

**Grand Traverse Regional Land Conservancy**

FINANCIAL STATEMENTS  
AND REPORT OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS

June 30, 2018

# CONTENTS

	<u>Page</u>
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS.....	2
STATEMENT OF FINANCIAL POSITION.....	4
STATEMENT OF ACTIVITIES.....	5
STATEMENT OF FUNCTIONAL EXPENSES.....	6
STATEMENT OF CASH FLOWS.....	7
NOTES TO THE FINANCIAL STATEMENTS.....	8
SUPPLEMENTAL INFORMATION	
CONSOLIDATING STATEMENT OF FINANCIAL POSITION.....	25
CONSOLIDATING STATEMENT OF ACTIVITIES.....	27



DENNIS, GARTLAND & NIERGARTH

Certified Public Accountants  
Business Advisors

Thomas E. Gartland, Retired  
Brad P. Niergarth, CPA  
James G. Shumate, CPA  
Robert C. Thompson, CPA  
Michael D. Shaw, CPA  
Mary F. Krantz, CPA  
Shelly K. Bedford, CPA  
Heidi M. Wendel, CPA  
Shelly A. Ashmore, CPA  
James M. Taylor, CPA

## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors  
Grand Traverse Regional Land Conservancy

### **Report on Financial Statements**

We have audited the accompanying financial statements of the *Grand Traverse Regional Land Conservancy* ("GTRLC"), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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

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

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the GTRLC'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 GTRLC's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Grand Traverse Regional Land Conservancy as of June 30, 2018 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 Matters***

*Report on Summarized Comparative Information*

We have previously audited GTRLC's 2017 financial statements, and our report dated October 16, 2017 expressed an unmodified audit opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Report on Supplemental Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information on pages 25 - 27 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Dennis, Gartland & Niergarth*

October 16, 2018

# Grand Traverse Regional Land Conservancy

## STATEMENT OF FINANCIAL POSITION

June 30, 2018

(With Comparative Totals for 2017)

	2018	2017
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash (Note B)	\$ 1,741,079	\$ 1,740,801
Restricted cash (Note B)	2,033,174	1,434,572
Investments (Note C)	37,672	-
Pledges receivable, net (Note D)	2,111,062	580,001
Accounts receivable	17,149	28,039
Total current assets	5,940,136	3,783,413
<b>FIXED ASSETS</b> , net of accumulated depreciation (Note E)	1,654,032	1,320,210
<b>LAND UNDER PROTECTION</b>		
Nature preserves (Note F)	18,117,736	17,829,736
Development rights (Note G)	238	230
Development rights in progress (Note G)	385,408	197,704
Options to purchase land (Note H)	73,300	36,500
Land held for transfer (Note I)	8,313,718	8,143,718
Total land under protection	26,890,400	26,207,888
<b>OTHER ASSETS</b>		
Restricted investments for endowments (Note C)	5,955,110	1,193,114
Restricted investments for stewardship (Note C)	3,870,266	2,740,117
Board designated investments (Note C)	7,578,191	7,054,621
Charitable gift annuity investment (Note C)	297,585	302,538
Pledges receivable, net of current portion (Note D)	3,278,417	1,622,655
Total other assets	20,979,569	12,913,045
Total assets	\$ 55,464,137	\$ 44,224,556
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 43,206	\$ -
Accrued liabilities (Note J)	559,590	373,767
Deposits	8,001	8,001
Line of credit (Note K)	282,262	230,508
Notes payable, current (Note L)	2,800,000	-
Total current liabilities	3,693,059	612,276
<b>OTHER LIABILITIES</b>		
Notes payable (Note L)	1,650,000	4,950,000
Charitable gift annuity obligation, net of current portion (Note M)	277,779	273,063
Total liabilities	5,620,838	5,835,339
<b>NET ASSETS</b>		
Unrestricted		
Board designated		
Easement defense	439,400	423,036
Operating reserve	1,434,447	1,366,055
Stewardship	4,421,012	7,054,621
Undesignated	2,817,778	2,707,596
Temporarily restricted		
Specified use (Note O)	16,870,637	7,055,897
Expiration of time (Note O)	907,297	1,350,853
Permanently restricted		
Land under protection (Note P)	18,117,974	17,829,966
Endowment (Note P)	4,834,754	601,193
Total net assets	49,843,299	38,389,217
	\$ 55,464,137	\$ 44,224,556

The accompanying notes are an integral part of these financial statements.

## Grand Traverse Regional Land Conservancy

### STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2018  
(With Comparative Totals for 2017)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>2017 Totals</u>
<b>REVENUE AND SUPPORT</b>					
Grants	\$ 53,997	\$ 46,170	\$ -	\$ 100,167	\$ 68,896
Public support	1,658,391	11,492,005	4,233,561	17,383,957	7,733,467
Benefit proceeds	6,446	-	-	6,446	9,757
Gain (loss) from investments	250,724	826,074	-	1,076,798	1,155,417
Interest income	5,711	971	-	6,682	4,776
Other	56,643	23,963	-	80,606	139,900
Net assets released from restriction:					
Satisfaction of program restrictions	<u>5,363,600</u>	<u>(5,651,608)</u>	<u>288,008</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>7,395,512</u>	<u>6,737,575</u>	<u>4,521,569</u>	<u>18,654,656</u>	<u>9,112,213</u>
<b>EXPENSES</b>					
Program services	6,201,861	-	-	6,201,861	5,671,023
Management and general	471,175	-	-	471,175	453,031
Fundraising	<u>527,538</u>	<u>-</u>	<u>-</u>	<u>527,538</u>	<u>606,947</u>
Total expenses	<u>7,200,574</u>	<u>-</u>	<u>-</u>	<u>7,200,574</u>	<u>6,731,001</u>
<b>CHANGES IN NET ASSETS</b>	194,938	6,737,575	4,521,569	11,454,082	2,381,212
<b>NET ASSETS, beginning of year</b>	<u>4,496,687</u>	<u>15,461,371</u>	<u>18,431,159</u>	<u>38,389,217</u>	<u>36,008,005</u>
<b>NET ASSETS, end of year</b>	<u>\$ 4,691,625</u>	<u>\$ 22,198,946</u>	<u>\$22,952,728</u>	<u>\$ 49,843,299</u>	<u>\$ 38,389,217</u>

