

**NORTHWEST CONNECTICUT LAND  
CONSERVANCY, INC.**

**Financial Statements**

**Years Ended December 31, 2021 and 2020**

**NORTHWEST CONNECTICUT LAND CONSERVANCY, INC.**

**CONTENTS**

---

Independent Auditor's Report

Financial Statements

Statements of Financial Position..... Exhibit A

Statements of Activities..... Exhibit B

Statements of Cash Flows ..... Exhibit C

Statements of Functional Expenses ..... Exhibit D

Notes to Financial Statements

## Independent Auditor's Report

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

### Opinion

We have audited the accompanying financial statements of Northwest Connecticut Land Conservancy, Inc. (the Land Trust) which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Land Trust as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Land Trust and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Land Trust's ability to continue as a going concern for one year after the date that the financial statements are issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Land Trust's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Land Trust's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Cirone Friedberg, LLP*

Shelton, Connecticut  
September 23, 2022

## NORTHWEST CONNECTICUT LAND CONSERVANCY, INC.

STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 594,461	\$ 925,451
Investments	3,038,933	1,693,844
Contributions and Other Receivables	52,483	32,570
Prepaid Expenses	-	10,935
Total Current Assets	<u>3,685,877</u>	<u>2,662,800</u>
<u>Property, Equipment and Leasehold Improvements</u>		
Land	125,000	125,000
Building	392,200	392,200
Equipment	48,166	48,166
Leasehold Improvements	<u>14,283</u>	<u>14,283</u>
	579,649	579,649
Accumulated Depreciation and Amortization	(93,442)	(81,067)
Conservation Land and Easements	<u>55,818,047</u>	<u>55,069,545</u>
Net Property, Equipment and Leasehold Improvements	<u>56,304,254</u>	<u>55,568,127</u>
<u>Other Assets</u>		
Other Donor Restricted Investments	1,317,092	1,352,049
Donor Restricted Investments in Perpetuity	<u>2,100,000</u>	<u>2,100,000</u>
Total Other Assets	<u>3,417,092</u>	<u>3,452,049</u>
<b>Total Assets</b>	<b><u>\$ 63,407,223</u></b>	<b><u>\$ 61,682,976</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<u>Current Liabilities</u>		
Accounts Payable and Accrued Expenses	\$ 74,195	\$ 111,050
Refundable Advances - PPP	-	142,192
Total Current Liabilities	<u>74,195</u>	<u>253,242</u>
<u>Long-Term Liabilities</u>		
Note Payable	250,000	250,000
Security Deposit	<u>2,000</u>	<u>3,800</u>
Total Long-Term Liabilities	<u>252,000</u>	<u>253,800</u>
Total Liabilities	<u>326,195</u>	<u>507,042</u>
<b>Net Assets</b>		
Without Donor Restriction:		
Board Designated Stewardship Reserve Fund	371,111	371,111
Board Designated Public Lands Management	53,121	-
Property, Equipment and Leasehold Improvements	56,304,254	55,568,127
Undesignated - Available for Operations	<u>2,604,644</u>	<u>1,689,486</u>
Total Without Donor Restriction	<u>59,333,130</u>	<u>57,628,724</u>
With Donor Restriction	<u>3,747,898</u>	<u>3,547,210</u>
Total Net Assets	<u>63,081,028</u>	<u>61,175,934</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 63,407,223</u></b>	<b><u>\$ 61,682,976</u></b>

See notes to financial statements.

