

**NORTHWEST CONNECTICUT LAND
CONSERVANCY, INC.**

Financial Statements

Years Ended December 31, 2020 and 2019

NORTHWEST CONNECTICUT LAND CONSERVANCY, INC.

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The Board of Directors
Northwest Connecticut Land Conservancy, Inc.
Kent, Connecticut

Report on Financial Statements

We have audited the accompanying financial statements of Northwest Connecticut Land Conservancy, Inc. (the Land Trust) which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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 the 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.

The Board of Directors
Northwest Connecticut Land Conservancy, Inc.

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 Land trust as of December 31, 2020, 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.

Other Matter

The financial statements of the Land Trust as of December 31, 2019 were audited by other auditors whose report dated October 12, 2020 expressed an unmodified opinion on those financial statements.

Cirone Friedberg, LLP

Shelton, Connecticut
September 22, 2021

NORTHWEST CONNECTICUT LAND CONSERVANCY, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 925,451	\$ 721,052
Investments	1,693,844	1,191,431
Contributions and Other Receivables	32,570	49,725
Prepaid Expenses	10,935	-
Total Current Assets	<u>2,662,800</u>	<u>1,962,208</u>
<u>Property, Equipment and Leasehold Improvements</u>		
Land	125,000	125,000
Building	392,200	200,000
Equipment	48,166	48,166
Leasehold Improvements	14,283	14,283
	<u>579,649</u>	<u>387,449</u>
Accumulated Depreciation and Amortization	(81,067)	(66,389)
Conservation Land and Easements	55,069,545	40,606,915
Net Property, Equipment and Leasehold Improvements	<u>55,568,127</u>	<u>40,927,975</u>
<u>Other Assets</u>		
Other Donor Restricted Investments	1,352,049	1,320,556
Donor Restricted Investments in Perpetuity	2,100,000	100,000
Total Other Assets	<u>3,452,049</u>	<u>1,420,556</u>
Total Assets	<u>\$ 61,682,976</u>	<u>\$ 44,310,739</u>
LIABILITIES AND NET ASSETS		
<u>Current Liabilities</u>		
Accounts Payable and Accrued Expenses	\$ 111,050	\$ 66,698
Refundable Advances - PPP	142,192	-
Total Current Liabilities	<u>253,242</u>	<u>66,698</u>
<u>Long-Term Liabilities</u>		
Note Payable	250,000	250,000
Security Deposit	3,800	-
Total Long-Term Liabilities	<u>253,800</u>	<u>250,000</u>
Total Liabilities	<u>507,042</u>	<u>316,698</u>
Net Assets		
Without Donor Restriction		
Board Designated Stewardship Reserve Fund	376,173	167,338
Property, Equipment and Leasehold Improvements	55,568,127	40,927,975
Undesignated Available for Operations	1,684,424	1,396,805
Total Without Donor Restriction	<u>57,628,724</u>	<u>42,492,118</u>
With Donor Restriction	3,547,210	1,501,923
Total Net Assets	<u>61,175,934</u>	<u>43,994,041</u>
Total Liabilities and Net Assets	<u>\$ 61,682,976</u>	<u>\$ 44,310,739</u>

See notes to financial statements

NORTHWEST CONNECTICUT LAND CONSERVANCY, INC.

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020		2019	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
	Total	Total	Total	Total
Revenue, Gains and Other Changes				
Contributions - Conservation Land and Easements				
Contributions - Cash	\$ 1,990,003	\$ -	\$ 2,435,518	\$ -
Grants	607,106	2,068,665	100	123,895
Program Service Income	99,000	-	105,721	-
Rental Income	51,895	-	5,850	-
Investment Return	22,939	-	222,359	49,992
Other Income	137,575	80,334	40,545	-
Special Events	165,460	-	675,018	-
Contribution of Naromi Land Trust, Inc. Net Assets	240,723	-	-	-
Contribution of Brookfield Open Space Legacy, Inc.	12,843,254	72,790	-	-
Net Assets				
Total	16,157,955	2,221,789	1,315,075	1,315,075
Net Assets Released from Restrictions	176,502	(176,502)	2,608,188	173,887
Total Revenue, Gains and Other Changes	16,334,457	2,045,287	145,420	(145,420)
			2,753,608	28,467
				2,782,075
Expenses				
Programs:				
Stewardship	343,678	-	288,766	-
Education and Outreach	362,003	-	293,852	-
Acquisitions	135,989	-	159,192	-
Partnership	133,159	-	125,246	-
Total Programs	974,829	-	867,056	-
Management and general	137,677	-	114,344	-
Fundraising	85,345	-	162,895	-
Total Expenses	1,197,851	-	1,144,295	-
Increase in Net Assets	15,136,606	2,045,287	1,609,313	28,467
Net Assets - Beginning of Year	42,492,118	1,501,923	40,882,805	1,473,456
Net Assets - End of Year	\$ 57,628,724	\$ 3,547,210	\$ 42,492,118	\$ 1,501,923
				\$ 43,994,041

