

**Land Trust of Darien, Inc.**

**Financial Statements**

**June 30, 2017**



Land Trust of Darien, Inc.

Table of Contents

	Page
Report of Independent Auditor	1
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Statements of Functional Expenses	6
Notes to Financial Statements	7



Knight • Rolleri • Sheppard, CPAS, LLP  
Michael J. Knight, CPA, CVA, CFE, ABV  
John M. Rolleri, CPA, CFE  
Ryan C. Sheppard, CPA, CFF

## **REPORT OF INDEPENDENT AUDITOR**

To the Board of Trustees of the  
Land Trust of Darien, Inc.

We have audited the accompanying financial statements of Land Trust of Darien, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, cash flows and functional expenses for the years 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 audits. We conducted our audits 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 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 audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Land Trust of Darien, Inc. as of June 30, 2017 and 2016, 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.

***Knight Rolleri Sheppard CPAS, LLP***

Knight Rolleri Sheppard CPAS, LLP  
Fairfield, Connecticut  
August 22, 2017

**Land Trust of Darien, Inc.**  
**Statements of Financial Position**  
**June 30, 2017 and 2016**

	June 30, 2017		June 30, 2016			
	Unrestricted	Permanently Restricted	Total	Unrestricted	Permanently Restricted	Total
<b>Assets:</b>						
<b>Current assets:</b>						
Cash and equivalents	\$ 358,495	\$ -	\$ 358,495	\$ 450,556	\$ -	\$ 450,556
Promises to give, net	1,750	33,333	35,083	-	33,333	33,333
Investments	1,027,422	-	1,027,422	1,023,300	-	1,023,300
Prepaid and other current assets	1,697	-	1,697	1,720	-	1,720
Total current assets	1,389,364	33,333	1,422,697	1,475,576	33,333	1,508,909
<b>Noncurrent assets:</b>						
Promises to give, net	-	93,999	93,999	-	123,332	123,332
Land and conservation easements	2,127,659	27,592,412	29,720,071	1,950,000	25,147,113	27,097,113
Total noncurrent assets	2,127,659	27,686,411	29,814,070	1,950,000	25,270,445	27,220,445
Total assets	\$ 3,517,023	\$ 27,719,744	\$ 31,236,767	\$ 3,425,576	\$ 25,303,778	\$ 28,729,354
<b>Liabilities and net assets:</b>						
<b>Current liabilities:</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ 2,725	\$ -	\$ 2,725
Land and conservation easement acquisition payable	-	33,333	33,333	-	33,333	33,333
Other accrued liabilities	81,496	-	81,496	37,552	-	37,552
Total current liabilities	81,496	33,333	114,829	40,277	33,333	73,610
<b>Long-term liabilities:</b>						
Land and conservation easement acquisition payable	-	93,999	93,999	-	123,332	123,332
Total long-term liabilities	-	93,999	93,999	-	123,332	123,332
Total liabilities	81,496	127,332	208,828	40,277	156,665	196,942
<b>Net assets:</b>						
For general mission activities of the organization	1,307,868	-	1,307,868	1,435,299	-	1,435,299
Land and conservation easements	2,127,659	27,592,412	29,720,071	1,950,000	25,147,113	27,097,113
Total net assets	3,435,527	27,592,412	31,027,939	3,385,299	25,147,113	28,532,412
Total liabilities and net assets	\$ 3,517,023	\$ 27,719,744	\$ 31,236,767	\$ 3,425,576	\$ 25,303,778	\$ 28,729,354

See report of independent auditor and notes to financial statements.

