

**TEATOWN LAKE RESERVATION, INC.**

**Financial Statements  
for the year ended  
June 30, 2018  
(with summarized  
comparative information for 2017)**

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**CONDON  
O'MEARA  
MCGINTY &  
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**Independent Auditor's Report**

To the Board of Trustees of  
Teatown Lake Reservation, Inc.

We have audited the accompanying financial statements of Teatown Lake Reservation, Inc. 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 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 on the previous page present fairly, in all material respects, the financial position of Teatown Lake Reservation, Inc. as of June 30, 2018 and the results of its activities 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***

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

*Condon O'Meara McGinty + Donnelly LLP*

October 26, 2018

## TEATOWN LAKE RESERVATION, INC.

## Statement of Financial Position

## Assets

	<u>June 30</u>	
	<u>2018</u>	<u>2017</u>
<b>Current assets</b>		
Cash and cash equivalents	\$ 82,944	\$ 279,286
Investments, at fair value	3,854,094	4,069,645
Current portion of contributions receivable	417,333	55,000
Inventory, at cost	12,771	11,128
Prepaid expenses	<u>24,052</u>	<u>27,160</u>
Total current assets	4,391,194	4,442,219
Cash held for security deposits	9,297	10,121
Contributions receivable, net of current portion	450,000	66,000
Charitable remainder unitrust	157,372	153,112
Property and equipment, at cost, net	12,358,246	8,299,621
Intangible asset – easement	<u>-</u>	<u>175,000</u>
<b>Total assets</b>	<b><u>\$ 17,366,109</u></b>	<b><u>\$ 13,146,073</u></b>

## Liabilities and Net Assets

<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 73,092	\$ 75,517
Deferred revenue	371,037	359,993
Current portion of life estate payable	<u>13,393</u>	<u>12,224</u>
Total current liabilities	457,522	447,734
Life estate payable, net of current portion	111,717	125,110
Security deposits	<u>9,297</u>	<u>10,121</u>
Total liabilities	<u>578,536</u>	<u>582,965</u>
<b>Net assets</b>		
Unrestricted	13,637,009	10,083,090
Temporarily restricted	<u>3,150,564</u>	<u>2,480,018</u>
Total net assets	<u>16,787,573</u>	<u>12,563,108</u>
<b>Total liabilities and net assets</b>	<b><u>\$ 17,366,109</u></b>	<b><u>\$ 13,146,073</u></b>

See notes to financial statements.

## TEATOWN LAKE RESERVATION, INC.

Statement of Activities  
For the year ended June 30, 2018  
(With Summarized Comparative Information for the Year Ended June 30, 2017)

