	-	-	-
Net realized and unrealized gains/(losses) on investments	113,023	-	-	113,023
Interest and dividends	21,919	4,775	-	26,694
Other income	15,875	-	-	15,875
Special events, net of direct costs (\$73,246 and \$94,829, respectively)	351,218	-	-	351,218
Sub-Total	4,057,735	61,100	-	4,118,835
Net assets released from restrictions	86,462	(86,462)	-	-
Total Operating Revenue and Support	4,144,197	(25,362)	-	4,118,835
Operating Expenses				
Program services	517,792	-	-	517,792
Management and general	173,938	-	-	173,938
Fundraising	76,884	-	-	76,884
Total Operating Expenses	768,614	-	-	768,614
Change in Net Assets	3,375,583	(25,362)	-	3,350,221
Net Assets, Beginning of Year	35,724,812	1,460,220	100,000	37,285,032
Net Assets, End of Year	\$ 39,100,395	\$ 1,434,858	\$ 100,000	\$ 40,635,253

See accompanying notes to financial statements.

Weantinoge Heritage Land Trust, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2017
With Summarized Comparative Totals for 2016

Expenses	2017			2016	
	Program Services	Management and General	Fundraising	Total Expenses	Summary Total
Payroll	\$ 333,315	\$ 86,162	\$ 49,646	\$ 469,123	\$ 362,822
Professional fees	11,964	43,758	149	55,871	82,893
Rent	28,373	7,334	4,235	39,942	38,529
Professional services	19,527	3,707	9,326	32,560	50,350
Insurance	14,835	13,490	681	29,006	30,762
Office expenses	10,857	9,327	5,081	25,265	18,641
Land maintenance	28,046	-	-	28,046	67,432
Education and outreach	27,577	-	-	27,577	3,111
Printing	5,533	1,660	5,154	12,347	8,514
Property taxes	10,161	-	-	10,161	10,653
Travel and meals	4,443	2,548	575	7,566	6,318
Depreciation	5,129	1,971	-	7,100	1,411
Other special event	6,663	28	-	6,691	11,868
Utilities	4,188	-	-	4,188	2,686
Postage and shipping	2,142	24	1,938	4,104	4,621
Dues and memberships	3,500	108	99	3,707	3,700
Credit card fees	-	3,134	-	3,134	3,643
Advertising	803	507	-	1,310	396
Vehicle expense	736	-	-	736	637
Meetings	-	180	-	180	115
Support for land acquisition	-	-	-	-	10,000
Total Expenses	\$ 517,792	\$ 173,938	\$ 76,884	\$ 768,614	\$ 719,102

See accompanying notes to financial statements.

Weantinoge Heritage Land Trust, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2017 and 2016

	2017	2016
Operating Activities		
Change in net assets	\$ 3,350,221	\$ 1,437,938
Adjustment to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	7,100	1,411
Unrealized net appreciation on investments	(111,462)	(51,809)
Realized (gain) loss on investments	(1,561)	97
Contributions of conservation land and easements	(3,055,001)	(1,012,001)
Contributions of securities	(61,458)	(60,920)
Contributions - land and building	-	(325,000)
Changes in operating assets and liabilities:		
Miscellaneous receivables	13,157	82,571
Prepaid expenses	3,426	5,321
Restricted cash and cash equivalents	(25,643)	48,744
Accounts payable and accrued expenses	8,697	(13,759)
Net Cash Provided by Operating Activities	<u>127,476</u>	<u>112,593</u>
Investing Activities		
Purchases of property and equipment	-	(4,200)
Purchases of conservation land	-	(18,000)
Purchases of investments	(12,062)	(11,188)
Proceeds from sales of investments	63,019	61,243
Net Cash Provided by Investing Activities	<u>50,957</u>	<u>27,855</u>
Change in Cash & Cash Equivalents	178,433	140,448
Cash & Cash Equivalents, Beginning of Year	<u>392,374</u>	<u>251,926</u>
Cash & Cash Equivalents, End of Year	<u>\$ 570,807</u>	<u>\$ 392,374</u>
Supplemental Disclosures of Cash Flow information		
Non cash investing and financing transactions:		
Donated land and building	\$ -	\$ 325,000
Donated securities	\$ 61,458	\$ 60,920
Donated conservation land and easements	\$ 3,055,001	\$ 1,012,001

See accompanying notes to financial statements.

Weantinoge Heritage Land Trust, Inc.

Notes to Financial Statements

December 31, 2017

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 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 ("FASB") 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.

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, 2017

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, 2017

Property and Equipment

Property and equipment 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 vehicles, equipment, and furnishings, and 39 years for buildings. 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, 2017

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 2015 through 2017 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, 2016, from which the summarized information was derived.

