

PISCATAQUOG LAND CONSERVANCY
FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
For the Years Ended June 30, 2020 and 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Piscataquog Land Conservancy
New Boston, New Hampshire 03070

Report on the Financial Statements

We have audited the accompanying financial statements of Piscataquog Land Conservancy (a nonprofit organization), which comprises the statement of financial position as of June 30, 2020 and the related statements of activities and changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Piscataquog Land Conservancy as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

The summarized comparative 2019 financial statements of Piscataquog Land Conservancy were previously reviewed by us, and we stated that we were not aware of any material modifications that should be made to those financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America in our report dated October 1, 2019, but we have not performed any procedures in connection with that review engagement since that date.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information 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.

Rowley & Associates, PC

Rowley & Associates P.C.
Concord, New Hampshire
October 13, 2020

PISCATAQUOG LAND CONSERVANCY
STATEMENT OF FINANCIAL POSITION

June 30, 2020 with Comparative Totals for June 30, 2019

ASSETS	<u>Net Assets Without Donor Restriction</u>	<u>Net Assets With Donor Restriction</u>	<u>Total 2020</u>	<u>Total 2019</u>
CURRENT ASSETS				
Cash and cash equivalents	\$ 233,709	\$ 5,018	\$ 238,727	\$ 189,864
Investments	233,254	840,426	1,073,680	723,921
Accounts receivable	3,734	-	3,734	-
Grants receivable, current portion	-	39,000	39,000	30,108
Prepaid expenses	427	-	427	1,011
Total Current Assets	<u>471,124</u>	<u>884,444</u>	<u>1,355,568</u>	<u>944,904</u>
PROPERTY AND EQUIPMENT, at cost				
Land	-	2,465,458	2,465,458	1,745,554
Equipment	16,119	-	16,119	16,119
	<u>16,119</u>	<u>2,465,458</u>	<u>2,481,577</u>	<u>1,761,673</u>
Less accumulated depreciation	15,895	-	15,895	15,651
	<u>224</u>	<u>2,465,458</u>	<u>2,465,682</u>	<u>1,746,022</u>
OTHER ASSETS				
Grants receivable, less current portion	-	-	-	10,000
Conservation easements	-	96	96	82
Deposits	50	-	50	50
Total Other Assets	<u>50</u>	<u>96</u>	<u>146</u>	<u>10,132</u>
Total Assets	<u><u>471,398</u></u>	<u><u>3,349,998</u></u>	<u><u>3,821,396</u></u>	<u><u>2,701,058</u></u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	658	-	658	4,758
Accrued expenses	9,219	-	9,219	7,883
Total Current Liabilities	<u>9,877</u>	<u>-</u>	<u>9,877</u>	<u>12,641</u>
OTHER LIABILITIES				
SBA Paycheck Protection Program Loan	27,400	-	27,400	-
NET ASSETS				
Without donor restriction	434,121	-	434,121	380,869
With donor restriction	-	3,349,998	3,349,998	2,307,548
Total Net Assets	<u>434,121</u>	<u>3,349,998</u>	<u>3,784,119</u>	<u>2,688,417</u>
Total Liabilities and Net Assets	<u><u>\$ 471,398</u></u>	<u><u>\$ 3,349,998</u></u>	<u><u>\$ 3,821,396</u></u>	<u><u>\$ 2,701,058</u></u>

See Accompanying Notes and Independent Auditor's Report

PISCATAQUOG LAND CONSERVANCY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2020 with
Comparative Totals for the Year Ended June 30, 2019