See notes to financial statements

NORTHWEST CONNECTICUT LAND CONSERVANCY, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 17,181,893	\$ 1,637,780
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation and Amortization	14,678	13,156
Unrealized (Gain) Loss on Investments	(155,184)	227,945
Contribution of Naromi Land Trust, Inc. Net Assets	(12,657,715)	-
Contributions of Brookfield Open Space Legacy Inc.		
Net Assets	-	(1,215,009)
Contributions of Conservation Land and Easements	(1,990,003)	(2)
Contributions of Securities	-	10,219
Contributions Restricted for Long-Term Investment	(2,000,000)	-
Change in:		
Miscellaneous Receivables	18,155	112,355
Prepaid Expenses	(10,935)	5,396
Accounts Payable and Accrued Expenses	(37,441)	-
Refundable Advances	120,642	-
Security Deposit	3,800	4,042
Net Cash Provided by Operating Activities	<u>487,890</u>	<u>795,882</u>
Cash Flows from Investing Activities		
Purchase of Investments	(2,289,006)	(1,721,645)
Proceeds from Sales of Investments	5,515	1,139,092
Net Cash Used by Investing Activities	<u>(2,283,491)</u>	<u>(582,553)</u>
Cash Flows from Financing Activities		
Proceeds From Restricted Contributions	<u>2,000,000</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	204,399	213,329
Cash and Cash Equivalents - Beginning of Year	<u>721,052</u>	<u>507,723</u>
Cash and Cash Equivalents - End of Year	<u>\$ 925,451</u>	<u>\$ 721,052</u>

See notes to financial statements

NORTHWEST CONNECTICUT LAND CONSERVANCY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services			Supporting Services		Total
	Stewardship	Education and Outreach	Acquisitions	Partnership	Management General	Development and Fundraising
Personnel Costs	\$ 174,913	\$ 242,221	\$ 84,234	\$ 79,649	\$ 74,029	\$ 48,754
Consulting and Outside Services	8,696	53,838	12,254	34,934	1,355	9,963
Professional Fees	66,168	628	24,528	205	50,281	120
Land Maintenance	35,342	985	-	-	-	-
Rent	12,261	15,731	5,464	6,415	3,288	3,045
Insurance	19,556	9,262	3,217	3,711	2,687	1,792
Event Expenses	-	295	-	-	-	1,544
Office Expenses	3,308	12,801	666	630	1,079	2,565
Property Taxes	-	-	2,364	-	-	-
Printing	337	11,315	150	141	126	7,824
Depreciation and Amortization	3,896	4,998	1,736	1,633	1,448	967
Travel and Meals	1,396	879	477	144	103	343
Postage and Shipping	167	6,515	3	2	58	8,045
Utilities	6,901	1,975	686	645	572	383
Dues and Memberships	10,000	135	-	5,050	-	-
Credit Card and Other Fees	68	-	210	-	2,385	-
Meetings	388	388	-	-	266	-
Vehicle Expense	281	-	-	-	-	-
Advertising	-	37	-	-	-	-
Total Functional Expenses	\$ 343,678	\$ 362,003	\$ 135,989	\$ 133,159	\$ 137,677	\$ 85,345
						\$ 1,197,851