## Grand Traverse Regional Land Conservancy

### STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2018  
(With Comparative Totals for 2017)

	Program Services	Management and General	Fund Raising	Total	2017 Total
Salaries	\$ 1,095,302	\$ 237,293	\$ 296,960	\$ 1,629,555	\$ 1,581,546
Employee benefits	264,332	57,266	71,666	393,264	358,877
Payroll taxes	78,818	17,075	21,369	117,262	110,999
Professional development	10,355	2,243	2,807	15,405	23,594
Interest	211,300	-	-	211,300	92,607
Provision for doubtful pledges	210	63	61	334	25,402
Professional fees	686,459	83,621	-	770,080	459,663
Lease expense	-	7,359	7,359	14,718	15,905
Transfers to other organizations	202,194	-	-	202,194	359,819
Title work and recording fees	53,529	-	-	53,529	19,961
Property tax expenses	36,487	-	-	36,487	58,200
Repairs and maintenance	15,316	3,318	4,152	22,786	22,077
Other supplies	72,149	-	-	72,149	49,345
Travel	25,644	5,556	6,953	38,153	43,574
Rent (Note S)	35,745	7,744	9,691	53,180	52,134
Depreciation (Note E)	69,634	2,372	2,969	74,975	61,241
Insurance	38,674	8,379	10,486	57,539	59,590
Utilities	21,390	2,074	2,595	26,059	19,728
Office supplies	6,137	1,329	1,664	9,130	11,616
Telephone	16,143	3,497	4,376	24,016	26,816
Software	22,764	4,931	6,171	33,866	34,650
Miscellaneous	76,612	4,449	11,784	92,845	77,527
Printing and publishing	36,651	6,208	18,624	61,483	97,858
Postage	-	13,569	13,569	27,138	50,195
Merchandise and fundraising events	4,303	932	29,944	35,179	25,177
Dues and subscriptions	8,757	1,897	2,374	13,028	8,871
Advertising	1,964	-	1,964	3,928	9,037
Extinguished development value on conservation easements	3,110,992	-	-	3,110,992	2,974,992
	\$ 6,201,861	\$ 471,175	\$ 527,538	\$ 7,200,574	\$ 6,731,001

The accompanying notes are an integral part of these financial statements.

# Grand Traverse Regional Land Conservancy

## STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2018  
(With Comparative Totals for 2017)

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 11,454,082	\$ 2,381,212
Adjustments to reconcile changes in net assets to net cash flows from operating activities		
Depreciation	74,975	61,241
Development rights extinguished	2,978,992	2,974,992
Donated development rights	(2,370,000)	(2,645,001)
Unrealized (gain) loss on investments	(785,217)	(924,054)
Realized gain on investments	(310,380)	(231,363)
Land options exercised or expired	58,500	205,500
Transfers out of land held for transfer	45,000	1,216,926
(Increase) in pledges receivable	(3,186,823)	(1,218,205)
(Increase) decrease in accounts receivable	10,890	44,901
Increase in accounts payable and accrued liabilities	233,744	90,168
Net cash from operating activities	8,203,763	1,956,317
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of development rights	(796,704)	(527,704)
Acquisition of property and equipment	(408,796)	(1,171,143)
Acquisition of land held for transfer	(300,000)	(226,000)
Acquisition of preserves	(203,000)	(12,000)
Payment on land options	(95,300)	(88,500)
Acquisition of investments	(6,397,090)	(629,297)
Proceeds from sale of investments	1,044,253	1,066,346
Sale (acquisition) of term easements	-	4,050
Net cash flows from investing activities	(7,156,637)	(1,584,248)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from line of credit	282,262	230,508
Repayment of borrowings	(730,508)	(663,777)
Net cash flows from financing activities	(448,246)	(433,269)
<b>NET CHANGE IN CASH</b>	598,880	(61,200)
Cash, beginning of year	3,175,373	3,236,573
Cash, end of year	\$ 3,774,253	\$ 3,175,373
Cash per Statement of Financial Position		
Unrestricted	\$ 1,741,079	\$ 1,740,801
Restricted	2,033,174	1,434,572
	\$ 3,774,253	\$ 3,175,373

The accompanying notes are an integral part of these financial statements.



# Grand Traverse Regional Land Conservancy

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE A - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Grand Traverse Regional Land Conservancy ("GTRLC") is committed to protecting significant natural, agricultural and scenic areas in Antrim, Benzie, Grand Traverse, Kalkaska and Manistee Counties in Michigan - now and for future generations. GTRLC relies on contributions from individuals, foundations and State and Federal grant programs.

The significant accounting policies used in the preparation of the financial statements are described below:

#### *Basis of Accounting*

The financial statements have been prepared on the accrual basis of accounting and otherwise in accordance with generally accepted accounting principles applicable to not-for-profit organizations in the United States of America.

#### *Use of Estimates in the Preparation of Financial Statements*

The preparation of financial statements in conformity with generally accepted accounting principles 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 amounts could differ from those estimates.

#### *Cash Equivalents*

For the purposes of the statement of financial position classification and the statement of cash flows, GTRLC considers all restricted and unrestricted cash and other highly-liquid investments not held in trust with initial maturities of three months or less to be cash equivalents. Restricted cash is reported as a current asset on the statement of financial position. Cash is reported as restricted when it has been earmarked for a donor restricted project.