	<u>Net Assets Without Donor Restriction</u>	<u>Net Assets With Donor Restriction</u>	<u>Total 2020</u>	<u>Total 2019</u>
Revenues and other support:				
Contributions, cash	\$ 123,689	\$ 726,295	\$ 849,984	\$ 693,401
Contributions, in-kind	1,161	-	1,161	263
Contributions, non-cash	-	2	2	447
Earned revenue, project management fees	3,074	-	3,074	-
Events, net expenses of \$7,799 and \$8,008	9,345	-	9,345	10,792
Timber revenue	-	-	-	15,507
Other revenue	40	-	40	205
Total revenues, gains and other support	<u>137,309</u>	<u>726,297</u>	<u>863,606</u>	<u>720,615</u>
Investment gains and (losses)				
Interest and dividend income	4,015	14,270	18,285	15,445
Net realized gain (loss) on sale of investments	(435)	(1,564)	(1,999)	3,248
Unrealized gain on investments	3,529	12,714	16,243	20,928
Investment advisor fees	(883)	(3,132)	(4,015)	(3,349)
Total investment gains	<u>6,226</u>	<u>22,288</u>	<u>28,514</u>	<u>36,272</u>
Net assets released from donor imposed restrictions	<u>88,372</u>	<u>(88,372)</u>	<u>-</u>	<u>-</u>
Expenses:				
PLC Programs & Conservation	221,576	-	221,576	364,526
General and Administrative	41,450	-	41,450	37,238
Fundraising	9,447	-	9,447	9,222
Total expenses	<u>272,473</u>	<u>-</u>	<u>272,473</u>	<u>410,986</u>
Operating increase (decrease) in net assets	(40,566)	660,213	619,647	345,901
Assets acquired from BLT merger (Note. 14)				
Cash and investments	93,818	244,225	338,043	-
Land and easements	-	138,012	138,012	-
	<u>93,818</u>	<u>382,237</u>	<u>476,055</u>	<u>-</u>
Total increase in net assets	53,252	1,042,450	1,095,702	345,901
Net assets, beginning of year	<u>380,869</u>	<u>2,307,548</u>	<u>2,688,417</u>	<u>2,342,516</u>
Net assets, end of year	<u>\$ 434,121</u>	<u>\$ 3,349,998</u>	<u>\$ 3,784,119</u>	<u>\$ 2,688,417</u>

See Accompanying Notes and Independent Auditor's Report

PISCATAQUOG LAND CONSERVANCY**STATEMENT OF CASH FLOWS**

Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,095,702	\$ 345,901
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Non-cash contribution of land or easement	(138,014)	-
Realized (gain) loss on investments	1,999	(3,248)
Unrealized (gain) on investments	(16,243)	(20,928)
Depreciation	245	282
(Increase) Decrease in operating assets, net		
Accounts receivable	(3,734)	-
Pledges receivable	-	2,000
Grants receivable	1,108	(15,000)
Prepaid expenses	584	(782)
Deposits	-	2,000
Increase (Decrease) in operating liabilities, net		
Accounts payable	(4,100)	515
Accrued expense	1,336	192
Net cash provided by operating activities	<u>938,883</u>	<u>310,932</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	34,419	74,047
Purchase of investments	(369,935)	(164,625)
Purchase of conservation easement	-	(1)
Purchase of land	(581,904)	(300,955)
Net cash (used) by investing activities	<u>(917,420)</u>	<u>(391,534)</u>
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES:		
Proceeds from SBA Paycheck Protection Program Loan	<u>27,400</u>	-
Net increase (decrease) in unrestricted cash	48,863	(80,602)
Cash and cash equivalents, beginning of year	<u>189,864</u>	<u>270,466</u>
Cash and cash equivalents, end of year	<u>\$ 238,727</u>	<u>\$ 189,864</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Contributions in-kind	<u>\$ 1,161</u>	<u>\$ 263</u>
Contributions non-cash	<u>\$ 138,014</u>	<u>\$ 447</u>

See Accompanying Notes and Independent Auditor's Report

PISCATAQUOG LAND CONSERVANCY
STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2020 With Comparative Totals for Year Ended June 30, 2019