See notes financial statements

NORTHWEST CONNECTICUT LAND CONSERVANCY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services			Supporting Services			Total
	Stewardship	Education and Outreach	Acquisitions	Partnership	Management General	Development and Fundraising	
Personnel Costs	\$ 181,285	\$ 204,289	\$ 51,832	\$ 88,544	\$ 32,343	\$ 49,959	\$ 608,252
Consulting and Outside Services	10,275	21,318	43,342	17,000	-	10,668	102,603
Professional Fees	6,925	591	42,157	257	39,779	146	89,855
Land Maintenance	43,183	658	376	1,222	610	-	46,049
Rent	12,606	14,701	3,720	6,402	2,130	3,642	43,201
Insurance	11,624	2,284	553	951	21,366	541	37,319
Event Expenses	1,244	21,740	-	442	16	85,412	108,854
Office Expenses	4,056	11,907	819	1,258	10,415	2,773	31,228
Donations	-	-	5,000	1,000	-	-	6,000
Property Taxes	-	-	9,619	-	-	-	9,619
Printing	76	4,993	-	-	2,950	6,755	14,774
Depreciation and Amortization	7,471	2,732	691	1,190	396	676	13,156
Travel and Meals	2,196	2,979	783	3,016	732	428	10,134
Postage and Shipping	281	5,044	19	49	186	1,895	7,474
Utilities	5,708	-	-	-	-	-	5,708
Dues and Memberships	250	285	-	3,825	-	-	4,360
Credit Card and Other Fees	856	-	281	-	2,683	-	3,820
Meetings	170	256	-	90	738	-	1,254
Vehicle Expense	560	-	-	-	-	-	560
Advertising	-	75	-	-	-	-	75
Total Functional Expenses	\$ 288,766	\$ 293,852	\$ 159,192	\$ 125,246	\$ 114,344	\$ 162,895	\$ 1,144,295

See notes to financial statements

NORTHWEST CONNECTICUT LAND CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

NOTE 1 - NATURE OF OPERATIONS

Northwest Connecticut Land Conservancy, Inc. (the Land Trust) formerly Weantinoge Heritage Land Trust, Inc. (see Note 3) 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, rental income, and fees for certain services related to land preservation.

Program Services

The Land Trust offers various programs designated to fulfill its mission.

Acquisitions

As Connecticut's largest land trust and the 18th largest in the nation, the Land Trust protects 12,500 acres (and growing) of vast, connected natural areas in Litchfield and northern Fairfield Counties. The Land Trust's conserved lands include 21 public hiking preserves, 40 working farms, over 3,000 acres of habitat for rare, threatened, and endangered species, and 45 miles of rivers, lakes, and streams. The Land Trust is Connecticut's land acquisition leader, protecting more properties for conservation each year than any other organization statewide. Over the course of the Land Trust's history, it has conserved on average 9 properties a year.

Education and Outreach

The Land Trust's conserved lands serve a resident population of 200,000 people. Each year, the Land Trust provides free educational and recreational programming to more than 2,000 people. These programs are designed to connect people to nature and help demonstrate benefits of natural and working lands. The Land Trust's programs include guided hikes, lectures, and other free public events. In addition, the Land Trust provides internship and volunteer opportunities which include education as a leading component. Lastly, the Land Trust also works in partnership with local libraries, schools, and education-based non-profits to reach further into the communities served and create opportunities for discussions on environmental topics for all ages and physical abilities.

Stewardship

The Land Trust's stewardship program ensures the conserved properties are protected and cared for in perpetuity. The Land Trust's staff perform annual inspections of each conservation property to confirm there are no encroachments or violations and the conservation values are protected. The Land Trust defends its conservation interests when necessary. In addition, the Land Trust maintains 21 public preserves and manages, leases, or protects through fee ownership and easement 40 working farms. Stewardship also entails invasive plant removal, building maintenance, active protection for rare and endangered species, land maintenance, such as mowing and hazard tree removal, and water quality testing and protection.

NORTHWEST CONNECTICUT LAND CONSERVANCY, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 1 - NATURE OF OPERATIONS (CONTINUED)

Program Services (continued)

Partnership

The Land Trust safeguards natural lands and waters, conserves working farmland, and creates healthy communities by connecting people to nature. In working to achieve its mission, the Land Trust invests in regional partnerships that foster conservation, support the work of partner land trusts, towns and government agencies, and provide conservation benefits to the communities served. Annually the Land Trust provides hundreds of hours of staff support to its nonprofit and governmental partners for acquisitions, advocacy, education and trainings, events, grant writing, and stewardship. The Land Trust's staff serve in leadership positions with the Connecticut Land Conservation Council, Land Trust Accreditation Commission, Land Trust Alliance Conservation Defense Advisory Council, Litchfield Hills Greenprint Collaborative, and Working Lands Alliance. The Land Trust also convenes Litchfield County Green Drinks, a monthly gathering for Litchfield County's environmental professionals and enthusiasts.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Land Trust have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) which require the Land Trust report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restriction

Net assets without donor restriction consist of net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Land Trust. These net assets may be used at the discretion of the Land Trust's board of directors.