**Land Trust of Darien, Inc.**  
**Statements of Activities**  
**For the Years Ended June 30, 2017 and 2016**

	June 30, 2017			June 30, 2016				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenues, gains and other support:</b>								
Membership	\$ 175,169	\$ -	\$ -	\$ 175,169	\$ 158,431	\$ -	\$ -	\$ 158,431
Land gifts	-	-	1,945,299	1,945,299	-	-	-	-
Donations restricted for land acquisition and conservation easements	-	510,390	-	510,390	-	-	1,661,229	1,661,229
Contributions and grants	10,448	-	-	10,448	16,960	-	-	16,960
Investment income, including realized and unrealized gains	12,470	(10,390)	-	2,080	24,576	-	-	24,576
Special events and other income	45,400	-	-	45,400	26,930	-	-	26,930
Net assets released from restriction:								
Land acquisition costs	-	(500,000)	500,000	-	-	-	-	-
Equipment for land maintenance	-	-	-	-	4,451	(4,451)	-	-
Total revenues, gains and other support	243,487	-	2,445,299	2,688,786	231,348	(4,451)	1,661,229	1,888,126
<b>Expenses:</b>								
Land trust program services	156,021	-	-	156,021	160,868	-	-	160,868
Management and general	21,282	-	-	21,282	19,084	-	-	19,084
Fund raising and development	15,956	-	-	15,956	14,899	-	-	14,899
Total expenses	193,259	-	-	193,259	194,851	-	-	194,851
<b>Change in net assets</b>	50,228	-	2,445,299	2,495,527	36,497	(4,451)	1,661,229	1,693,275
<b>Net assets at beginning of year</b>	3,385,299	-	25,147,113	28,532,412	3,348,802	4,451	23,485,884	26,839,137
<b>Net assets at end of year</b>	\$ 3,435,527	\$ -	\$ 27,592,412	\$ 31,027,939	\$ 3,385,299	\$ -	\$ 25,147,113	\$ 28,532,412

See report of independent auditor and notes to financial statements.

**Land Trust of Darien, Inc.**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 2,495,527	\$ 1,693,275
Adjustments to reconcile change in net assets to cash provided by (used) operating activities:		
(Increase) decrease promises to give	27,583	(156,665)
Decrease in prepaid and other current assets	23	7,570
Decrease in restricted cash	-	14,091
Increase (decrease) in accounts payable	(2,725)	1,623
Increase (decrease) in land conservation easement payable	(29,333)	156,665
Increase in other accrued liabilities	43,944	5,353
Realized and unrealized (gains) losses on investments	26,063	(6,730)
Land gift	(1,945,299)	-
Contributions restricted for land and conservation easement acquisition	(510,390)	(1,661,229)
Total adjustments	<u>(2,390,134)</u>	<u>(1,639,322)</u>
Net cash provided by operating activities	<u>105,393</u>	<u>53,953</u>
<b>Cash flows from investing activities:</b>		
Land and conservation easement acquisition	(677,659)	(1,661,229)
Gross proceeds from sale of donated stock	500,009	758,608
Cost basis of donated stock sold	(510,390)	(756,667)
Purchase of investments	(9,414)	(8,740)
Net cash used by investing activities	<u>(697,454)</u>	<u>(1,668,028)</u>
<b>Cash flows from financing activities:</b>		
Proceeds of restricted gifts used for land and conservation easement acquisition	500,000	1,661,229
Net cash provided by investing activities	<u>500,000</u>	<u>1,661,229</u>
Net increase (decrease) in cash and cash equivalents	<u>(92,061)</u>	<u>47,154</u>
<b>Cash and cash equivalents, July 1</b>	<u>450,556</u>	<u>403,402</u>
<b>Cash and cash equivalents, June 30</b>	<u>\$ 358,495</u>	<u>\$ 450,556</u>
<b>Noncash Information:</b>		
Donated land gifts	<u>\$ 1,945,299</u>	<u>\$ -</u>

See report of independent auditor and notes to financial statements.

