

Land Trust of Darien, Inc.

Financial Statements

June 30, 2019



Land Trust of Darien, Inc.

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Knight • Rolleri • Sheppard, CPAS, LLP
Michael J. Knight, CPA, CVA, CFE, ABV
John M. Rolleri, CPA, CFE
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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, 2019 and 2018, 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, 2019 and 2018, 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
October 16, 2019

Land Trust of Darien, Inc.
Statements of Financial Position
June 30, 2019 and 2018

	<u>June 30, 2019</u>			<u>June 30, 2018</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Assets:						
Current assets:						
Cash and equivalents	\$ 311,379	\$ -	\$ 311,379	\$ 336,277	\$ -	\$ 336,277
Promises to give and other receivables	1,796	38,333	40,129	6,875	38,333	45,208
Investments	1,060,464	-	1,060,464	1,022,675	-	1,022,675
Prepaid and other current assets	1,757	-	1,757	15,725	-	15,725
Total current assets	<u>1,375,396</u>	<u>38,333</u>	<u>1,413,729</u>	<u>1,381,552</u>	<u>38,333</u>	<u>1,419,885</u>
Noncurrent assets:						
Promises to give	-	32,333	32,333	-	63,666	63,666
Land and conservation easements	2,127,658	28,954,413	31,082,071	2,127,658	27,592,413	29,720,071
Total noncurrent assets	<u>2,127,658</u>	<u>28,986,746</u>	<u>31,114,404</u>	<u>2,127,658</u>	<u>27,656,079</u>	<u>29,783,737</u>
Total assets	<u>\$ 3,503,054</u>	<u>\$ 29,025,079</u>	<u>\$ 32,528,133</u>	<u>\$ 3,509,210</u>	<u>\$ 27,694,412</u>	<u>\$ 31,203,622</u>
Liabilities and net assets:						
Current liabilities:						
Accounts payable and accrued liabilities	\$ 28,150	\$ -	\$ 28,150	\$ 28,017	\$ -	\$ 28,017
Interfund payable (receivable)	(5,000)	5,000	-	(5,000)	5,000	-
Land and conservation easement acquisition payable	-	33,333	33,333	-	33,333	33,333
Total current liabilities	<u>23,150</u>	<u>38,333</u>	<u>61,483</u>	<u>23,017</u>	<u>38,333</u>	<u>61,350</u>
Long-term liabilities:						
Land and conservation easement acquisition payable	-	32,333	32,333	-	63,666	63,666
Total long-term liabilities	<u>-</u>	<u>32,333</u>	<u>32,333</u>	<u>-</u>	<u>63,666</u>	<u>63,666</u>
Total liabilities	<u>23,150</u>	<u>70,666</u>	<u>93,816</u>	<u>23,017</u>	<u>101,999</u>	<u>125,016</u>
Net assets:						
Undesignated	1,352,246	-	1,352,246	1,358,535	-	1,358,535
Land and conservation easements	2,127,658	-	2,127,658	2,127,658	-	2,127,658
Perpetual in nature	-	28,954,413	28,954,413	-	27,592,413	27,592,413
Total net assets	<u>3,479,904</u>	<u>28,954,413</u>	<u>32,434,317</u>	<u>3,486,193</u>	<u>27,592,413</u>	<u>31,078,606</u>
Total liabilities and net assets	<u>\$ 3,503,054</u>	<u>\$ 29,025,079</u>	<u>\$ 32,528,133</u>	<u>\$ 3,509,210</u>	<u>\$ 27,694,412</u>	<u>\$ 31,203,622</u>

See report of independent auditor and notes to financial statements.

Land Trust of Darien, Inc.
Statements of Activities
For the Years Ended June 30, 2019 and 2018

	June 30, 2019			June 30, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:						
Membership	\$ 150,713	\$ -	\$ 150,713	\$ 190,518	\$ -	\$ 190,518
Land gift	-	1,362,000	1,362,000	-	-	-
Donations restricted for land acquisition and conservation easements	-	-	-	-	-	-
Donations restricted for fish ladder	-	-	-	-	100,000	100,000
Contributions and grants	2,027	-	2,027	13,198	-	13,198
Investment income, including realized and unrealized gains (losses)	53,588	-	53,588	4,973	-	4,973
Special events and other income	46,450	-	46,450	44,900	-	44,900
Net assets released from restriction:						
Fish ladder donation	-	-	-	100,000	(100,000)	-
Total revenues, gains and other support	<u>252,778</u>	<u>1,362,000</u>	<u>1,614,778</u>	<u>353,589</u>	<u>-</u>	<u>353,589</u>
Expenses:						
Land trust program services	216,751	-	216,751	259,587	-	259,587
Management and general	23,176	-	23,176	21,494	-	21,494
Fund raising and development	19,140	-	19,140	21,842	-	21,842
Total expenses	<u>259,067</u>	<u>-</u>	<u>259,067</u>	<u>302,923</u>	<u>-</u>	<u>302,923</u>
Change in net assets	<u>(6,289)</u>	<u>1,362,000</u>	<u>1,355,711</u>	<u>50,666</u>	<u>-</u>	<u>50,666</u>
Net assets at beginning of year	3,486,193	27,592,413	31,078,606	3,435,527	27,592,413	31,027,940
Net assets at end of year	<u>\$ 3,479,904</u>	<u>\$ 28,954,413</u>	<u>\$ 32,434,317</u>	<u>\$ 3,486,193</u>	<u>\$ 27,592,413</u>	<u>\$ 31,078,606</u>