	<u>PLC Programs & Conservation</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total 2020</u>	<u>Total 2019</u>
Salaries	\$ 140,867	\$ 22,063	\$ 6,789	\$ 169,719	\$ 154,104
Payroll taxes	10,983	1,720	529	13,232	12,015
Employee Benefits	3,055	479	147	3,681	2,427
Legal and professional fees	11,083	6,187	-	17,270	10,041
Accounting fees	-	6,733	-	6,733	5,054
Dues and subscriptions	1,874	-	-	1,874	3,899
Insurance	2,597	407	125	3,129	3,421
Terrafirma	6,513	-	-	6,513	5,493
Printing and reproduction	1,758	352	820	2,930	4,499
Office supplies and expenses	5,924	707	217	6,848	4,237
Occupancy	6,266	981	302	7,549	7,451
Property taxes	1,839	-	-	1,839	1,481
Signage	74	-	-	74	336
Land stewardship supplies	3,240	-	-	3,240	-
Depreciation	-	245	-	245	282
Travel	-	1,282	427	1,709	1,542
Volunteer/donor recognition	94	-	-	94	323
Repairs and maintenance	1,880	294	91	2,265	-
Appraisal	-	-	-	-	2,000
Other expenses	657	-	-	657	1,215
Land and easement projects	22,872	-	-	22,872	191,166
	<u>\$ 221,576</u>	<u>\$ 41,450</u>	<u>\$ 9,447</u>	<u>\$ 272,473</u>	<u>\$ 410,986</u>

See Accompanying Notes and Independent Auditor's Report

PISCATAQUOG LAND CONSERVANCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 and 2019

Note 1. Nature of Activities

Piscataquog Land Conservancy is a nonprofit organization founded in 1970. Its purpose is to conserve the natural and scenic environment of the Piscataquog, Souhegan and Nashua River Watershed communities in southern New Hampshire. The organization is supported primarily through donor contributions and grants.

Note 2. Significant Accounting Policies

Basis of Presentation

The Organization maintains its accounting records on the accrual basis of accounting whereby revenues are recorded when earned and expenses are recorded when the obligation is incurred. The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets without Donor Restrictions – These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Net Assets with Donor Restrictions – These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted.

Basis of Accounting: The financial statements of PLC have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Conservation Easements: In conformity with the practice followed by many land trusts, conservation easements purchased or donated are recorded as assets at the nominal value of \$1 on the Statement of Financial Position. All easements acquired by purchase are recorded as conservation activities expenses in the statement of activities and changes in net assets. In addition, costs incurred in obtaining the easements are recorded as current period expenses.

Cash and cash equivalents: For purposes of reporting cash flows, PLC considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents, excluding amounts the use of which is limited by Board designation or restriction. At June 30, 2020 and 2019, PLC had no cash equivalents.

Investments: Investments are stated at fair-market value. The net realized and unrealized gains (losses) on investments are reflected in the statement of activities.

PISCATAQUOG LAND CONSERVANCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 and 2019

Note 2. Significant Accounting Policies (Continued)

Estimates and assumptions: Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results may differ from these estimates.

Functional and Cost Allocation of Expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on estimates that are based on their relationship to those activities. Those expenses include payroll and payroll related expenses and occupancy costs. Occupancy costs are allocated based on square footage. Payroll and payroll related expenses are based on estimates of time and effort. Other cost allocations are based on the relationship between the expenditure and the activities benefited.

Contributions: Contributions received are recorded as an increase in net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. In the absence of donor restrictions to the contrary, restrictions on contributions of property or equipment or on assets restricted to acquiring property or equipment expire when the property or equipment is placed in service.

Gifts and donations of investments or equipment are recorded at fair-market value on the date of the gift.

Donations of long-lived assets: PLC records donations of services and materials which increase long-lived assets at their fair values and recognizes these revenues as increases in unrestricted net assets.