**Land Trust of Darien, Inc.**  
**Statements of Functional Expenses**  
**For the Years Ended June 30, 2017 and 2016**

	June 30, 2017			June 30, 2016				
	Land Trust Program Services	Management and General	Fund Raising and Development	Total	Land Trust Program Services	Management and General	Fund Raising and Development	Total
Salaries and payroll taxes	\$ 43,117	\$ 8,623	\$ 5,748	\$ 57,488	\$ 38,523	\$ 7,705	\$ 5,136	\$ 51,364
Stewardship and other maintenance	39,613	-	-	39,613	64,349	-	-	64,349
Publicity and web-site	44,391	2,336	-	46,727	34,363	1,809	-	36,172
Office and administration	12,650	1,488	744	14,882	11,494	1,352	676	13,522
Professional fees	-	7,650	-	7,650	370	7,030	-	7,400
Rent	5,400	1,080	720	7,200	5,400	1,080	720	7,200
Development	-	-	8,699	8,699	-	-	8,321	8,321
Insurance	4,995	-	-	4,995	4,826	-	-	4,826
Dues and subscriptions	2,200	-	-	2,200	1,760	-	-	1,760
Land acquisition costs (refund)	3,500	-	-	3,500	(761)	-	-	(761)
Conferences and education	-	-	-	-	385	-	-	385
Miscellaneous	155	105	45	305	159	108	46	313
<b>Total expenses</b>	<b>\$ 156,021</b>	<b>\$ 21,282</b>	<b>\$ 15,956</b>	<b>\$ 193,259</b>	<b>\$ 160,868</b>	<b>\$ 19,084</b>	<b>\$ 14,899</b>	<b>\$ 194,851</b>

See report of independent auditor and notes to financial statements.



**Land Trust of Darien, Inc.**  
**Notes to Financial Statements**  
**June 30, 2017**  
**(See Report of Independent Auditor)**

**NOTE 1 - ORGANIZATION**

The Land Trust of Darien, Inc., (the “Land Trust”), is a non-stock corporation located in Darien, Connecticut, founded in 1960. The Land Trust permanently preserves and restores open space, providing the community with environmentally rich habitats, scenic vistas, opportunities for educational experiences and the quiet enjoyment of nature. Preservation of open space benefits the community by adding to quality of life values for the residents of the Town of Darien, while preserving precious natural habitats and the rural character of the town for future generations.

The Land Trust owns or has conservation easements over approximately 200 acres in Darien. These comprise diverse natural habitats such as inland wetlands, tidal salt marshes, meadow habitats and upland forests. Some of the more significant Land Trust properties include: meadow properties at Mather Meadows, Waterbury Field, Tokeneke Trail, Nearwater Lane and Molly Lane; coastal properties surrounding Holly Pond, Scott’s Cove and the Goodwives River; nature preserves at Olson Woods, Tokeneke Trail and Dunlap Woods; and inland wetlands at Valley Forge and along the Five Mile River.

In recent years the Land Trust has developed educational programs in conjunction with the Darien Nature Center utilizing certain Land Trust open spaces. These programs include field trips that are science-curriculum based and give school children valuable learning experiences. These programs are designed to encourage young people to develop an appreciation and understanding of the natural habitats of Darien and hopefully become future stewards of these and other preserved lands.

The Land Trust amended the Articles of Incorporation in September, 2016 to reflect the acquisition of a parcel of land in Norwalk. This property was part of the original Mather Homestead and is adjacent to the Mather Meadows that the Darien Land Trust currently owns. The Articles of Incorporation were amended to enable the preservation and conservation of this important parcel of land.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Financial Statement Presentation**

The Land Trust prepares its financial statements using guidelines established under Statement on Financial Accounting Standard Codification 958. This standard requires that a non-profit organization provide information regarding the net assets of the organization based on the existence or absence of donor-imposed restrictions. The types of restrictions are described as follows:

Permanently restricted net assets - The part of the net assets of a not-for-profit organization resulting from contributions and other inflows of assets whose use by the organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization.

**Land Trust of Darien, Inc.**  
**Notes to Financial Statements**  
**June 30, 2017**  
**(See Report of Independent Auditor)**

Temporarily restricted net assets - The part of net assets of a not-for-profit organization resulting from contributions and other inflows of assets whose use by the organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the organization pursuant to those stipulations.