Net Assets With Donor Restriction

Net assets with donor restriction consist of net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Land Trust or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity and that only the income from investment thereof be expended either for general purposes or purposes specified by the donor.

Donor restricted contributions are reported as an increase in net assets with donor restriction. When a restriction expires or the restricted purpose is satisfied, net assets are reclassified from net assets with donor restriction to net assets without donor restriction in the statement of activities.

NORTHWEST CONNECTICUT LAND CONSERVANCY, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Land Trust recognizes contributions when cash, securities, an unconditional promise to give, or other assets, are received. Conditional promises to give, that is, those with measurable performance or other barriers and right of return, are not recognized until the conditions on which they depend have been met.

The Land Trust recognizes program service income and event fees at a point in time, when they have satisfied their performance obligations, which is when the program or event takes place. Amounts received prior to the performance of the programs or events are reported as revenues received in advance and deposits in the statement of financial position.

The Land Trust enters into contracts to provide services to partner land trusts and the State of Connecticut. The payment terms and conditions in the contracts require payment to be received when billed. When the timing of the Land Trust's delivery of services is different from the timing of payments made by customers the Land Trust recognizes a contract liability (payment precedes performance) until the performance obligations are satisfied. Contracts with payments in arrears are recognized as receivables.

At contract inception the Land Trust assesses the services promised to its customers and identifies a performance obligation for each promise to transfer to the customer service (or bundle of goods or services) that is distinct. To identify the performance obligations, the Land Trust considers all of the services promised in the contract regardless of whether they are explicitly stated or implied by customary business practices. The Land Trust determined that the following distinct services represent separate performance obligations:

- Property Inspections
- Baseline document reports
- Surveys
- Appraisals

The Land Trust satisfies its performance obligations at a point in time when performed. The stated rates do not vary over the contracts; therefore the contracts do not contain variable consideration. The Land Trust does not require deposits on contracts or offer discounts for early payment. The Land Trust does not provide customers with a right to a refund.

Contributions

Contributions received or promises to give without donor-imposed restrictions are determined to be support without donor restriction and are reflected in the accompanying financial statements as contributions and promises to give. Contributions received or promises to give with donor-imposed restrictions are determined to be support with donor restriction in the accompanying financial statements. Contributions or promises to give with donor-imposed conditions are not recognized as contributions or promises to give in the accompanying financial statements until the period when the conditions are met.

At December 31, 2019, the Land Trust had pledges receivable of \$25,000. The remaining balance was due and paid in 2020, which is included in contributions and other receivables on the statements of financial position. There were no contributions receivable as of December 31, 2020.

NORTHWEST CONNECTICUT LAND CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Goods or Services

Goods or services have been provided by volunteers who contribute their time to the Land Trust. Contributions are recognized if the goods or services received either create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During each of the years ended December 31, 2020 and 2019, no contributed goods or services were received by the Land Trust that meet the above criteria.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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.

Cash and Cash Equivalents

Cash and cash equivalents include cash in banks and certain highly liquid investments with original maturities of 90 days or less, exclusive of amounts held by brokers, which are considered to be investments.

Receivables

Receivables represent amounts due from attendees and sponsors of special events. Management has determined an allowance for doubtful accounts is not necessary at December 31, 2020 and 2019.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is 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. See Note 3 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on the trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized and unrealized gains include the Land Trust's gains and losses on investments bought and sold as well as held during the year, and are reported in the statements of activities as increases or decreases in net assets without donor restrictions or net assets with donor restrictions as appropriate based on explicit donor stipulations or by law.

Property, Equipment and Leasehold Improvements

Property, equipment and leasehold improvements are stated at cost or, in the case of contributed assets, at their fair market value at the date of receipt as determined by the Land Trust. Property and equipment acquisitions and improvements are depreciated on a straight-line basis over their estimated useful lives of 5 to 39 years. Repairs and maintenance are charged to expense as incurred.