Income taxes: The Organization has been notified by the Internal Revenue Service that it is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is further classified as an organization that is not a private foundation under Section 509(a)(3) of the Code. The most significant tax positions of the Organization are its assertion that it is exempt from income taxes and its determination of whether any amounts are subject to unrelated business tax (UBIT). The Organization follows the guidance of Accounting Standards Codification (ASC) 740, Accounting for Income Taxes, related to uncertain income taxes, which prescribes a threshold of more likely than not for recognition and recognition of tax positions taken or expected to be taken in a tax return. All significant tax positions have been considered by management. It has been determined that it is more likely than not that all tax positions would be sustained upon examination by taxing authorities. Accordingly, no provision for income taxes has been recorded.

PISCATAQUOG LAND CONSERVANCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 and 2019

Note 2. Significant Accounting Policies (Continued)

Capitalization Policy: Equipment, furniture and fixtures are carried at cost. Expenditures for additions, renewals and betterments of property and equipment, unless of relatively minor amount, are capitalized. Maintenance and repairs are expensed as incurred. Upon retirement or sale, the cost of the assets disposed of and the related accumulated depreciation are removed from the accounts and any gain or loss is included in other income in the period in which the asset is disposed.

Depreciation is computed using the straight-line method over the following useful lives:

	<u>Years</u>
Land improvements	10 - 20
Buildings and improvements	10 - 40
Equipment and furnishings	5 - 10

Depreciation as of June 30, 2020 and 2019 was \$245 and \$282, respectively.

Concentration of Credit Risk: The Organization maintains a cash balance at a local bank. These accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At various times throughout the year, the Organization may have cash balances at the financial institution that exceeds the insured amount. Management does not believe this concentration of cash results in a high level of risk for the Organization. At June 30, 2020 and 2019 the Organization had no uninsured cash balances.

Comparative Financial Information: The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Financial Instruments: The carrying value of cash and cash equivalents, accounts and grants receivable, prepaid expenses, accounts payable and accrued expenses are stated at carrying cost at June 30, 2020 and 2019, which approximates fair value due to the relatively short maturity of these instruments. Other financial instruments held at year-end are investments, which are stated at fair value.

New Accounting Pronouncement – During the year ended June 30, 2019, the Organization adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016- 14—Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities (ASU 2016- 14). This Update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 is the net asset

PISCATAQUOG LAND CONSERVANCY
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED JUNE 30, 2020 and 2019

Note 2. Significant Accounting Policies (Continued)

classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions.

Subsequent Event: Management has evaluated subsequent events through October 13, 2020, the date on which the financial statements were available to be issued to determine if any are of such significance to require disclosure. It has been determined that no subsequent events matching this criterion occurred during this period.

Note 3. Fair Value Measurements

Fair values of assets measured on a recurring basis at June 30, 2020 and 2019 are as follows:

	Fair Value	Quoted Prices In Active Markets for Identical Assets Level (1)	Significant Other Observable Inputs Level (2)
<u>June 30, 2020</u>			
Investments	\$1,073,680	\$1,073,680	\$ -
Accounts Receivable	3,734	-	3,734
Grants Receivable	<u>39,000</u>	<u>-</u>	<u>39,000</u>
Total	<u>\$1,116,414</u>	<u>\$1,073,680</u>	<u>\$ 42,734</u>
<u>June 30, 2019</u>			
Investments	\$ 723,921	\$ 723,921	\$ -
Grants Receivable	<u>40,108</u>	<u>-</u>	<u>40,108</u>
Total	<u>\$ 764,029</u>	<u>\$ 723,921</u>	<u>\$ 40,108</u>

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions. The fair value of accounts, pledges and grants receivable are estimated at the present value of expected future cash flows.