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, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 1,355,711	\$ 50,666
Adjustments to reconcile change in net assets to cash provided by (used) operating activities:		
Decrease in promises to give and other receivables	36,412	20,208
(Increase) / decrease in prepaid and other current assets	13,968	(14,027)
Increase / (decrease) in accounts payable and accrued liabilities	133	(53,479)
Decrease in land conservation easement payable	(31,333)	(30,333)
Realized and unrealized gains/(losses) on investments	(25,023)	14,715
Land gift	(1,362,000)	-
Total adjustments	(1,367,843)	(62,916)
Net cash used by operating activities	(12,132)	(12,250)
 Cash flows from investing activities:		
Gross proceeds from sale of donated stock	3,250	8,647
Cost basis of donated stock sold	(3,339)	(8,775)
Purchase of investments	(12,677)	(9,840)
Net cash used by investing activities	(12,766)	(9,968)
 Net decrease in cash and cash equivalents	(24,898)	(22,218)
 Cash and cash equivalents, July 1	336,277	358,495
Cash and cash equivalents, June 30	\$ 311,379	\$ 336,277
 Noncash Information:		
Donated land gift	\$ 1,362,000	\$ -

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, 2019 and 2018

	June 30, 2019				June 30, 2018			
	Land Trust Program Services	Management and General	Fund Raising and Development	Total	Land Trust Program Services	Management and General	Fund Raising and Development	Total
Conferences and education	\$ 2,077	\$ -	\$ -	\$ 2,077	\$ -	\$ -	\$ -	\$ -
Development	-	-	10,730	10,730	-	-	14,440	14,440
Donation for fish ladder	-	-	-	-	100,000	-	-	100,000
Dues and subscriptions	2,876	-	-	2,876	2,300	-	-	2,300
Insurance	5,176	-	-	5,176	5,051	-	-	5,051
Land acquisition costs (refund)	-	-	-	-	(3,576)	-	-	(3,576)
Miscellaneous	180	124	53	356	210	141	61	412
Office and administration	14,706	1,730	865	17,301	11,555	1,359	680	13,594
Professional fees	-	7,750	-	7,750	-	7,900	-	7,900
Publicity and web-site	44,338	2,334	-	46,672	39,938	2,102	-	42,040
Rent	5,850	1,170	780	7,800	5,400	1,080	720	7,200
Salaries and payroll taxes	50,347	10,069	6,712	67,128	44,558	8,912	5,941	59,411
Stewardship and other maintenance	91,201	-	-	91,201	54,151	-	-	54,151
Total expenses	\$ 216,751	\$ 23,176	\$ 19,140	\$ 259,067	\$ 259,587	\$ 21,494	\$ 21,842	\$ 302,923

See report of independent auditor and notes to financial statements.

Land Trust of Darien, Inc.
Notes to Financial Statements
June 30, 2019
(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 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation

The financial statements of the Land Trust have been prepared in accordance with generally accepted accounting principles (GAAP). Accordingly, the accounts of the Land Trust are reported by net asset category. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has

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elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contributions and Land Gifts

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

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.

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, 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, 2019, 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.

Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. We determine the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a

Land Trust of Darien, Inc.
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review of subsequent collections. As of June 30, 2019 the Land Trust has not provided any allowance for uncollectable promises to give as the write-off history does not warrant any provision.

Functional Expenses

The Land Trust allocates its expenses on a functional basis among its program and support services. Expenses that can be specifically identified with a program or support service are allocated directly according to their natural classifications. Other expenses that are common to several functions are allocated based upon estimates made by management using various methods such as payroll.

Investments

Marketable investments in mutual funds are carried at fair value based upon quoted market prices, which are level 1 inputs as defined. (Note 4)

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. All office equipment and other depreciable assets are fully depreciated as of June 30, 2019 and 2018.

Fundraising Costs from Special Events

Expenses from special events were \$40,760 and \$40,280 in June 30, 2019 and 2018, respectively.