NORTHWEST CONNECTICUT LAND CONSERVANCY, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Land and Conservation Easements

Purchased land is recorded at cost.

Donated land and conservation easements are recorded as net assets without donor restriction. 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 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 net assets with donor restriction 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 quasi-endowment net asset with donor restriction.

Functional Expense Allocation

The costs of providing the various programs and other activities of the Land Trust have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited. The expenses that are allocated include compensation and benefits which are allocated on the basis of estimates of time and effort.

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.

Reclassifications

Certain amounts in the financial statements for the year ended December 31, 2019 have been reclassified, with no effect on net income, to be consistent with the classifications adopted for the year ended December 31, 2020.

Subsequent Events

Management has evaluated all transactions and events that occurred through September 22, 2021, the date these financial statements were available to be issued. Through that date, there were no material events that would require recognition or additional disclosure in the financial statements.

NORTHWEST CONNECTICUT LAND CONSERVANCY, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 3 - BUSINESS AFFILIATIONS

On June 30, 2020, Weantinoge Heritage Land Trust, Inc. acquired the assets of Naromi Land Trust, Inc. All assets and liabilities were revalued to fair value as of June 30, 2020 with the corresponding increase in net assets effective as of that date. On that date, Naromi Land Trust, Inc. ceased to exist and Weantinoge Heritage Land Trust, Inc. became the surviving entity. To reflect the breadth and regional focus of its mission more accurately the Land Trust changed its legal name from Weantinoge Heritage Land Trust, Inc., to Northwest Connecticut Land Conservancy, Inc.

The Land Trust acquired the following assets and assumed the following liabilities as part of the agreement:

Unrestricted Cash and Investments	\$ 258,329
Other Receivables	1,000
Property and Equipment	192,200
Land Held for Conservation and Conservation Easements	12,472,627
Restricted Investments	<u>95,231</u>
Total Assets Acquired	<u>13,019,387</u>
Accrued Payroll	9,793
Refundable Advance	21,550
Easement Acquisition Payable	<u>72,000</u>
Total Liabilities Assumed	<u>103,343</u>
Total Net Assets Acquired	<u>\$12,916,044</u>

On October 31, 2019, the Weantinoge Heritage Land Trust, Inc. acquired the assets of Brookfield Open Space Legacy, Inc. All assets and liabilities were revalued to fair value as of October 31, 2019 with the corresponding increase in net assets effective as of October 31, 2019. On that date, Brookfield Open Space Legacy, Inc. ceased to exist and Weantinoge Heritage Land Trust, Inc. became the surviving entity. The Land Trust acquired conservation land with a fair value of \$1,215,011 and investments with a fair value of \$100,064 (see Note 9). There was no debt or outstanding liabilities assumed as part of the agreement.

NOTE 4 - CONCENTRATIONS OF RISK

Cash and Cash Equivalents

The Land Trust maintains cash accounts with credit-quality institutions. Cash accounts are insured up to \$250,000 by the Federal Deposit Insurance Corporation. At times during the year, the cash balances may have exceeded the insured limits. However, management believes that the Land Trust's deposits are not subject to significant credit risk.

NORTHWEST CONNECTICUT LAND CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 4 - CONCENTRATIONS OF RISK (CONTINUED)

Investments

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, 2020 and 2019.

Contingencies

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 a loss contingency was considered necessary at December 31, 2020 and 2019.

NOTE 5 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Land Trust's financial assets available within one year of the statements of financial position date for general expenditure are as follows:

	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 925,451	\$ 721,052
Investments	1,693,844	1,191,431
Contributions and Other Receivables	<u>32,570</u>	<u>49,725</u>
Total Financial Assets Available	<u>2,651,865</u>	<u>1,962,208</u>
Less Amounts Unavailable for General Expenditures Within One Year, Due to:		
Restricted by Donors With Purpose Restriction	<u>(95,161)</u>	<u>(81,367)</u>
Total Financial Assets Available to Management for General Expenditure Within One Year	<u>\$2,556,704</u>	<u>\$1,799,474</u>

The Land Trust regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Land Trust has various sources of liquidity at its disposal, including cash and cash equivalents and investments.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, The Land Trust considers all expenditures related to its ongoing activities to operate the land, as well as the conduct of services undertaken to support those activities, to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Land Trust operates with a cash flow budget and anticipates collecting sufficient revenue to cover general expenditures. Refer to the statements of cash flows which identifies the sources and uses of the Land Trust's cash and shows positive cash generated by operations for fiscal years 2020 and 2019.