## NORTHWEST CONNECTICUT LAND CONSERVANCY, INC.

**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021			2020		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
<b>Revenue, Gains and Other Changes</b>						
Contributions - Conservation Land and Easements	\$ 748,502	\$ -	\$ 748,502	\$ 1,990,003	\$ -	\$ 1,990,003
Contributions - Cash	1,054,271	214,970	1,269,241	607,106	2,068,665	2,675,771
Grants	124,000	-	124,000	99,000	-	99,000
Program Service Income	28,664	-	28,664	51,895	-	51,895
Rental Income	36,261	-	36,261	22,939	-	22,939
Investment Return	205,899	334,975	540,874	137,575	80,334	217,909
Other Income	21,421	-	21,421	165,460	-	165,460
Special Events Revenue	549,592	-	549,592	240,723	-	240,723
Special Events Direct Benefit to Donors	(190,842)	-	(190,842)	-	-	-
Contribution of Naromi Land Trust, Inc. Net Assets	-	-	-	12,843,254	72,790	12,916,044
Total	<u>2,577,768</u>	<u>549,945</u>	<u>3,127,713</u>	<u>16,157,955</u>	<u>2,221,789</u>	<u>18,379,744</u>
Net Assets Released from Restrictions	<u>349,257</u>	<u>(349,257)</u>	<u>-</u>	<u>176,502</u>	<u>(176,502)</u>	<u>-</u>
Total Revenue, Gains and Other Changes	<u>2,927,025</u>	<u>200,688</u>	<u>3,127,713</u>	<u>16,334,457</u>	<u>2,045,287</u>	<u>18,379,744</u>
<b>Expenses</b>						
Programs:						
Stewardship	373,966	-	373,966	343,678	-	343,678
Education and Outreach	360,782	-	360,782	362,003	-	362,003
Acquisitions	165,066	-	165,066	135,989	-	135,989
Partnership	74,270	-	74,270	133,159	-	133,159
Total Programs	<u>974,084</u>	<u>-</u>	<u>974,084</u>	<u>974,829</u>	<u>-</u>	<u>974,829</u>
Management and General	181,021	-	181,021	137,677	-	137,677
Fundraising	67,514	-	67,514	85,345	-	85,345
Total Expenses	<u>1,222,619</u>	<u>-</u>	<u>1,222,619</u>	<u>1,197,851</u>	<u>-</u>	<u>1,197,851</u>
Increase in Net Assets	1,704,406	200,688	1,905,094	15,136,606	2,045,287	17,181,893
Net Assets - Beginning of Year	<u>57,628,724</u>	<u>3,547,210</u>	<u>61,175,934</u>	<u>42,492,118</u>	<u>1,501,923</u>	<u>43,994,041</u>
<b>Net Assets - End of Year</b>	<b><u>\$ 59,333,130</u></b>	<b><u>\$ 3,747,898</u></b>	<b><u>\$ 63,081,028</u></b>	<b><u>\$ 57,628,724</u></b>	<b><u>\$ 3,547,210</u></b>	<b><u>\$ 61,175,934</u></b>

See notes to financial statements.

## NORTHWEST CONNECTICUT LAND CONSERVANCY, INC.

**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ 1,905,094	\$17,181,893
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	12,375	14,678
Unrealized Gain on Investments	(435,508)	(155,184)
Contribution of Naromi Land Trust, Inc. Net Assets	-	(12,657,715)
Contributions of Conservation Land and Easements	(748,502)	(1,990,003)
Contributions Restricted for Long-Term Investment	(10,000)	(2,000,000)
Change in:		
Contributions and Other Receivables	(19,913)	18,155
Prepaid Expenses	10,935	(10,935)
Accounts Payable and Accrued Expenses	(36,855)	(37,441)
Refundable Advances - PPP	(142,192)	120,642
Security Deposit	(1,800)	3,800
Net Cash Provided by Operating Activities	<u>533,634</u>	<u>487,890</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of Investments	(874,624)	(2,289,006)
Proceeds from Sales of Investments	-	5,515
Net Cash Used by Investing Activities	<u>(874,624)</u>	<u>(2,283,491)</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds From Restricted Contributions	<u>10,000</u>	<u>2,000,000</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(330,990)	204,399
Cash and Cash Equivalents - Beginning of Year	<u>925,451</u>	<u>721,052</u>
<b>Cash and Cash Equivalents - End of Year</b>	<b><u>\$ 594,461</u></b>	<b><u>\$ 925,451</u></b>

See notes to financial statements.