Unrestricted net assets- Unrestricted net assets are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and application for tax-exempt status.

### **Contributions and Land Gifts**

The Land Trust reports gifts of cash and other assets as restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to either unrestricted or permanently restricted net assets and reported in the statement of activities as net assets released from restrictions. When the Land Trust meets donor imposed restrictions on all or a portion of the restricted gift within the same reporting period, the contribution is recorded as unrestricted support.

The Land Trust records land at cost or fair value at the date of acquisition if received by gift. Conservation easements are recorded at cost. No value is assigned to conservation easements that are donated to the Land Trust. All gifts of land and land interests meeting restricted criteria as set forth above are recorded as permanently restricted assets, unless specifically excluded by the donor.

Conservation easements are comprised of listed rights and/or restriction over the owned property that are conveyed by a property owner to the Land Trust, almost always in perpetuity, in order to protect the owned property as a significant natural area, as defined by federal regulations.

### **Promises to Give**

Promises to give are stated at cost net of an allowance for doubtful accounts and valuation discount. The Land Trust estimates the allowance based on its historical experience of the relationship between actual bad debts and receivables. No allowance for uncollectable accounts is required as management believes all promises are fully collectible and there is no history of uncollectible promises that warrant a reserve. Promises to give expected to be received over multiple years are discounted at the Land Trust savings rate which is assumed to be 3%.

### **Use of Estimates**

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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. These assumptions include estimates of land valuations,

**Land Trust of Darien, Inc.**  
**Notes to Financial Statements**  
**June 30, 2017**  
**(See Report of Independent Auditor)**

depreciable lives of long-lived assets, and allocation of functional expenses to name a few. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Land Trust considers all highly liquid debt instruments purchased with maturity of three months or less to be cash equivalents. The Land Trust may at times maintain a portion of its cash in bank accounts in excess of FDIC insured amounts. Accounts are guaranteed by the FDIC up to \$250,000. As of June 30, 2017, the Land Trust had no uninsured cash balances. The Land Trust has not experienced any losses in such accounts and believes it is not exposed to any significant risk in maintaining accounts with these financial institutions.

**Fair Value of Financial Instruments**

The Land Trust uses Statement of Financial Accounting Standards Codification 820, Fair Value Measurements of investments. This standard establishes a fair value hierarchy that prioritizes 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*

Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted instruments;

*Level 2 Inputs*

Quoted prices for similar instruments in active markets or quoted prices for similar instruments in markets that are not active whose inputs are observable, either directly or indirectly;

*Level 3 Inputs*

Prices or valuations that require inputs that are both significant to the fair value and unobservable.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The input or methodology used for valuation of securities is not necessarily an indication of the risk associated with investing in those securities.

The Land Trust has no financial instruments that are valued at level 2 or 3 inputs.

**Land Trust of Darien, Inc.**  
**Notes to Financial Statements**  
**June 30, 2017**  
**(See Report of Independent Auditor)**

**Office Equipment and Other Depreciable Assets**

Office equipment and other depreciable assets 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. Depreciation is provided on the straight-line method for both financial and tax reporting purposes over the estimated useful lives of the related assets of three to seven years.

**Tax Exempt Status**

The Land Trust is a not-for-profit corporation and has been recognized as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and accordingly does not record a provision for income taxes on its related earnings.

Annual informational tax returns filed for periods ending June 30, 2015 and subsequent remain subject to examination by applicable taxing authorities.

**Functional Expenses**

Functional expenses have been allocated between program and supporting services based primarily upon an analysis of personnel and their function and responsibility within the Land Trust. Certain costs are directly attributable to a single functional expense.

**Risk Concentration**

The Land Trust receives the majority of its support from individuals and other organizations located within Darien, Connecticut and surrounding communities.

**NOTE 3 – LAND AND GIFT RESTRICTED FOR LAND ACQUISITION**

During 2017 The Land Trust received a gift of \$510,390 restricted for the purchase of land. The land was purchased and the asset resides in the permanently restricted fund. In addition, the Land Trust received two land gifts valued at \$1,945,299, which have been recorded in the permanently restricted fund.