#### *Investments*

Investments in marketable securities are carried at fair market value. Unrealized increases or decreases resulting from changes in market value of investments are included annually in the statement of activities together with realized gains and losses. The realized gain or loss on sale of investments is the difference between the proceeds received and the cost basis of specific investments.

### ***Land***

GTRLC records land at its appraised value at the date of gift, if contributed or purchased below market value, or at cost if purchased at market value. The preserved land is reported as nature preserves or land held for transfer on the statement of financial position, depending upon its intended disposition.

### ***Conservation Easements***

A conservation easement is a legal agreement between a landowner and a qualified conservation organization (i.e., GTRLC) that permanently limits a property's use in order to protect its conservation values. Conservation easements, either purchased or donated, are initially valued at their appraised value. The difference between the purchase price and appraised value is reflected as grants and contributions in the Statement of Activities. Once the development rights for a specific conservation easement are extinguished, generally immediately after acquisition, a valuation allowance is established to reduce the value of the conservation easement to \$1. This value reflects the lack of marketability related to the easements. The reduction in value due to extinguishments of development rights is reflected as a program expense in the Statement of Activities and extinguished development value on conservation easements on the Statement of Functional Expenses.

### ***Fixed Assets***

Fixed assets consist of equipment, leasehold improvements and preserve buildings and improvements (boardwalks, observation decks, etc.), which are recorded at cost. The Conservancy capitalizes preserve improvements in excess of \$100,000. Expenditures for maintenance and repairs which do not improve or extend the lives of the respective assets are expensed as incurred. When assets are retired or sold, the related cost and accumulated depreciation are removed from the accounts and any gain or loss on retirement or disposal of the individual assets is recorded as revenue. Depreciation is provided using the straight-line method for all depreciable assets over their estimated future lives which have been estimated to be from five to fifty years.

### ***Net Assets***

Net assets consist of the following:

**Unrestricted:** These net assets are available for general obligations of GTRLC.

**Temporarily Restricted:** These net assets are restricted by donors, grantors or other outside parties to be used for some specific purpose or for use in a future period. Amounts received are reported as revenue upon receipt and are transferred to unrestricted net assets when the purpose restriction or time restriction has been met or to permanently restricted if used to permanently increase land under protection.

**Permanently Restricted:** These net assets represent amounts subject to restrictions of gift and trust instruments requiring that the principal be invested in perpetuity and the income only be used for particular purposes and for land under permanent protection. Investment income earned is reported as revenue in the unrestricted or temporarily restricted net assets until GTRLC has incurred expenses in compliance with the underlying gift or trust instruments or used to permanently increase land under protection. Financed acquisitions of land under protection are not considered as part of permanently restricted net assets until all liens are removed.

***Contributions***

Contributions, grants or other revenue received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor or grantor restrictions.

Gifts of cash and other assets are reported as restricted support, if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted and/or permanently restricted net assets and reported in the statement of activities as net assets released from restrictions.

Unconditional promises to give are recognized as revenues or gains in the period received as assets, or decreases in liabilities or expenses, depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

***Charitable Gift Annuities***

Proceeds of charitable gift annuities are included in the general investments, the related obligation is carried at its net present value and the initial net difference is recorded as contribution revenue. The obligation is revalued annually based upon life expectancy tables and prevailing interest rates. The amortization of the obligation is reported annually as interest expense in the statement of activities.

***Contributed Services***

A portion of GTRLC's activities has been conducted by volunteers without compensation and by professional and business organizations at significantly reduced charges. Support for services contributed has only been recognized to the extent such contributions (1) require specialized skills (and are provided by individuals possessing those skills) and would typically need to be purchased if not provided by donation or (2) create or enhance the non-financial assets of GTRLC.

***Income Taxes***

No provision for Federal and State income taxes has been made since GTRLC is exempt under Section 501(c)(3) of the Internal Revenue Code.

GTRLC files information returns in the U.S. Federal jurisdiction and these returns are generally no longer subject to examination by tax authorities for years before June 30, 2015. GTRLC has not had any business income unrelated to its exempt purpose and, therefore, has not filed income tax returns in any jurisdiction.

***Prior Year Information***

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Accordingly, such information should be read in conjunction with GTRLC's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

NOTES TO THE FINANCIAL STATEMENTS - Continued

**NOTE B - DEPOSITS**

GTRLC maintains substantially all of its cash at two financial institutions. Separate accounts are maintained where required by funding sources. A summary of cash deposits in the statement of financial position consist of the following at June 30, 2018:

	<u>Bank Amount</u>	<u>Carrying Amount</u>
Insured (FDIC)	\$ 1,770,185	\$ 1,770,185
Uninsured and uncollateralized	<u>3,199,375</u>	<u>3,039,789</u>
	<u>\$ 4,969,560</u>	<u>\$ 4,809,974</u>
Financial Statement Presentation		
Cash		\$ 1,741,079
Restricted cash		2,033,174
Restricted investments for stewardship		<u>1,035,721</u>
		<u>\$ 4,809,974</u>

**NOTE C - INVESTMENTS**

GTRLC's investments are held in trust by financial institutions and consist of the following at June 30, 2018:

	<u>Cost</u>	<u>Market</u>
Cash equivalents	\$ 853,801	\$ 853,801
Mutual funds	10,462,603	11,099,577
Common stocks	<u>3,002,379</u>	<u>4,749,725</u>
Totals	<u>\$ 14,318,783</u>	<u>\$ 16,703,103</u>
Financial Statement Presentation		
Current investments		\$ 37,672
Restricted investments for endowments		5,955,110
Restricted investments for stewardship		2,834,545
Board designated investments		7,578,191
Charitable gift annuity investment		<u>297,585</u>
		<u>\$ 16,703,103</u>

***Concentration Custodial of Credit Risk - Investments***

Brokerage accounts have insurance of \$500,000 per broker, provided by the Securities Investor Protection Corporation. The certificates of deposit are fully insured under federal depository insurance. The balance of investments exceeded insured limits by \$16.2 million at June 30, 2018.