NORTHWEST CONNECTICUT LAND CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

NOTE 6 - FAIR VALUE MEASUREMENTS

U.S. GAAP has established a definition and framework for measuring fair value and disclosure about fair value measurements. That framework provides a fair value hierarchy that prioritizes the inputs used to measure fair value, requiring the Land Trust to maximize the use of markets or observable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs generally require significant management judgment.

The three levels of the fair value hierarchy are as follows:

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Land Trust has the ability to access.
- Level 2 - Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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

Mutual Funds and Exchange Traded Funds

Mutual funds and exchange traded funds are valued at the quoted net asset value of shares reported in the active market in which the funds are traded.

There have been no changes in the methodologies used at December 31, 2020 and 2019.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Land Trust believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NORTHWEST CONNECTICUT LAND CONSERVANCY, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 6 - FAIR VALUE MEASUREMENTS (CONTINUED)

The fair values of all assets are determined using quoted prices for identical assets in active markets in which the Land Trust has access (Level 1). There were no transfers between levels of investments during the years ended December 31, 2020 and 2019.

Investments at fair value as of December 31, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
Money Market Funds	\$1,317,035	\$1,085,709
Exchange Traded Funds	3,605,085	1,427,303
Mutual Funds	<u>223,773</u>	<u>98,975</u>
Total Investments at Fair Value	<u>\$5,145,893</u>	<u>\$2,611,987</u>

NOTE 7 - REFUNDABLE ADVANCE

On April 28, 2020, Weantinoge Heritage Land Trust, Inc. received a Paycheck Protection Program (PPP) loan of \$120,642 granted by the Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). In addition, on April 22, 2021 Naromi Land Trust, Inc. also received a PPP loan of \$21,550. The Land Trust's management considers the PPP loans to be conditional contributions, with a right of return in the form of an obligation to be repaid if barriers to entitlement are not met. These barriers include incurring qualifying expenses and maintaining certain levels of employee headcount and salary during a measurement period. The Land Trust's management considers the review of the Land Trust's application for forgiveness by the lender and the SBA, as well as potential audits, to be administrative in nature rather than barriers to entitlement. While the primary barriers are identifiable, the evolving nature of guidance regarding forgiveness results in significant uncertainty about whether any portion of the barriers have been adequately met at December 31, 2020. Accordingly, for the year ended December 31, 2020, the Land trust did not recognize any government grant revenue as management had not yet concluded that any portion of the barriers have been met with certainty. The balance of the PPP loans is reported as refundable advances on the accompanying statements of financial position. Subsequent to December 31, 2020, the Land Trust's management applied for and received forgiveness on both PPP loans.

NOTE 8 - 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 the interest is calculated at .25% per year compounded annually through its maturity in December 2024. No payments are due until maturity. The Note Payable is secured by the property located in Kent, Connecticut.

NORTHWEST CONNECTICUT LAND CONSERVANCY, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 9 - LAND AND CONSERVATION EASEMENTS

Land Held for Conservation

The Land Trust accepted one fee simple gift totaling 108 acres of land in Salisbury Connecticut during 2020 with an estimated fair value of \$1,990,000.

As a result of the merger with Naromi Land Trust, Inc. in 2019 (see Note 3), the Land Trust acquired 70 fee simple properties totaling approximately 1,184 acres of land in Sherman, Connecticut.

As a result of the merger with Brookfield Open Space Legacy, Inc. in 2019 (see Note 3), the Land Trust acquired eight fee simple properties totaling approximately 167 acres of land in Brookfield, Connecticut

Conservation Easements

The Land Trust accepted three conservation easements during 2020 and two in 2019. The Land Trust also acquired 27 conservation easements as a result of the merger with Naromi Land Trust, Inc. (See Note 3). The Land Trust has 214 and 184 easements incorporating over 6,300 acres as of December 31, 2020 and 2019, respectively.

NOTE 10 - 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 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 \$15,923 and \$13,870 for the years ended December 31, 2020 and 2019, respectively.

NOTE 11 - STEWARDSHIP RESERVE FUND

The Stewardship Reserve Fund (SRF) consists of contributions with donor restriction 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.