NORTHWEST CONNECTICUT LAND CONSERVANCY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2021

	Program Services				Supporting Services		Total
	Stewardship	Education and Outreach	Acquisitions	Partnership	Management General	Development and Fundraising	
Personnel Costs	\$ 209,003	\$ 250,000	\$ 74,965	\$ 58,129	\$ 120,672	\$ 42,674	\$ 755,443
Consulting and Outside Services	50,511	37,390	48,122	416	333	3,121	139,893
Professional Fees	10,388	741	29,363	859	39,585	148	81,084
Land Maintenance	52,768	42	-	-	-	-	52,810
Insurance	25,838	10,880	3,730	3,109	4,340	2,176	50,073
Rent	13,117	16,396	5,622	4,685	3,748	3,279	46,847
Printing	-	13,463	-	-	-	10,084	23,547
Credit Card and Other Fees	1,251	4,813	183	-	7,740	1,240	15,227
Office Expenses	954	7,301	380	316	2,701	1,169	12,821
Depreciation and Amortization	3,465	4,331	1,485	1,237	991	866	12,375
Utilities	4,680	1,884	646	831	430	377	8,848
Postage and Shipping	163	4,462	3	58	3	2,294	6,983
Dues and Memberships	250	454	-	4,500	-	-	5,204
Event Expenses	-	4,122	-	100	-	-	4,222
Travel and Meals	1,063	2,235	459	30	6	86	3,879
Meetings	-	1,953	-	-	472	-	2,425
Vehicle Expense	515	-	-	-	-	-	515
Advertising	-	315	-	-	-	-	315
Property Taxes	-	-	108	-	-	-	108
<b>Total Functional Expenses</b>	<b>\$ 373,966</b>	<b>\$ 360,782</b>	<b>\$ 165,066</b>	<b>\$ 74,270</b>	<b>\$ 181,021</b>	<b>\$ 67,514</b>	<b>\$ 1,222,619</b>

See notes to financial statements.



NORTHWEST CONNECTICUT LAND CONSERVANCY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES  
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	\$ 703,800
Consulting and Outside Services	8,696	53,838	12,254	34,934	1,355	9,963	121,040
Professional Fees	66,168	628	24,528	205	50,281	120	141,930
Land Maintenance	35,342	985	-	-	-	-	36,327
Insurance	19,556	9,262	3,217	3,711	2,687	1,792	40,225
Rent	12,261	15,731	5,464	6,415	3,288	3,045	46,204
Printing	337	11,315	150	141	126	7,824	19,893
Credit Card and Other Fees	68	-	210	-	2,385	-	2,663
Office Expenses	3,308	12,801	666	630	1,079	2,565	21,049
Depreciation and Amortization	3,896	4,998	1,736	1,633	1,448	967	14,678
Utilities	6,901	1,975	686	645	572	383	11,162
Postage and Shipping	167	6,515	3	2	58	8,045	14,790
Dues and Memberships	10,000	135	-	5,050	-	-	15,185
Event Expenses	-	295	-	-	-	1,544	1,839
Travel and Meals	1,396	879	477	144	103	343	3,342
Meetings	388	388	-	-	266	-	1,042
Vehicle Expense	281	-	-	-	-	-	281
Advertising	-	37	-	-	-	-	37
Property Taxes	-	-	2,364	-	-	-	2,364
<b>Total Functional Expenses</b>	<b>\$ 343,678</b>	<b>\$ 362,003</b>	<b>\$ 135,989</b>	<b>\$ 133,159</b>	<b>\$ 137,677</b>	<b>\$ 85,345</b>	<b>\$ 1,197,851</b>

See notes to financial statements.

# NORTHWEST CONNECTICUT LAND CONSERVANCY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

---

### 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 12<sup>th</sup> largest in the nation, the Land Trust protects 13,000 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, 41 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, 2021 AND 2020**

---

**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 Meet Your Greens, Litchfield County's Green Drinks, a monthly gathering for 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 to 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 statements of activities.