**NOTE D - PLEDGES RECEIVABLE**

Substantially all promises to give were initially pledged over a three to five year period. The pledges are initially recorded at fair value as determined by the present value of the future cash flows, utilizing a risk-adjusted interest rate. GTRLC amortizes imputed interest through a charge to pledge receivables and a credit to contributions.

During the year ended June 30, 2018, GTRLC received substantially all scheduled payments on a timely basis. However, GTRLC maintains allowances for doubtful pledges for estimated losses resulting from an inability of its donors to make pledged payments. Based on management's assessment, GTRLC provides for estimated uncollectible amounts through a charge to program services expense and a credit to a valuation allowance.

<u>Year-end June 30,</u>	
2019	\$ 2,534,380
2020	887,471
2021	2,722,427
2022	190,082
2023	<u>6,203</u>
Total pledges receivable	6,340,563
Discount on pledges receivable	(634,056)
Allowance for doubtful pledges	<u>(317,028)</u>
	<u>\$ 5,389,479</u>
Financial statement presentation	
Current assets	\$ 2,111,062
Other assets	<u>3,278,417</u>
	<u>\$ 5,389,479</u>

The allowance for doubtful pledges and 5% discount rate used to record the net amortized value of pledges receivables are amounts that are based on management's best estimates and judgments. These estimates may be adjusted as more current information becomes available and any adjustment could be significant.

NOTES TO THE FINANCIAL STATEMENTS - Continued

**NOTE E - FIXED ASSETS**

Fixed assets are comprised of the following at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Nature Preserves		
Universally accessible trail	\$ 804,294	\$ 515,612
Buildings - construction in progress	296,997	190,000
Land Held for Transfer		
Buildings	500,000	500,000
Office equipment	405,126	393,133
Leasehold improvements	49,035	49,035
Equipment	<u>84,402</u>	<u>83,277</u>
 Total fixed assets, at cost	 2,139,854	 1,731,057
 Less accumulated depreciation	 <u>(485,822)</u>	 <u>(410,847)</u>
 Total fixed assets, net of accumulated depreciation	 <u>\$ 1,654,032</u>	 <u>\$ 1,320,210</u>

Net fixed assets include the following:

Fixed assets - general	\$ 122,862	\$ 149,658
Nature Preserves		
Universally accessible trail	783,673	505,302
Buildings - construction in progress	296,997	190,000
Land Held for Transfer		
Buildings	<u>450,500</u>	<u>475,250</u>
 Total fixed assets, at cost	 <u>\$ 1,654,032</u>	 <u>\$ 1,320,210</u>

Total depreciation expense was \$74,975 and \$61,241 for the year ended June 30, 2018 and 2017, respectively.

This space left blank intentionally

NOTES TO THE FINANCIAL STATEMENTS - Continued

**NOTE F - NATURE PRESERVES**

Nature preserves acquired by GTRLC are as follows:

	Acquired During the Year Ended June 30, 2018	Total Acquired Through June 30, 2018
Arcadia Dunes	-	3,600.00
Arcadia Marsh	32.22	305.55
Bauer	-	356.53
Boardman	-	50.64
Brinkman Bog	-	51.10
Carter Strong Bird Sanctuary	-	6.27
Cosner	-	134.63
Criger Nature Preserve	-	5.28
Elizabeth Parr	-	4.70
Edwards, Howard and Mary Dunn	-	77.00
Fox Island	-	10.00
Fruithaven Orchards	-	177.08
Golden Days Loon Preserve	-	18.04
Green Point Dunes	-	241.84
Halladay Hicks Chowning	-	40.50
Herring Lake	-	180.15
Kewadin Wetlands	-	40.50
Lake St. Clair/Six Mile Lake	-	256.80
Maple Bay Farm	-	11.00
Medenbrook	5.63	42.63
Mitchell Creek Preserve	-	128.39
Misty Acres Preserve	-	624.37
Nana's Woods	-	24.50
North Skegemog	-	36.72
Palastra	-	35.55
Papoose Lake Preserve	-	46.00
Point Betsie	-	99.49
Polaczyk	-	5.00
Wilcox-Palmer-Sha	-	57.64
Pyatt Lake	-	158.60
Reffitt	-	106.79
Wintergreen Woods - Rottenbucher	-	13.00
Wintergreen Woods - Saylor	8.00	8.00
Sagaser	-	20.00
Seven Bridges Cabin	-	5.60
South Island	-	13.80
Trapp Farm	-	139.84
	<u>45.85</u>	<u>7,133.53</u>
Total acres		
	<u>\$ 288,000</u>	<u>\$ 18,117,736</u>
Total value reported		

During the year ended June 30, 2018, 8.00 acres of land valued at \$85,000 were transferred from land held for transfer and permanently protected.

**NOTE G - DEVELOPMENT RIGHTS**

Development rights typically are donated through the gift of a conservation easement. The donation of a perpetual conservation easement which preserves the conservation values of a property deemed to be in the public benefit, such as agricultural land, scenic views, wetlands, forests and unique wildlife habitats, is recognized in the Federal Tax Code and may result in substantial income and estate tax benefits to the donor/landowner.

In situations where charitable tax benefits do not provide sufficient incentives, development rights are purchased rather than donated. This is often the case with farmland preservation programs. The amount paid to the landowner is determined by a "before and after" appraisal of the fair market value of the subject land. The amount recorded as development rights reflect only the fair value of the development rights. Other costs, such as appraisals, surveys, title work and personnel expenditures for securing the easement, are expensed.

When GTRLC receives a conservation easement, it takes on the permanent responsibility and legal right to enforce the terms of the easement. GTRLC monitors easements by inspecting the land regularly (yearly in most cases) and maintaining communications with the landowner about future plans in order to avoid conflict with the easement. If a future owner or someone else violates the easement, for example by erecting a building that the easement does not allow, GTRLC will take action to have the violation corrected, including going to court if necessary. These permanent responsibilities are a long-term cost to GTRLC. GTRLC has a designated easement defense fund for this purpose.