Contributions of funds for stewardship and defense of land and easements are reported as additions to the SRF and as support with donor restrictions. The earnings generated by the SRF are reported as income without donor restriction.

NORTHWEST CONNECTICUT LAND CONSERVANCY, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 12 - NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restriction consist of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Subject to Expenditure for Specific Purposes:		
Program Activities:		
Stewardship Reserve Fund	\$ 898,124	\$ 894,116
General Endowment	2,553,925	526,440
Other Conservation and Easement Protections Purposes	<u>95,161</u>	<u>81,367</u>
Total Net Assets with Donor Restriction	<u>\$3,547,210</u>	<u>\$1,501,923</u>

Included in the general endowment is an endowment fund of \$2,100,000 created by the Land Trust to provide long-term general operating support to the Land Trust. Contributions to the perpetual endowment were \$2,000,000 during the year ended December 31, 2020. The Land Trust did not receive any donations to the fund during the year ended December 31, 2019.

NOTE 13 - ENDOWMENT

The Land Trust's endowment includes donor-restricted endowment funds. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Land Trust has interpreted the Connecticut Prudent Management of Institutional Funds Act (CTPMIFA) 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 net assets with donor restrictions (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 permanent endowment is classified as net assets with donor restriction until those amounts are appropriated for expenditure by the Land Trust in a manner consistent with the standard of prudence prescribed by CTPMIFA.

NORTHWEST CONNECTICUT LAND CONSERVANCY, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 13 - ENDOWMENT (CONTINUED)

In accordance with CTPMIFA, the Land Trust considers the following factors in making a determination to appropriate or accumulate 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
- The investment policies of the Land Trust

Endowment Net Assets

Endowment net asset composition by type of fund as of December 31, 2020 is as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Donor-Restricted Endowment Funds			
Required to be Maintained In Perpetuity	\$ -	\$2,100,000	\$2,100,000
Accumulated Investment Gains	-	48,013	48,013
Partnership Support to Other Land Trusts	-	<u>405,912</u>	<u>405,912</u>
Total	\$ -	<u>\$2,553,925</u>	<u>\$2,553,925</u>

Endowment net asset composition by type of fund as of December 31, 2019 is as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Donor-Restricted Endowment Funds			
Required to be Maintained In Perpetuity	\$ -	\$100,000	\$100,000
Accumulated Investment Gains	-	12,670	12,670
Partnership Support to Other Land Trusts	<u>-</u>	<u>413,769</u>	<u>413,769</u>
Total	<u>\$ -</u>	<u>\$526,439</u>	<u>\$526,439</u>

NORTHWEST CONNECTICUT LAND CONSERVANCY, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 13 - ENDOWMENT (CONTINUED)

Changes in endowment net assets for the years ended December 31, 2020 and 2019 are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Endowment Net Assets - January 1, 2019	\$ -	\$ 528,106	\$ 528,106
Investment Return	-	49,992	49,992
Appropriation of Endowment Assets for Expenditure	<u>-</u>	<u>(51,659)</u>	<u>(51,659)</u>
Endowment Net Assets - December 31, 2019	<u>-</u>	<u>526,439</u>	<u>526,439</u>
Contributions	-	2,000,000	2,000,000
Investment Return	-	80,334	80,334
Appropriation of Endowment Assets for Expenditure	<u>-</u>	<u>(52,848)</u>	<u>(52,848)</u>
Endowment Net Assets - December 31, 2020	<u><u>\$ -</u></u>	<u><u>\$2,553,925</u></u>	<u><u>\$2,553,925</u></u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or CTPMIFA requires the Land Trust to retain as a fund of perpetual duration. There were no funds with deficiencies as of December 31, 2020 and 2019. The Land Trust has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations.

Return Objectives and Risk Parameters

The Land Trust has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, endowment assets are to be invested with the objectives of preserving capital, achieving an inflation-adjusted return that will preserve the long-term, real purchasing power of assets and providing a predictable and growing stream of annual distributions in support of the NCLC.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Land Trust relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Land Trust targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

NORTHWEST CONNECTICUT LAND CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 13 - ENDOWMENT (CONTINUED)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Land Trust has a policy of appropriating for distribution each year no more than 5% of its endowment fund's average fair value without specific board approval. In establishing this policy, the Land Trust considered the long-term expected return on its endowment and expected rate of inflation. The Land Trust has chosen not to appropriate any funds as of December 31, 2020 and 2019.