For the year ended June 30, 2016 the Land Trust received \$1,661,229 from several donors to fund the acquisition of a conservation easement. The easement is recorded at cost in the statement of financial position under land and conservation easements. The appraised value of the easement exceeded the cost. The easement was purchased from a related party. See Note 6.

**Land Trust of Darien, Inc.**  
**Notes to Financial Statements**  
**June 30, 2017**  
**(See Report of Independent Auditor)**

**NOTE 4 – PROMISES TO GIVE**

As of June 30, 2017 and 2016, contributors to the Land Trust have unconditionally promised to give \$135,332 and \$166,665, respectively. Long-term promises have been discounted at 3%. The promised contributions are due as follows:

	<u>2017</u>	<u>2016</u>
Within one year	\$ 35,083	\$ 33,333
One to five years	99,999	133,332
More than five years	-	-
Subtotal	<u>135,082</u>	<u>166,665</u>
Less: present value component	(6,000)	(10,000)
Less: allowance for doubtful accounts	-	-
Promises to give, net	<u>\$ 129,082</u>	<u>\$ 156,665</u>

**NOTE 5 – INVESTMENTS**

The Land Trust carries its investments at fair value using valuations from publicly quoted sources for investment securities or level 1 observable inputs as defined under Statement on Financial Accounting Codification 820. As of June 30, 2017 and 2016 the Land Trust held the following investments:

	<u>2017</u>		<u>2016</u>	
	Fair Value	Cost	Fair Value	Cost
Mutual Funds				
Closed end fixed income funds	\$ 472,210	\$ 470,159	\$ 475,708	\$ 470,159
Fixed income	555,212	550,555	547,592	541,140
	<u>\$ 1,027,422</u>	<u>\$ 1,020,714</u>	<u>\$ 1,023,300</u>	<u>\$ 1,011,299</u>

**NOTE 6 – RELATED PARTY TRANSACTION**

In 2016 the Land Trust acquired a conservation easement from the president of the Land Trust for \$1,661,229. The conservation easement was valued by an independent appraiser in excess of the acquisition cost. (See Note 3) The president of the Land Trust recused himself from all discussions regarding the acquisition of the conservation easement.

**Land Trust of Darien, Inc.**  
**Notes to Financial Statements**  
**June 30, 2017**  
**(See Report of Independent Auditor)**

**NOTE 7 - DONATED SERVICES**

As defined under Financial Accounting Standard Codification 958 donated services are recognized as contributions if the services create or enhance non-financial assets or require specialized skills, are performed by individuals with those skills, and would be otherwise purchased by the Land Trust. No amounts have been recognized in the statement of activities because the criteria for recognition under Financial Accounting Standard Codification 958 have not been satisfied.

The Land Trust receives a significant amount of donated services from unpaid volunteers who assist in its day-to-day operations. The Land Trust estimates that it receives in excess of 1,250 volunteer hours on an annual basis. It should be noted that the Land Trust would not be able to operate without the generous support from volunteers.

**NOTE 8 -LEASE COMMITMENT**

The Land Trust leases its office space under non-cancellable lease arrangement. Lease expense for the years ended June 30, 2017 and 2016 was \$7,200 and \$7,200, respectively. The Land Trust lease expires on September 1, 2019. Lease commitments are as follows:

<u>Year ended June 30,</u>	
2018	\$ 7,200
2019	7,200
2020	1,200
2021	-
2022	-
Thereafter	-
	<u>\$ 15,600</u>

**NOTE 9 - SUBSEQUENT EVENTS**

In accordance with FASB Accounting Standards Codification 855, Subsequent Events, the Land Trust has evaluated subsequent events to the Statement of Financial Position date of June 30, 2017 through August 22, 2017, which is the date the financial statements were available to be issued. Management has determined that there are no subsequent events that require disclosure.