From its inception, GTRLC has secured (by purchase and donation) the following easements:

<u>County</u>	<u>Secured During the Year Ended June 30, 2018</u>		<u>Total Secured Through June 30, 2018</u>	
	<u>Number of Easements</u>	<u>Acres Protected</u>	<u>Number of Easements</u>	<u>Acres Protected</u>
Antrim	1	132.00	40	4,298.39
Benzie	1	184.14	34	2,716.67
Grand Traverse	4	711.32	104	7,330.81
Kalkaska	-	-	35	3,666.41
Leelanau	-	-	5	169.82
Manistee	<u>2</u>	<u>398.57</u>	<u>20</u>	<u>2,421.85</u>
Total	<u>8</u>	<u>1,426.03</u>	<u>238</u>	<u>20,603.95</u>

At June 30, 2018, the total historical value of development rights acquired by GTRLC was \$56,702,983, of which \$56,702,745 has been extinguished.

At June 30, 2018, GTRLC had development rights in progress of \$385,408 under a purchase agreement with five annual installments of \$187,704, including interest at 4%. The title transfer will occur after the final payment on August 1, 2020.



NOTES TO THE FINANCIAL STATEMENTS - Continued

**NOTE H - OPTIONS TO PURCHASE LAND**

Options to purchase land are held for projects GTRLC is assisting with or for properties to be added to the nature preserves in perpetuity for which the funding is not complete. Options, which are stated at cost, were held for the following projects as of June 30, 2018:

	<u>Option Purchase Price</u>
Goetz	\$ 1,000
Ritt	3,000
Dohm	66,300
Goodheart	<u>3,000</u>
	<u>\$ 73,300</u>

During the year ended June 30, 2018, 5 options valued at \$58,500 were exercised, 6 options valued at \$95,300 were purchased and no options expired.

**NOTE I - LAND HELD FOR TRANSFER**

Land held for transfer includes projects where the final disposition of the property is not completed. The land may be intended for sale with a conservation easement (or without in the case of portions of acquisitions not requiring protection), to become the property of a State or local government or be financed land acquisitions that, when paid in full, become a part of our nature preserves.

Land held for transfer consists of:

	<u>Beginning of Year</u>	<u>Purchase</u>	<u>Transfers</u>	<u>Sales</u>	<u>End of Year</u>
Arcadia/CMS	\$ 1,191,110	\$ -	\$ -	\$ -	\$ 1,191,110
Reffitt	786,000	-	-	-	786,000
Srdjack	475,000	-	-	-	475,000
Maple Bay	160,508	-	-	-	160,508
Neahtawanta	156,108	-	-	-	156,108
Sayler Park	85,000	-	85,000	-	-
Sitter	60,000	-	-	-	60,000
Grayhawk	45,000	-	-	45,000	-
Boardman/McDonald	20,992	-	-	-	20,992
Sand Lakes	255,000	-	-	-	255,000
Manistee Headwaters	2,109,000	-	-	-	2,109,000
Camp Maplehurst	2,800,000	-	-	-	2,800,000
Platte River Park	-	<u>300,000</u>	-	-	<u>300,000</u>
	<u>\$ 8,143,718</u>	<u>\$ 300,000</u>	<u>\$ 85,000</u>	<u>\$ 45,000</u>	<u>\$ 8,313,718</u>

NOTES TO THE FINANCIAL STATEMENTS - Continued

**NOTE J - ACCRUED LIABILITIES**

Accrued liabilities at June 30, 2018 consist of the following:

Accrued wages and payroll liabilities	\$ 50,248
Accrued vacation time	74,344
Accrued sick time	201,677
Accrued interest	204,133
Accrued charitable gift annuities	<u>29,188</u>
	<u>\$ 559,590</u>

**NOTE K - LINE OF CREDIT**

At June 30, 2018, GTRLC had a \$3,000,000 revolving line of credit as follows:

Revolving line of credit with financial institution in the amount of \$3,000,000 with interest at prime rate minus 1% floating, 3.25% at June 30, 2018; secured by investments; due on March 10, 2019. Advances are limited to 70% of the balance of the Wealth Management account.

\$ 282,262

Interest expense was \$8,317 for the year ended June 30, 2018.

**NOTE L - NOTES PAYABLE**

At June 30, 2018, GTRLC had notes payable as follows:

Real estate mortgage payable to a private party in the amount of \$2,150,000 with interest charged at 5.00%; due July 1, 2020, secured by Manistee Headwaters land. Interest will be forgiven if principal is paid in full by July 1, 2020.

\$1,650,000

Note payable to a private company in the amount of \$2,800,000 with interest charged at 2.4%; due December 29, 2018, secured by Camp Maplehurst land

2,800,000

Total notes payable

\$4,450,000

Interest expense relating to the above debt obligations amounted to \$171,366 for the year ended June 30, 2018.

**NOTE M - GIFT ANNUITIES**

GTRLC has received \$446,435 in charitable gift annuity agreement proceeds which have been added to the general investments of GTRLC of which \$306,966 remains. In consideration of the proceeds, GTRLC is obligated to make agreed upon quarterly payments for the remainder of the donors' lives. During the year ended June 30, 2018, GTRLC received no new annuities, retired no annuities and made

NOTES TO THE FINANCIAL STATEMENTS - Continued

payments totaling \$29,187. The obligation is initially recorded at fair value as determined by the net present value of future cash outflows, utilizing life expectancy tables as provided in IRS section 1.401(a)(9)-9 and a discount rate of 6.5%, which reflects the level of assessed risk related to future payments and the borrowing rate available to GTRLC.