The Land Trust has adopted a spending rate for the Partnership Support Fund that allows for an annual distribution of 5% of the original gift plus all interest and dividends plus 50% of realized and unrealized gains and losses for the support of regional partnerships.

NOTE 14 - STEWARDSHIP RESERVE FUND

The Stewardship Reserve Fund operates as a quasi-endowment and consists of board designated and donor funds that are 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.

The Stewardship Reserve Fund activity for the years ended December 31, 2020 and 2019 are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Endowment Net Assets - January 1, 2019	\$108,435	\$916,143	\$1,024,578
Investment Return, Net	21,876	-	21,876
Designation of Undesignated Net Assets to SRF	37,027	-	37,027
Contributions	-	15,000	15,000
Net Assets Released from Restrictions	<u>-</u>	<u>(37,027)</u>	<u>(37,027)</u>
Endowment Net Assets - December 31, 2019	<u>167,338</u>	<u>894,116</u>	<u>1,061,454</u>
Investment Return, Net	5,063	-	5,063
Designation of Undesignated Net Assets to SRF	203,772	-	203,772
Contributions	-	49,108	49,108
Net Assets Released from Restrictions	<u>-</u>	<u>(45,100)</u>	<u>(45,100)</u>
Endowment Net Assets - December 31, 2020	<u>\$376,173</u>	<u>\$898,124</u>	<u>\$1,274,297</u>

NORTHWEST CONNECTICUT LAND CONSERVANCY, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 15 - RELATED PARTY TRANSACTIONS

The Land Trust leases office space in Kent, Connecticut, from a limited liability company, of which the president of the Board of Directors serves as a managing partner. The lease terminated on January 31, 2021 and is on a month-to-month basis. The Land Trust currently pays rent of \$3,339 per month, which is a fair value rent.

The total payments to the related party for rent for the years ended December 31, 2020 and 2019 were \$46,204 and \$43,201 respectively. As of December 31, 2020 and 2019 there were no amounts due to the related party.

NOTE 16 - REVENUES FROM CONTRACTS WITH CUSTOMERS

Disaggregated Revenue

For the years ended December 31, 2020 and 2019, the Land Trust's revenues recognized at a point in time were \$51,895 and \$105,721, respectively.

The Land Trust's revenues, results of activities, and cash flows are affected by a wide variety of factors, including general economic conditions and geographical region that they serve.

NOTE 17 - RENTAL INCOME

The Land Trust rents approximately 145 acres of land including barns and storage buildings for farming and other agricultural activities. The lease has a 60-month term ending December 31, 2022. Payments of \$600 are due monthly.

The Land Trust rents approximately 80 acres of land including barns and storage buildings for farming and other agricultural activities. The lease has a 60-month term ending December 31, 2021. Payments of \$4,800 are due annually.

The Land Trust rents approximately 10 acres of land for hay production. The lease has a 60-month term ending January 20, 2026, with an option for a five-year renewal. Payments of \$400 are due annually.

The Land Trust rented a house under a six month operating lease expiring December 1, 2020, that was subsequently extended to December 31, 2020 for \$2,000 per month. On March 15, 2021 the property was leased to a different tenant under a one year lease expiring March 14, 2022.

Total rental income was \$22,939 and \$5,850 for the years ended December 31, 2020 and 2019, respectively.

NORTHWEST CONNECTICUT LAND CONSERVANCY, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 17 - RENTAL INCOME (CONTINUED)

Future minimum rental payments for each of the next five years are as follows:

<u>Years Ending December 31,</u>	
2021	\$12,400
2022	7,600
2023	400
2024	400
2025	<u>400</u>
Total	<u>\$21,200</u>

NOTE 18 - CONTINGENCY

The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Land Trust's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the Land Trust's employees and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may continue to impact the Land Trust's financial condition or results of operations is uncertain.

NOTE 19 - SUBSEQUENT EVENTS

On February 15, 2021, the Land Trust received a second draw PPP loan of \$119,633. The loan bears interest at a rate of 1% and will be due on February 15, 2026. Under the PPP loan program, the Land Trust may apply for forgiveness of all or a portion of the loan based on the amount of qualifying expenses incurred during the covered period subsequent to receipt of the funds. Subsequent to year end the Land Trust applied for and received notification that the loan was forgiven in full.