PISCATAQUOG LAND CONSERVANCY
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED JUNE 30, 2020 and 2019

Note 4. Investments

Investments are carried in the aggregate at fair market value and are comprised of stocks, mutual funds, and cash as follows at June 30:

	<u>2020</u>	<u>2019</u>
ETF's	\$ 987,875	\$ 708,271
Equity mutual funds	72,364	-
Equity securities	13,440	15,650
Cash and money market	<u>108,832</u>	<u>3,721</u>
Subtotal	1,182,511	727,642
Less amounts included in cash	<u>(108,832)</u>	<u>(3,721)</u>
Total	<u>\$1,073,680</u>	<u>\$ 723,921</u>

Total return on investments as of June 30 is summarized as follows:

	Without Donor	<u>With Donor Restriction</u>		
<u>2020</u>	<u>Restriction</u>	<u>specific purpose</u>	<u>in perpetuity</u>	<u>Total</u>
Interest and dividends	4,015	14,021	249	18,285
Net investment gain	<u>2,211</u>	<u>7,915</u>	<u>103</u>	<u>10,229</u>
	<u>6,226</u>	<u>21,936</u>	<u>352</u>	<u>28,514</u>
Withdrawals in accordance with spending policy	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (352)</u>	<u>\$ (352)</u>
<u>2019</u>				
Interest and dividends	3,947	11,189	309	15,445
Net investment gain	<u>8,594</u>	<u>11,942</u>	<u>291</u>	<u>20,827</u>
	<u>12,541</u>	<u>23,131</u>	<u>600</u>	<u>36,272</u>
Withdrawals in accordance with spending policy	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (600)</u>	<u>\$ (600)</u>

FASB Accounting Standards Codification Topic 820-10 *Fair Value Measurements* defines fair value, requires expanded disclosures about fair value measurements, and establishes a three-level hierarchy for fair value measurements based on the observable inputs to the valuation of an asset or liability at the measurement date. Fair value is defined as 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. It prioritizes the inputs to the valuation techniques used to measure fair value by giving the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurement).

PISCATAQUOG LAND CONSERVANCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 and 2019

Note 4. Investments (Continued)

Under Topic 820-10, the three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included in Level 1 that are either directly or indirectly observable for the assets or liabilities.

Level 3 inputs are unobservable inputs for the assets or liabilities.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

All investments are measured at Level 1. Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets. None of the investments are Level 2 or Level 3 investments.

The Organization maintains individual and pooled investments containing both restricted and unrestricted funds. Investment income, gains, losses, and management fees of any pool are allocated to activities based on each activity's pro-rata share (on dollar and time basis) in the pool. Investments in marketable equity securities and marketable debt securities are carried at fair market value determined by "quoted market prices" per unit (share) as of the balance sheet date. All other investments are stated at cost. Donated investments are recorded at the "fair market value" as of the date of receipt. Investment income, realized and unrealized gains, losses, dividends and interest unrestricted activities are recorded as operating activities. Investment interest and dividend income on restricted activities is added to, or deducted from, the appropriate activity.

Spending Policy/Distributions

Annually, at the end of each fiscal year, 2.5% to 3.5% of the average Investment Fund balance (for the 3 years ending the quarter prior to the fiscal year end) may be made available for the support of the mission of PLC In addition, certain expenses such as stewardship costs or specific fund objectives may result in cash draws. The Executive Director shall provide the Investment Manager with as much notice of such cash needs as is possible.

The Executive Director with Treasurer approval shall be authorized to make distributions as allowed under this investment policy. Any other withdrawals are subject to Board approval.

PISCATAQUOG LAND CONSERVANCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 and 2019

Note 5. Commitments and Contingencies

As of June 30, 2019, the Organization held ninety-six conservation easements covering approximately six thousand, two hundred and five acres. The Organization is committed to monitoring these properties in order to ensure that the conditions of the conservation easements are not violated. In the event that any violation of these easements is deemed to have occurred, the Organization is committed to bringing any and all actions necessary to bring remedy.

Note 6. Conservation Easement Donations

The value of donated conservation easements or bargain sale component of acquired conservation easements is reflected in the statement of financial position at a value of \$1 as management has made the determination that a conservation easement is not an asset, but rather a contingent liability.