Financial Statement Presentation

Accrued current liabilities	\$ 29,187
Charitable gift annuity obligation	<u>277,779</u>
	<u>\$ 306,966</u>

**NOTE N - JOINT VENTURES**

*Little Traverse Conservancy*

GTRLC entered into a cooperative agreement with the Little Traverse Conservancy, which involved a joint fundraising effort for the purchase of the Lake St. Clair/Six Mile Lake Natural Area Project. The project's activities are accounted for by GTRLC, with the land included in nature preserves. The Little Traverse Conservancy retains an undivided 50% interest in the total nature preserve, valued at \$361,980 on June 30, 2018.

*Assist Projects*

GTRLC works with units of government to assist communities in creating public natural areas and parks. In addition to local public and private sources of funding, the Michigan Natural Resources Trust Fund ("MNRTF") is a frequent source of competitive funding for these types of projects. Since its inception in 1991, GTRLC has secured \$62 million in grants from the Michigan Natural Resources Trust Fund. GTRLC has helped assist local units of government with 52 MNRTF projects, featuring over 11,082 acres across its service region.

**NOTE O - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consists of the following at June 30, 2018:

Net assets restricted for specified use:	
Land Protection and Stewardship	\$ 13,977,581
Spendable endowment income reinvested	<u>2,893,056</u>
	<u>\$ 16,870,637</u>
Net assets restricted by the expiration of time:	
Conservancy Fund Pledges receivable	<u>\$ 907,297</u>

NOTES TO THE FINANCIAL STATEMENTS - Continued

**NOTE P - PERMANENTLY RESTRICTED NET ASSETS**

Permanently restricted net assets consists of the following at June 30, 2018:

Net assets restricted for land under protection:	
Preserves	\$ 18,117,736
Development rights	<u>238</u>
	<u>\$ 18,117,974</u>
Net assets restricted for endowment:	
Restricted cash for endowment	\$ 1,300
Restricted investments for endowment	5,955,110
Restricted pledges for endowment	1,771,400
Spendable endowment income	<u>(2,893,056)</u>
	<u>\$ 4,834,754</u>

**NOTE Q - ENDOWMENT**

GTRLC's endowment consists of donor restricted donations, and realized and unrealized losses. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment net assets are classified as the following as of June 30, 2018:

Temporarily restricted (Note O)	\$ 2,893,056
Permanently restricted (Note P)	<u>4,834,754</u>
	<u>\$ 7,727,810</u>

NOTES TO THE FINANCIAL STATEMENTS - Continued

The net changes in endowment net assets are as follows for June 30, 2018:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 643,990	\$ 601,193	\$ 1,245,183
Investment return			
Investment income	86,446	-	86,446
Net depreciation (realized and unrealized)	<u>145,159</u>	<u>-</u>	<u>145,159</u>
Total investment return	<u>231,605</u>	<u>-</u>	<u>231,605</u>
Contributions	2,084,000	4,233,561	6,317,561
Transfers out of the endowment	(45,487)	-	(45,487)
Appropriation and expenditure of endowment assets	<u>(21,052)</u>	<u>-</u>	<u>(21,052)</u>
	<u>2,249,066</u>	<u>4,233,561</u>	<u>6,482,627</u>
	<u>\$ 2,893,056</u>	<u>\$ 4,834,754</u>	<u>\$ 7,727,810</u>

***Return Objectives and Risk Parameters***

GTRLC has adopted investment and spending policies for endowment assets that attempt to provide for consistent long-term financial stability of GTRLC. Endowment assets include donor-restricted assets that GTRLC must hold in perpetuity or for a donor-specified period.

***Strategies Employed for Achieving Objectives***

To meet its investment objectives, the Endowment Fund shall be invested in long-term investments. The goal of the Endowment Fund investments will be to provide a high total return on investments, consistent with the security of principal and prudent investment management coordinated by an Investment Consultant selected by the Board.

***Spending Policy and How the Investment Objectives Relate to Spending Policy***

GTRLC has a policy of appropriating income for distribution each year. The annual endowment fund distributions will not exceed five percent of the average market value for the previous 12 quarters ending December 31. Similarly, the annual board designated fund distributions will not exceed five percent of the average market value for the previous 12 quarters ending December 31. The distribution rate is established annually, for the next year, by the Board and may be adjusted to reflect special funding needs or financial market conditions.

To meet the distribution level determined each year, GTRLC may utilize interest and dividends generated by various investments, as well as capital appreciation of its investments. It is expected distributions will be made annually. Income of the general endowment is available for the use of the Operating Fund for ongoing activities. Income of the Stewardship Endowment Fund is available for the use of the Land Protection and Stewardship Fund for current and future stewardship obligations related to any and all lands under protection by GTRLC, including easements and lands held in fee. The Executive Director is authorized to transfer budgeted amounts of income from the Endowment Fund to the Operating Fund, and Land Protection and Stewardship Funds with Board approval as the need exists. In the event that available income after two years is not utilized in ongoing operations, it is added to principal.

**NOTE R - FAIR VALUE MEASUREMENTS**

GTRLC uses a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that GTRLC 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.

NOTES TO THE FINANCIAL STATEMENTS - Continued

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis.

There have been no changes in the methodologies used at June 30, 2018.

*Mutual funds:* Valued at the net asset value ("NAV") of shares held by GTRLC at year-end.

*U.S. government bonds, municipal bonds and corporate bonds:* Valued at fair value based on quoted market prices.

*Equity securities:* Valued at the closing price reported on the active market on which the individual securities are traded.

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 GTRLC 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.