**NORTHWEST CONNECTICUT LAND CONSERVANCY, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

---

**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 statements 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.

**NORTHWEST CONNECTICUT LAND CONSERVANCY, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

---

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Contributions (continued)

Contributions receivable were \$12,500 at December 31, 2021. There were no contributions receivable at December 31, 2020. All contributions receivable are expected to be received in 2022.

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, 2021 and 2020, 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, 2021 and 2020. Accounts receivable as of December 31, 2019 were \$19,447.

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 restriction or net assets with donor restriction as appropriate based on explicit donor stipulations or by law.

**NORTHWEST CONNECTICUT LAND CONSERVANCY, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

---

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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. Leasehold improvements are amortized over the shorter of the useful life or the remaining life of the lease. Repairs and maintenance are charged to expense as incurred.

Conservation Land and 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 statements 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. Any other costs that cannot be specifically identified to a functional area are allocated based on the percentage of total compensation and benefits.

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.

Subsequent Events

Management has evaluated all transactions and events that occurred through September 23, 2022, 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, 2021 AND 2020**

---

**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>

**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.

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 statements of financial position as of December 31, 2021 and 2020.

**NORTHWEST CONNECTICUT LAND CONSERVANCY, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

---

**NOTE 4 - CONCENTRATIONS OF RISK (CONTINUED)**

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, 2021 and 2020.

**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>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 594,461	\$ 925,451
Investments	3,038,933	1,693,844
Contributions and Other Receivables	<u>52,483</u>	<u>32,570</u>
Total Financial Assets Available	<u>3,685,877</u>	<u>2,651,865</u>
Less Amounts Unavailable for General Expenditures Within One Year, Due to:		
Restricted by Donors With Purpose Restriction	<u>(167,568)</u>	<u>(95,161)</u>
Total Financial Assets Available to Management for General Expenditure Within One Year	<u>\$3,518,309</u>	<u>\$2,556,704</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 2021 and 2020.



**NORTHWEST CONNECTICUT LAND CONSERVANCY, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

---

**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:

Money Market, Mutual and Exchange Traded Funds

Money market, mutual 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, 2021 and 2020.

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, 2021 AND 2020**

---

**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, 2021 and 2020.

Investments at fair value as of December 31, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Money Market Funds	\$1,750,753	\$1,317,035
Exchange Traded Funds	4,705,272	3,605,085
Mutual Funds	<u>-</u>	<u>223,773</u>
Total Investments at Fair Value	<u>\$6,456,025</u>	<u>\$5,145,893</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. In August 2021, the Land Trust's management applied for and received full forgiveness on both PPP loans.

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. In August 2021, the Land Trust applied for and received notification that the loan was forgiven in full.

For the year ended December 31, 2021, the Land trust recognized contributions of \$261,825 in the accompanying statements of activities.

**NORTHWEST CONNECTICUT LAND CONSERVANCY, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

---

**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.

**NOTE 9 - 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 \$16,090 and \$15,923 for the years ended December 31, 2021 and 2020, respectively.

**NOTE 10 - NET ASSETS WITH DONOR RESTRICTION**

Net assets with donor restriction consist of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Subject to Expenditure for Specific Purposes:		
Program Activities:		
Stewardship Reserve Fund	\$ 863,176	\$ 898,124
General Endowment	2,717,154	2,553,925
Other Conservation and Easement Protections Purposes	<u>167,568</u>	<u>95,161</u>
Total Net Assets with Donor Restriction	<u>\$3,747,898</u>	<u>\$3,547,210</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. There were no contributions to the perpetual endowment during the year ended December 31, 2021. The general endowment also includes partnership funds that are not subject to perpetual restriction and may be spent based upon the donors' intent.