	<u>2018</u>			<u>2017</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
<b>Public support and revenue</b>				
Contributions				
Individuals	\$ 381,781	\$ 307,509	\$ 689,290	\$ 695,964
Corporate	34,497	-	34,497	33,044
Foundation	114,893	850,500	965,393	210,550
Government grants	85,531	30,000	115,531	85,531
Special events, net of direct donor benefits of \$44,304 in 2018 and \$26,923 in 2017	315,046	-	315,046	248,172
Plant sale – net	30,313	-	30,313	25,823
Membership dues	64,080	-	64,080	51,260
Educational services	613,600	-	613,600	622,713
Nature store and other	32,472	-	32,472	23,734
Rental property	150,660	-	150,660	146,220
Sponsorships	39,650	-	39,650	98,905
In-kind donations	4,237	-	4,237	27,443
Interest and dividends – net of fees	(1,762)	4,402	2,640	(8,466)
Net assets released from restrictions	<u>670,877</u>	<u>(670,877)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>2,535,875</u>	<u>521,534</u>	<u>3,057,409</u>	<u>2,260,893</u>
<b>Expenses</b>				
Program services	<u>2,011,068</u>	<u>-</u>	<u>2,011,068</u>	<u>1,795,688</u>
Supporting activities				
Management and general	365,813	-	365,813	345,850
Fund-raising	<u>307,656</u>	<u>-</u>	<u>307,656</u>	<u>276,963</u>
Total supporting activities	<u>673,469</u>	<u>-</u>	<u>673,469</u>	<u>622,813</u>
Total expenses	<u>2,684,537</u>	<u>-</u>	<u>2,684,537</u>	<u>2,418,501</u>
Increase (decrease) in net assets before other additions (deduction)	<u>(148,662)</u>	<u>521,534</u>	<u>372,872</u>	<u>(157,608)</u>
<b>Other additions (deduction)</b>				
Donated land, net	3,600,000	-	3,600,000	432,500
Unrealized gain on investments	9,314	79,059	88,373	398,698
Realized gain on sale of investments	134,200	65,693	199,893	35,954
Change in value of charitable remainder unitrust	-	4,260	4,260	10,558
Loss on disposal of assets	<u>(40,933)</u>	<u>-</u>	<u>(40,933)</u>	<u>-</u>
Total other additions (deduction)	<u>3,702,581</u>	<u>149,012</u>	<u>3,851,593</u>	<u>877,710</u>
Increase in net assets	<u>3,553,919</u>	<u>670,546</u>	<u>4,224,465</u>	<u>720,102</u>
Net assets, beginning of year	<u>10,083,090</u>	<u>2,480,018</u>	<u>12,563,108</u>	<u>11,843,006</u>
Net assets, end of year	<u>\$13,637,009</u>	<u>\$3,150,564</u>	<u>\$ 16,787,573</u>	<u>\$12,563,108</u>

See notes to financial statements.

**TEATOWN LAKE RESERVATION, INC.**

**Statement of Functional Expenses  
For the year ended June 30, 2018  
(With Summarized Comparative Information for the Year Ended June 30, 2017)**

	2018				2017		
	Program Services		Supporting Activities		Fund-raising	Management and General	Total
	Stewardship at Teatown	Regional Conservation	Total Program Services	Total			
Environmental Education							
Salaries and wages	\$ 640,542	\$ 270,492	\$ 67,608	\$ 978,642	\$ 189,081	\$ 130,711	\$ 1,298,434
Payroll taxes and benefits	126,670	33,347	8,910	168,927	19,767	26,743	215,437
Professional fees	16,514	41,418	10,771	68,703	40,915	39,172	148,790
Program and special events expenses	60,343	30,311	30,292	120,946	14,638	8,260	143,844
Accounting fees	-	-	-	-	-	24,500	24,500
Annual report	60	60	60	180	160	60	400
Bank charges	12,930	221	948	14,099	2,936	4,781	21,816
Board of Trustees expense	-	-	-	-	-	5,488	5,488
Charitable contributions	-	50,750	-	50,750	100	-	50,850
Cost of sales	10,051	3,350	-	13,401	-	-	13,401
Dues and subscriptions	586	1,500	-	2,086	795	-	4,206
Food	4,495	89	-	4,584	-	-	4,584
Insurance	49,898	26,952	-	76,850	-	17,588	94,438
Licenses and fees	1,165	1,805	1,495	4,465	10	3,001	7,476
Life estate expense	-	-	-	-	-	7,908	7,908
Newsletter	2,905	1,023	498	4,426	346	-	4,772
Office equipment leases	3,987	307	307	4,601	613	920	6,134
Payroll fees	-	-	-	-	-	5,405	5,405
Postage	1,242	249	219	1,710	2,000	1,070	4,780
Printing	1,960	1,216	3,818	6,994	10,521	-	17,515
Publicity	12,371	8,345	3,559	24,275	50	-	24,325
Real estate taxes	-	-	-	-	-	3,427	3,427
Repairs and maintenance	90,635	24,822	8,270	123,727	1,285	15,435	140,447
Sanitation	4,121	82	491	4,694	82	82	4,858
Security	1,365	480	15	1,860	29	480	2,369
Staff development	6,488	2,556	1,033	10,077	1,493	1,608	13,178
Supplies	5,459	544	549	6,552	13,782	1,126	21,460
Telephone	7,852	1,068	462	9,382	924	1,992	12,298
Travel	36,372	928	1,812	39,112	1,671	-	40,783
Utilities	35,335	4,812	906	41,053	1,208	11,645	53,906
Depreciation	150,087	54,198	17,510	221,795	3,057	53,086	277,938
Other	1,098	151	5,928	7,177	2,193	-	9,370
<b>Total</b>	<b>\$ 1,284,531</b>	<b>\$ 561,076</b>	<b>\$ 165,461</b>	<b>\$ 2,011,068</b>	<b>\$ 307,656</b>	<b>\$ 365,813</b>	<b>\$ 2,684,537</b>
							<b>\$ 2,418,501</b>