The following table sets forth by level, within the fair value hierarchy, GTRLC's assets and liabilities at fair value as of June 30, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds				
Index funds	\$ 1,611,858	\$ -	\$ -	\$ 1,611,858
Balanced funds	143,760	-	-	143,760
Growth funds	4,088,957	-	-	4,088,957
Fixed income funds	4,418,077	-	-	4,418,077
Other funds	836,925	-	-	836,925
Common stocks	<u>4,749,725</u>	<u>-</u>	<u>-</u>	<u>4,749,725</u>
	<u>\$ 15,849,302</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,849,302</u>

**NOTE S - OFFICE LEASE**

GTRLC extended a five-year operating lease for office space which began May 1, 2012, extending the lease thru April 30, 2019. The lease requires GTRLC to pay utilities, insurance covering personal property and property taxes. The landlord is obligated for insurance covering the building. Rent was \$53,180 for the year ended June 30, 2018. the future minimum rental is as follows:

<u>Year Ending June 30,</u>	<u>Annual Minimum Lease Payment</u>
2019	<u>\$ 44,170</u>

**NOTE T - RETIREMENT PLANS**

GTRLC's employees are eligible after one year of service to participate in the Grand Traverse Regional Land Conservancy Retirement Plan (the "Plan"). The Plan was established under the provisions of Section 403(b) of the Internal Revenue Code. An employer discretionary contribution, if approved by the Board of Directors, is contributed throughout the year based on percentages of salary as specified in the Plan document which takes into consideration years of service. GTRLC's total contribution to the Plan for the year ended June 30, 2018 was \$95,909.

GTRLC offers a deferred compensation plan created in accordance with Internal Revenue Code 457(b) effective July 1, 2016. The plan, available to one employee, permits the employee to defer a portion of their salary until future years. Employer contributions to the plan are discretionary. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. GTRLC's total contribution to the Plan for the year ended June 30, 2018 was \$10,000. In complying with the amended Section 457(b) requirements, these assets are for the exclusive benefit of participants and not subject to the claims of the GTRLC's general creditors. As such, they are not included as assets of the GTRLC.

**NOTE U - GRAND TRAVERSE REGIONAL COMMUNITY FOUNDATION**

Through its fundraising projects, GTRLC accepts donations directly or encourages donors to contribute to the Grand Traverse Regional Land Conservancy Agency Fund, the Evelyn A. and Charles H. Drummond Skegemog Lake Wildlife Area Education Fund and the Grand Traverse Regional Land Conservancy Environmental Education Fund, maintained by the Grand Traverse Regional Community Foundation. GTRLC is the named beneficiary of all these endowment funds. The net assets of the funds were \$802,384 at June 30, 2018. GTRLC received distributions of \$29,800 from the funds for the year ended June 30, 2018, in accordance with the Grand Traverse Regional Community Foundation spending policy.

These assets are reported exclusively on the books of the Grand Traverse Regional Community Foundation. Distributions to the GTRLC from the endowment funds are reported in the Statement of Activities as public support.

**NOTE V - SUPPLEMENTAL CASH FLOWS INFORMATION**

GTRLC paid interest of \$40,767 for the year ended June 30, 2018.

GTRLC transferred \$85,000 of land held for transfer to preserves for the year ended June 30, 2018.

During 2017, GTRLC received donated development rights. GTRLC recorded the donations at the fair market value at the date of donation and recognized \$2,370,000 in non-cash contribution revenue.

**NOTE W - SUBSEQUENT EVENTS**

GTRLC has evaluated subsequent events and transactions for potential recognition and disclosure through October 16, 2018, the date the financial statements were available to be issued.



**SUPPLEMENTAL INFORMATION**

**Grand Traverse Regional Land Conservancy**

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2018

(With Comparative Totals for 2017)

	Operating Fund	Land Protection and Stewardship Fund	Endowment Fund	Total	2017 Total
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash	\$ 1,741,079	\$ -	\$ -	\$ 1,741,079	\$ 1,740,801
Restricted cash	-	2,031,874	1,300	2,033,174	1,434,572
Investments	37,672	-	-	37,672	-
Pledges receivable, net	226,178	1,878,538	6,346	2,111,062	580,001
Accounts receivable	<u>16,922</u>	<u>227</u>	<u>-</u>	<u>17,149</u>	<u>28,039</u>
Total current assets	<u>2,021,851</u>	<u>3,910,639</u>	<u>7,646</u>	<u>5,940,136</u>	<u>3,783,413</u>
<b>FIXED ASSETS</b> , net of accumulated depreciation	<u>108,248</u>	<u>1,545,784</u>	<u>-</u>	<u>1,654,032</u>	<u>1,320,210</u>
<b>LAND UNDER PROTECTION</b>					
Nature preserves	-	18,117,736	-	18,117,736	17,829,736
Development rights	-	238	-	238	230
Development rights in progress	-	385,408	-	385,408	197,704
Options to purchase land	-	73,300	-	73,300	36,500
Land held for transfer	<u>-</u>	<u>8,313,718</u>	<u>-</u>	<u>8,313,718</u>	<u>8,143,718</u>
Total land under protection	<u>-</u>	<u>26,890,400</u>	<u>-</u>	<u>26,890,400</u>	<u>26,207,888</u>
<b>OTHER ASSETS</b>					
Restricted investments for endowments	-	-	5,955,110	5,955,110	1,193,114
Restricted investments for stewardship	-	3,870,266	-	3,870,266	2,740,117
Board designated investments	3,157,179	4,421,012	-	7,578,191	7,054,621
Charitable gift annuity investment	-	297,585	-	297,585	302,538
Pledges receivable, net of current portion	<u>681,119</u>	<u>832,244</u>	<u>1,765,054</u>	<u>3,278,417</u>	<u>1,622,655</u>
Total other assets	<u>3,838,298</u>	<u>9,421,107</u>	<u>7,720,164</u>	<u>20,979,569</u>	<u>12,913,045</u>
	<u>\$ 5,968,397</u>	<u>\$ 41,767,930</u>	<u>\$ 7,727,810</u>	<u>\$ 55,464,137</u>	<u>\$ 44,224,556</u>