During the year ended June 30, 2020 PLC acquired fourteen such conservation easements. Twelve of the easements were acquired from another non-profit organization and two were from individual donors. The easements acquired totaled approximately one thousand, one hundred and eighty-two acres.

Note 7. Retirement Plan

The PLC matches each dollar of an employee's documented contributions to a qualified retirement program, up to a maximum of 3% of salary for full-time employees, and 0%-2.0% of salary for part time employees. Employer contributions for the years ended June 30, 2020 and 2019 were \$3,681 and \$2,383, respectively.

Note 9. Rental Arrangement

The Organization entered a two-year lease beginning July 2019. Monthly rent is \$450 per month. Total rent related to this agreement was \$5,400 for the years ended June 30, 2020 and 2019, respectively.

Future required minimum payments are: 2021: \$5,400

Note 10. SBA Paycheck Protection Program Loan

On April 15, 2020 the Organization received approval of a loan from The U.S. Small Business Administration as part of the Paycheck Protection Program in the amount of \$27,400. This loan calls for interest fixed at 1%. No payments are required for six months from the date of the loan. This note will mature two years from the date of first disbursement of the loan. It is likely that this loan will be forgiven under the provisions of Section 1106 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (P.L. 116-136).

PISCATAQUOG LAND CONSERVANCY
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED JUNE 30, 2020 and 2019

Note 11. Net Assets with Donor Restrictions

Net assets subject to expenditure for specific purpose as of June 30:

	<u>2020</u>	<u>2019</u>
Conservation Land	\$ 2,465,458	\$ 1,745,554
Easement Stewardship Funds	274,619	242,158
BLT Easement Stewardship Fund	143,685	-
Conservation Defense Fund	80,538	65,753
Land Stewardship Fund	81,500	71,604
Horse Property	270	270
Sallada Education Fund	2,156	2,156
BLT Pulpit Rock Fund	13,112	-
BLT Land Protection Fund	87,428	-
Projects	183,916	162,751
Legacy Society Fund	1,239	1,239
	<u>3,333,921</u>	<u>2,291,485</u>

Net assets subject to restriction in perpetuity as of June 30:

French Operating Endowment	10,963	10,963
Forever Wild Endowment	5,018	5,018
Conservation Easements	96	82
	<u>16,077</u>	<u>16,063</u>

Total Net Assets with Donor Restrictions: \$ 3,349,998 \$ 2,307,548

Note 12. Board Designated Net Assets

Included in net assets without donor restriction are assets which have been designated by the Board of Directors for the support of the Organization's conservation activities.

These funds are held in cash and investments and consist of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Easement Stewardship Fund	\$ 42,342	\$ 42,342
Conservation Defense Fund	65,460	65,460
Land Protection Fund	1,028	1,028
	<u>\$ 108,830</u>	<u>\$ 108,830</u>

PISCATAQUOG LAND CONSERVANCY
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED JUNE 30, 2020 and 2019

Note 13. Liquidity and Availability of Financial Assets

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization's primary source of support is contributions. Most of that support is held for the purpose of supporting the Organization's budget. The Organization also raises funds to complete conservation projects. This support is held for the purpose of maintaining current and future conservation properties. The Organization has the following financial assets that could readily be made available within one year to fund expenses without limitations:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents, without restriction	\$233,709	\$184,846
Investments, without restriction	233,254	192,027
Accounts and grants receivable, current portion	<u>42,734</u>	<u>30,108</u>
	<u>\$509,697</u>	<u>\$406,981</u>

Note 14. Bedford Land Trust Merger

During the year ended June 30, 2020 the Organization acquired the assets of Bedford Land Trust (a non-profit organization). The assets acquired are listed below and are included in the statement of activities and changes in net assets.