Subsequent Events

In accordance with FASB Accounting Standards Codification 855, Subsequent Events, the Organization has evaluated subsequent events to the Statement of Financial Position date of June 30, 2019 through October 16, 2019, which is the date the financial statements were available to be issued.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

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

NOTE 3 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor and other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and equivalents	\$ 311,379
Investments	<u>1,060,464</u>
	<u>\$ 1,371,843</u>

As part of our liquidity management plan, we invest cash in excess of daily requirements in short-term investments and money market funds.

NOTE 4 – FAIR VALUE MEASUREMENT

The Land Trust follows the guidance under Statement of Financial Accounting Standards Codification 820, Fair Value Measurements. 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 following is a description of the valuation methodologies used for assets measured at fair value:

Fixed Income Mutual Funds – This class includes primarily a short-term bond fund.

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Notes to Financial Statements
June 30, 2019

Exchange Traded Funds – This class includes primarily a short-term corporate bond exchange traded.

These are actively traded funds and are priced daily. There have been no changes in methodologies used at June 30, 2019.

The following table sets forth by level, within the fair value hierarchy, the Organization’s assets at fair value as of June 30, 2019 and 2018:

June 30, 2019

Description	Total	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments:				
Fixed income mutual Funds:				
Short-term bond	\$ 479,250	\$ 479,250	\$ -	\$ -
Exchange traded funds:				
Emerging markets	581,214	581,214	-	-
Total assets at fair value	<u>\$ 1,060,464</u>	<u>\$ 1,060,464</u>	<u>\$ -</u>	<u>\$ -</u>

June 30, 2018

Description	Total	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments:				
Fixed income mutual Funds:				
Short-term bond	\$ 464,991	\$ 464,991	\$ -	\$ -
Exchange traded funds				
Short-term bond	557,684	557,684	-	-
Total assets at fair value	<u>\$ 1,022,675</u>	<u>\$ 1,022,675</u>	<u>\$ -</u>	<u>\$ -</u>

Land Trust of Darien, Inc.
Notes to Financial Statements
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NOTE 5 – INCOME TAXES

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 and accordingly does not record a provision for income taxes on its related earnings.

As of June 30, 2019 the Land Trust’s information returns from June 30, 2017 and after remain open to regulatory examination.

NOTE 6 – LAND GIFT

During 2019 The Land Trust received a restricted land gift of \$1,362,000 which has been recorded in the permanently restricted fund.

NOTE 7 – PROMISES TO GIVE AND OTHER RECEIVABLES

As of June 30, 2019 and 2018, contributors to the Land Trust have unconditionally promised to give \$71,666 and \$104,999, respectively. Long-term promises have been discounted at 3%. The promised contributions are due as follows:

	<u>2019</u>	<u>2018</u>
Within one year	\$ 38,333	\$ 38,333
One to five years	33,333	66,666
More than five years	-	-
Subtotal	<u>71,666</u>	<u>104,999</u>
Less: present value component	(1,000)	(3,000)
Less: allowance for doubtful accounts	-	-
Promises to give, net	<u>\$ 70,666</u>	<u>\$ 101,999</u>

As of June 30, 2019 and 2018, the Land Trust also recorded additional receivables in the amount of \$1,796 and \$6,875 respectively.

NOTE 8 – 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, 2019 and 2018 the Land Trust held the following investments:

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	<u>2019</u>		<u>2018</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Exchanged traded fund -				
Short-term bond	\$ 479,250	\$ 470,159	\$ 464,991	\$ 470,159
Short-term bond fund	581,214	573,070	557,684	560,393
	<u>\$ 1,060,464</u>	<u>\$ 1,043,229</u>	<u>\$ 1,022,675</u>	<u>\$ 1,030,552</u>

NOTE 9 - NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restrictions are restricted for the following purpose or periods.

	<u>2019</u>	<u>2018</u>
Perpetual in nature:		
Land and conservation easements	<u>\$ 28,954,413</u>	<u>\$ 27,592,413</u>
	<u>\$ 28,954,413</u>	<u>\$ 27,592,413</u>

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose as are follows for the years ended June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Fish ladder donation	<u>\$ -</u>	<u>\$ 100,000</u>
	<u>\$ -</u>	<u>\$ 100,000</u>

NOTE 10 - 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.

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NOTE 11 – CONCENTRATIONS

A single fundraising event accounts for over 23% of gross revenues raised from fundraising activities.

NOTE 12 –LEASE COMMITMENT

The Land Trust leases its office space under non-cancellable lease arrangement. Lease expense for the years ended June 30, 2019 and 2018 was \$7,800 and \$7,200, respectively. The Land Trust lease expires on September 1, 2020. Lease commitments are as follows:

<u>Year ended June 30,</u>	
2020	\$ 7,200
2021	1,200
2022	-
2023	-
2024	-
Thereafter	-
	<u>\$ 8,400</u>