**Grand Traverse Regional Land Conservancy**

CONSOLIDATING STATEMENT OF FINANCIAL POSITION - Continued

June 30, 2018

(With Comparative Totals for 2017)

	<u>Operating Fund</u>	<u>Land Protection and Stewardship Fund</u>	<u>Endowment Fund</u>	<u>Total</u>	<u>2017 Total</u>
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable	\$ 43,206	\$ -	\$ -	\$ 43,206	\$ -
Accrued liabilities	326,269	233,321	-	559,590	373,767
Deposits	-	8,001	-	8,001	8,001
Line of credit	-	282,262	-	282,262	230,508
Notes payable, current	-	<u>2,800,000</u>	-	<u>2,800,000</u>	-
Total current liabilities	369,475	3,323,584	-	3,693,059	612,276
<b>OTHER LIABILITIES</b>					
Notes payable, net of current portion	-	1,650,000	-	1,650,000	4,950,000
Charitable gift annuity obligation, net of current portion	-	<u>277,779</u>	-	<u>277,779</u>	<u>273,063</u>
Total liabilities	<u>369,475</u>	<u>5,251,363</u>	-	<u>5,620,838</u>	<u>5,835,339</u>
<b>NET ASSETS</b>					
Unrestricted					
Board designated					
Easement defense	439,400	-	-	439,400	423,036
Operating reserve	1,434,447	-	-	1,434,447	1,366,055
Stewardship	-	4,421,012	-	4,421,012	7,054,621
Undesignated	2,817,778	-	-	2,817,778	2,707,596
Temporarily restricted					
Specified use					
Expiration of time	-	13,977,581	2,893,056	16,870,637	7,055,897
	907,297	-	-	907,297	1,350,853
Permanently restricted					
Land under protection					
Endowment	-	18,117,974	-	18,117,974	17,829,966
	-	-	<u>4,834,754</u>	<u>4,834,754</u>	<u>601,193</u>
Total net assets	<u>5,598,922</u>	<u>36,516,567</u>	<u>7,727,810</u>	<u>49,843,299</u>	<u>38,389,217</u>
	<u>\$ 5,968,397</u>	<u>\$ 41,767,930</u>	<u>\$ 7,727,810</u>	<u>\$ 55,464,137</u>	<u>\$ 44,224,556</u>

## Grand Traverse Regional Land Conservancy

### CONSOLIDATING STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2018  
(With Comparative Totals for 2017)

	Operating Fund	Land Protection and Stewardship Fund	Endowment Fund	Total	2017 Total
<b>REVENUE AND SUPPORT</b>					
Grants	\$ 53,997	\$ 46,170	\$ -	\$ 100,167	\$ 68,896
Public support	1,658,391	9,408,005	6,317,561	17,383,957	7,733,467
Benefit proceeds	6,446	-	-	6,446	9,757
Gain (loss) from investments	250,724	594,469	231,605	1,076,798	1,155,417
Interest income	5,711	971	-	6,682	4,776
Other	56,643	23,963	-	80,606	139,900
	<u>2,031,912</u>	<u>10,073,578</u>	<u>6,549,166</u>	<u>18,654,656</u>	<u>9,112,213</u>
<b>Total revenue and support</b>					
<b>EXPENSES</b>					
Salaries	1,629,555	-	-	1,629,555	1,581,546
Employee benefits	393,264	-	-	393,264	358,877
Payroll taxes	117,262	-	-	117,262	110,999
Professional development	15,405	-	-	15,405	23,594
Interest	-	211,300	-	211,300	92,607
Provision for doubtful pledges	334	-	-	334	25,402
Professional fees	258,817	511,263	-	770,080	459,663
Lease expense	14,718	-	-	14,718	15,905
Transfers to other organizations	-	202,194	-	202,194	359,819
Title work and recording fees	24,567	28,962	-	53,529	19,961
Property tax expense	-	36,487	-	36,487	58,200
Repairs and maintenance	22,785	1	-	22,786	22,077
Other supplies	19,492	52,657	-	72,149	49,345
Travel	38,153	-	-	38,153	43,574
Rent	53,180	-	-	53,180	52,134
Depreciation	16,290	58,685	-	74,975	61,241
Insurance	57,539	-	-	57,539	59,590
Utilities	14,241	11,818	-	26,059	19,728
Office supplies	9,130	-	-	9,130	11,616
Telephone	24,016	-	-	24,016	26,816
Software	33,866	-	-	33,866	34,650
Miscellaneous	36,769	35,024	21,052	92,845	77,527
Printing and publishing	61,483	-	-	61,483	97,858
Postage	27,138	-	-	27,138	50,195
Merchandise and fundraising events	35,179	-	-	35,179	25,177
Dues and subscriptions	13,028	-	-	13,028	8,871
Advertising	3,928	-	-	3,928	9,037
Extinguished development value on conservation easements	-	3,110,992	-	3,110,992	2,974,992
	<u>2,920,139</u>	<u>4,259,383</u>	<u>21,052</u>	<u>7,200,574</u>	<u>6,731,001</u>
<b>Total expenses</b>					
<b>REVENUES OVER (UNDER) EXPENSES</b>					
<b>OTHER FINANCING SOURCES (USES)</b>	(888,227)	5,814,195	6,528,114	11,454,082	2,381,212
Transfers in (out)	639,609	(594,122)	(45,487)	-	-
<b>CHANGE IN NET ASSETS</b>					
	(248,618)	5,220,073	6,482,627	11,454,082	2,381,212
<b>NET ASSETS, beginning of year</b>	<u>5,847,540</u>	<u>31,296,494</u>	<u>1,245,183</u>	<u>38,389,217</u>	<u>36,008,005</u>
<b>NET ASSETS, end of year</b>	<u>\$ 5,598,922</u>	<u>\$ 36,516,567</u>	<u>\$ 7,727,810</u>	<u>\$ 49,843,299</u>	<u>\$ 38,389,217</u>