New Accounting Pronouncements:

ASU No. 2016-14

On August 18, 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-14, Non-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Non-for-Profit Entities. This ASU is a result of the recommendations developed by FASB's Not-for-Profit Advisory Committee and FASB's ongoing review of GAAP standards to improve existing standards to meet the evolving needs of a dynamic financial reporting environment.

The ASU provides for changes in financial statement presentation that effect classification of net assets, presentation of expenses, investment returns and presentation of operating cash flows. It also calls for enhanced disclosures of board designated funds, underwater endowment funds, methods used to allocate costs among functions, and liquidity and availability of resources. The ASU affects all not-for-profit organizations including charities, foundations, colleges and universities, health care providers, religious organizations, trade associations, and cultural institutions, among others.

The amendments of ASU No. 2016-14 are effective for annual financial statements issued for periods beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018.

ASU No. 2016-02

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). This ASU requires lessees to include most operating leases on the balance sheet. ASU No. 2016-02 is effective for fiscal years (and interim reporting periods within those years) beginning after December 15, 2018 and early adoption is permitted.

Weantinoge Heritage Land Trust, Inc.
Notes to Financial Statements
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ASU No. 2014-09

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606). This ASU is the result of a joint project of the FASB and the International Accounting Standards Board ("IASB") to clarify the principles for recognizing revenue and to develop a common revenue standard for GAAP and International Financial Reporting Standards ("IFRS"). The guidance in this ASU affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards. The guidance in this ASU will supersede Topic 605, Revenue Recognition.

The ASU provides that entities should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

For nonpublic entities, the amendments of ASU No 2014-09 are effective for annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. Early application is permitted for all entities.

The Land Trust is currently assessing the impact of the adoption of these ASUs.

Events Occurring After Reporting Date

The Land Trust has evaluated events and transactions occurring between December 31, 2017 and September 5, 2018, which is the date the financial statements were available to be issued for possible disclosure and recognition in the financial statements.

Weantinoge Heritage Land Trust, Inc.
Notes to Financial Statements
December 31, 2017

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, 2017 and 2016:

	2017			
	Level 1	Level 2	Level 3	Total
Money market funds:				
Restricted cash equivalents	\$ 1,613,196	\$ -	\$ -	\$ 1,613,196
Unrestricted cash equivalents	420,584	-	-	420,584
Total money market funds	2,033,780	-	-	2,033,780
Mutual funds:				
Publicly traded mutual funds	698,753	-	-	698,753
Total mutual funds	698,753	-	-	698,753
Total	<u>\$ 2,732,533</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,732,533</u>
	2016			
	Level 1	Level 2	Level 3	Total
Money market funds:				
Restricted cash equivalents	\$ 1,587,553	\$ -	\$ -	\$ 1,587,553
Unrestricted cash equivalents	253,578	-	-	253,578
Total money market funds	1,841,131	-	-	1,841,131
Mutual funds:				
Publicly traded mutual funds	575,229	-	-	575,229
Total mutual funds	575,229	-	-	575,229
Total	<u>\$ 2,416,360</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,416,360</u>

Weantinoge Heritage Land Trust, Inc.
Notes to Financial Statements
December 31, 2017

3. Property and Equipment

Property and equipment, net consisted of the following at December 31:

	<u>2017</u>	<u>2016</u>
Land	\$ 125,000	\$ 125,000
Building	200,000	200,000
Office equipment and furnishings	22,652	22,652
Vehicles	21,435	21,435
Total	<u>369,087</u>	<u>369,087</u>
Less: accumulated depreciation and amortization	<u>(41,761)</u>	<u>(34,661)</u>
Total Property and Equipment, Net	<u><u>\$ 327,326</u></u>	<u><u>\$ 334,426</u></u>

Depreciation expense for the years ended December 31, 2017 and 2016 was \$7,100 and \$1,411, 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 2019 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, 2017 and 2016 the Land Trust was in compliance with the covenants of this agreement.

5. Land and Conservation Easements

Land Held for Conservation

The Land Trust accepted five fee simple gifts totaling approximately 270 acres of land in New Milford and Kent Connecticut during 2017, with a total estimated fair value of \$3,055,000.

The Land Trust accepted three fee simple gifts totaling approximately 155 acres of land in New Milford and Kent Connecticut during 2016, with a total estimated fair value of \$1,030,000.

The Land Trust purchased a fee simple parcel of approximately 2 acres of land in New Milford, Connecticut during 2016 at a bargain for \$18,000. The valuation of the land on the date of purchase was \$140,000. Approximately \$122,000, 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 – conservation land and easements in the Statement of Activities for the year ended December 31, 2016.

Weantinoge Heritage Land Trust, Inc.
Notes to Financial Statements
December 31, 2017

Conservation Easement

The Land Trust accepted one conservation easement during 2017 and 2016. The Land Trust has 179 and 178 easements incorporating over 5,000 acres as of December 31, 2017 and 2016, 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 are reported as unrestricted income.

7. Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2017 and 2016 included the following:

	2017	2016
Stewardship reserve fund	\$ 939,023	\$ 962,823
General endowment	451,281	475,448
Other conservation and easement protections purposes	44,554	21,949
	<u>\$ 1,434,858</u>	<u>\$ 1,460,220</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 \$0 to this fund during the years ended December 31, 2017 and 2016.

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 absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Land Trust classifies as permanently restricted net assets: (a) the fair value of gifts as of the date donated to the permanent endowment, (b) the fair 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.

Weantinoge Heritage Land Trust, Inc.
Notes to Financial Statements
December 31, 2017

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.

The endowment fund activity for the years ended December 31, 2017 and 2016 are as follows:

2017				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 26,858	\$ 475,448	\$ 100,000	\$ 602,306
Investment income	-	4,775	-	4,775
Released from restrictions	28,942	(28,942)	-	-
Endowment net assets, end of year	<u>\$ 55,800</u>	<u>\$ 451,281</u>	<u>\$ 100,000</u>	<u>\$ 607,081</u>

2016				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ -	\$ 500,057	\$ 100,000	\$ 600,057
Investment income	-	2,249	-	2,249
Released from restrictions	26,858	(26,858)	-	-
Endowment net assets, end of year	<u>\$ 26,858</u>	<u>\$ 475,448</u>	<u>\$ 100,000</u>	<u>\$ 602,306</u>

Weantinoge Heritage Land Trust, Inc.
Notes to Financial Statements
December 31, 2017

The endowment net asset group by net asset classification, type, and purpose of restrictions as of December 31, 2017 and 2016, are shown below:

		2017		
		Unrestricted	Temporarily Restricted	Permanently Restricted
				Total
Donor-Restricted Endowment				
General	\$	-	\$	-
Partnership support to other land trusts		55,800	451,281	-
Total Donor-Restricted Endowment	\$	55,800	\$	451,281
			\$	100,000
				\$ 607,081

		2016		
		Unrestricted	Temporarily Restricted	Permanently Restricted
				Total
Donor-Restricted Endowment				
General	\$	-	\$	-
Partnership support to other land trusts		26,858	475,448	-
Total Donor-Restricted Endowment	\$	26,858	\$	475,448
			\$	100,000
				\$ 602,306

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 rate 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.

Weantinoge Heritage Land Trust, Inc.
Notes to Financial Statements
December 31, 2017

The Stewardship Reserve Fund activity for the years ended December 31, 2017 and 2016 are as follows:

	2017		
	Unrestricted	Temporarily Restricted	Total
Net assets, beginning of year	\$ 4,304	\$ 962,823	\$ 967,127
Investment return:			
Interest and Dividends	7,671	-	7,671
Total investment return	7,671	-	7,671
Contributions	-	15,000	15,000
Net assets released from restrictions	38,800	(38,800)	-
Net assets, end of year	<u>\$ 50,775</u>	<u>\$ 939,023</u>	<u>\$ 989,798</u>
	2016		
	Unrestricted	Temporarily Restricted	Total
Net assets, beginning of year	\$ 561	\$ 997,848	\$ 998,409
Investment return:			
Interest and Dividends	3,743	-	3,743
Total investment return	3,743	-	3,743
Contributions	-	5,000	5,000
Net assets released from restrictions	-	(40,025)	(40,025)
Net assets, end of year	<u>\$ 4,304</u>	<u>\$ 962,823</u>	<u>\$ 967,127</u>

10. Related Party Transactions

The Land Trust leases office space in Kent, Connecticut pursuant to a 5 years lease agreement that commenced on February 1, 2011 and terminated on January 31, 2016 and includes an option to renew for an additional 5 year term. In May 2016, the Land Trust extended the lease. The lease terminates on January 31, 2021. The Land Trust currently pays rent of \$3,339 per month.

Weantinoge Heritage Land Trust, Inc.
Notes to Financial Statements
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Future minimum annual lease payments at December 31, 2017 were:

2018	\$	41,539
2019		43,201
2020		44,929
2021		3,756
Total	\$	<u>133,425</u>

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, 2017 and 2016 were \$39,942 and \$38,529, respectively. As of December 31, 2017 and 2016 there were no amounts due to the related party.

11. 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 \$10,140 and \$8,627 for the years ended December 31, 2017 and 2016, respectively.

12. 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, 2017 and 2016.

The Land Trust can be party to lawsuits arising in the ordinary course of business. Management believes the Land Trust has adequate insurance to reduce its risk of loss. The Land Trust accrues for loss contingencies when the matter becomes known, is deemed a probable loss and can be reasonably estimated. No accrual for loss contingency was considered necessary at December 31, 2017 and 2016.