**NORTHWEST CONNECTICUT LAND CONSERVANCY, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

---

**NOTE 11 - LAND AND CONSERVATION EASEMENTS**

Land Held for Conservation

The Land Trust accepted two fee simple gifts totaling 87.787 acres of land in Bridgewater and Washington, Connecticut, during 2021 with an estimated fair value of \$748,502.

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.

Conservation Easements

The Land Trust accepted two conservation easements during 2021 and three in 2020. 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 216 and 214 easements incorporating over 6,300 acres as of December 31, 2021 and 2020, respectively.

**NOTE 12 - 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, 2021 AND 2020**

---

**NOTE 12 - 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, 2021 is as follows:

	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total</b>
Donor-Restricted Endowment Funds			
Required to be Maintained In Perpetuity	\$ -	\$2,100,000	\$2,100,000
Accumulated Investment Gains	-	213,678	213,678
Partnership Fund	-	403,475	403,475
Total	\$ -	\$2,717,154	\$2,717,154

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

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

**NORTHWEST CONNECTICUT LAND CONSERVANCY, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 12 - ENDOWMENT (CONTINUED)**

Changes in endowment net assets for the years ended December 31, 2021 and 2020 are as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment Net Assets - January 1, 2020	\$ -	\$ 526,439	\$ 526,439
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>2,553,925</u>	<u>2,553,925</u>
Investment Return	-	334,975	344,975
Appropriation of Endowment Assets for Expenditure	<u>-</u>	<u>(171,746)</u>	<u>(171,746)</u>
Endowment Net Assets - December 31, 2021	<u>\$ -</u>	<u>\$2,717,154</u>	<u>\$2,717,154</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, 2021 and 2020. 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 Land Trust.

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, 2021 AND 2020**

---

**NOTE 12 - 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, 2021 and 2020.

The Land Trust has adopted a spending rate for the Partnership 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 13 - STEWARDSHIP RESERVE FUND**

The Stewardship Reserve Fund (SRF) operates as a quasi-endowment and consists of board designated and donor funds that are restricted for purpose. The 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.

The Land Trust has adopted a spending rate for the SRF 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 SRF activity for the years ended December 31, 2021 and 2020 are as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment Net Assets - January 1, 2020	\$167,339	\$894,116	\$1,061,455
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>371,111</u>	<u>898,124</u>	<u>1,269,235</u>
Contributions	-	10,000	10,000
Net Assets Released from Restrictions	<u>-</u>	<u>(44,948)</u>	<u>(44,948)</u>
Endowment Net Assets - December 31, 2021	<u>\$371,111</u>	<u>\$863,176</u>	<u>\$1,234,287</u>

**NORTHWEST CONNECTICUT LAND CONSERVANCY, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

---

**NOTE 14 - 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 member. 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, 2021 and 2020 were \$46,847 and \$46,204 respectively. As of December 31, 2021 and 2020, there were no amounts due to the related party.

**NOTE 15 - REVENUES FROM CONTRACTS WITH CUSTOMERS**

Disaggregated Revenue

For the years ended December 31, 2021 and 2020, the Land Trust's revenues recognized at a point in time were \$578,256 and \$292,618, 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 16 - 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 had a 60-month term ended December 31, 2021. Payments of \$4,800 were due annually. In December 2021, the lease was renewed for another 60-month term and amended to change lease payments to quarterly payments of \$1,350. The amended lease allows the Land Trust to approve certain work projects to be performed by the tenants in lieu of rent payments.

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. Subsequent to year end, the lease was extended to September 14, 2022 and then terminated on July 14, 2022. The Land Trust listed the house for sale and entered a contract for sale on August 29, 2022, with a closing expected in October 2022.

Total rental income was \$36,261 and \$22,939 for the years ended December 31, 2021 and 2020, respectively.



NORTHWEST CONNECTICUT LAND CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020

---

**NOTE 16 - RENTAL INCOME (CONTINUED)**

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

Years Ending December 31,

2022	\$13,000
2023	5,800
2024	5,800
2025	5,800
2026	<u>5,400</u>
Total	<u>\$35,800</u>