Cash and investments	
Unrestricted	\$ 93,818
Stewardship fund	143,685
Pulpit Rock fund	13,112
Land Protection fund	<u>87,428</u>
Subtotal	338,043
Conservation land	138,000
Conservation easements	<u>12</u>
Total	<u>\$ 476,055</u>

PISCATAQUOG LAND CONSERVANCY
STATEMENT OF FINANCIAL POSITION DETAILED
June 30, 2020 With Comparative Totals for June 30, 2019

	Net Assets Without Donor Restrictions			Net Assets With Donor Restrictions				Total 2020	Total 2019
	Undesignated By Board	Designated By Board	Subtotal	Land	Projects and Funds	Restricted In Perpetuity	Subtotal		
ASSETS									
CURRENT ASSETS									
Cash and cash equivalents	\$ 233,709	\$ -	\$ 233,709	\$ -	\$ -	5,018	5,018	\$ 238,727	\$ 189,864
Investments	124,424	108,830	233,254	-	829,463	10,963	840,426	1,073,680	723,921
Accounts receivable	3,734	-	3,734	-	-	-	-	3,734	-
Grants receivable, current portion	-	-	-	-	39,000	-	39,000	39,000	30,108
Prepaid expenses	427	-	427	-	-	-	-	427	1,011
Total Current Assets	<u>362,294</u>	<u>108,830</u>	<u>471,124</u>	<u>-</u>	<u>868,463</u>	<u>15,981</u>	<u>884,444</u>	<u>1,355,568</u>	<u>944,904</u>
PROPERTY AND EQUIPMENT, at cost									
Land	-	-	-	2,465,458	-	-	2,465,458	2,465,458	1,745,554
Equipment	16,119	-	16,119	-	-	-	-	16,119	16,119
	16,119	-	16,119	2,465,458	-	-	2,465,458	2,481,577	1,761,673
Less accumulated depreciation	15,895	-	15,895	-	-	-	-	15,895	15,651
	<u>224</u>	<u>-</u>	<u>224</u>	<u>2,465,458</u>	<u>-</u>	<u>-</u>	<u>2,465,458</u>	<u>2,465,682</u>	<u>1,746,022</u>
OTHER ASSETS									
Grants receivable, less current portion	-	-	-	-	-	-	-	-	10,000
Conservation easements	-	-	-	-	-	96	96	96	82
Deposits	50	-	50	-	-	-	-	50	50
Total Other Assets	<u>50</u>	<u>-</u>	<u>50</u>	<u>-</u>	<u>-</u>	<u>96</u>	<u>96</u>	<u>146</u>	<u>10,132</u>
Total Assets	<u>362,568</u>	<u>108,830</u>	<u>471,398</u>	<u>2,465,458</u>	<u>868,463</u>	<u>16,077</u>	<u>3,349,998</u>	<u>3,821,396</u>	<u>2,701,058</u>
LIABILITIES AND NET ASSETS									
CURRENT LIABILITIES									
Accounts payable	658	-	658	-	-	-	-	658	4,758
Accrued expenses	9,219	-	9,219	-	-	-	-	9,219	7,883
Total Current Liabilities	<u>9,877</u>	<u>-</u>	<u>9,877</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,877</u>	<u>12,641</u>
OTHER ASSETS									
SBA Paycheck Protection Program Loan	27,400	-	27,400	-	-	-	-	27,400	-
NET ASSETS	<u>325,291</u>	<u>108,830</u>	<u>434,121</u>	<u>2,465,458</u>	<u>868,463</u>	<u>16,077</u>	<u>3,349,998</u>	<u>3,784,119</u>	<u>2,688,417</u>
Total Liabilities and Net Assets	<u>\$ 362,568</u>	<u>\$ 108,830</u>	<u>\$ 471,398</u>	<u>\$ 2,465,458</u>	<u>\$ 868,463</u>	<u>\$ 16,077</u>	<u>\$ 3,349,998</u>	<u>\$ 3,821,396</u>	<u>\$ 2,701,058</u>

See Independent Auditor's Report and Report on Supplemental Information