See notes to financial statements.

## TEATOWN LAKE RESERVATION, INC.

## Statement of Cash Flows

	Year Ended June 30	
	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities</b>		
Increase in net assets	\$ 4,224,465	\$ 720,102
Adjustments to reconcile increase in net assets to net cash (used in) operating activities		
Depreciation	277,938	266,212
Donated land, net	(3,600,000)	(432,500)
Donated stock	(17,535)	(118,290)
Proceeds from donated stock	17,535	118,290
Unrealized (gain) of investments	(88,373)	(398,698)
Realized (gain) on sale of investments	(199,893)	(35,954)
Loss on disposal of assets	40,933	-
Change in value of charitable remainder unitrust	(4,260)	(10,558)
(Increase) decrease in assets		
Contributions receivable	(746,333)	(60,218)
Inventory	(1,643)	(872)
Prepaid expenses	3,108	11,123
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(2,425)	(94,865)
Deferred revenue	11,044	(7,781)
Increase (decrease) in security deposits	(824)	563
Net cash (used in) operating activities	<u>(86,263)</u>	<u>(43,446)</u>
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	(603,296)	(158,203)
Proceeds from sale of assets	800	-
Proceeds from the sale of investments	834,716	361,522
Purchases of investments	(309,877)	(779,416)
Net change in cash equivalents in investment portfolio	<u>(21,022)</u>	<u>491,997</u>
Net cash (used in) investing activities	<u>(98,679)</u>	<u>(84,100)</u>
<b>Cash flows (used in) financing activities</b>		
Payments of life estate payable	<u>(12,224)</u>	<u>(11,456)</u>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(197,166)</b>	<b>(139,002)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b><u>289,407</u></b>	<b><u>428,409</u></b>
<b>Cash and cash equivalents, end of year</b>	<b><u>\$ 92,241</u></b>	<b><u>\$ 289,407</u></b>
<b>Cash and cash equivalents consist of:</b>		
Operations	\$ 82,944	\$ 279,286
Cash held for security deposits	<u>9,297</u>	<u>10,121</u>
Total	<u>\$ 92,241</u>	<u>\$ 289,407</u>

See notes to financial statements.

**TEATOWN LAKE RESERVATION, INC.****Notes to Financial Statements  
June 30, 2018****Note 1 – Nature of organization**

Teatown Lake Reservation, Inc. (the “Organization”) was incorporated in 1972 under Section 402 of the Not-for-Profit Corporation Law of the State of New York. The principal purpose of the Organization is to inspire the regional community to life-long environmental stewardship. The Organization is located in and conducts its activities in Westchester County, New York. The Organization is supported primarily by educational services revenues, individual and corporate donations, government and foundation grants, special events, and membership dues.

**Note 2 – Summary of significant accounting policies****Basis of presentation**

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

**Unrestricted**

Unrestricted net assets consist of amounts that are not subject to donor-imposed stipulations and are available for any purpose in performing the primary objectives of the Organization.

**Temporarily restricted**

Temporarily restricted net assets consist of amounts that are subject to donor-imposed stipulations that limit the use of the donated assets for specific program activities or relate to future periods.

**Permanently restricted net assets**

Permanently restricted net assets consist of amounts that are restricted by the donor to be kept by the Organization in perpetuity. As of June 30, 2018, the Organization had no permanently restricted net assets.

**Cash equivalents**

The Organization considers highly liquid assets with original maturities of ninety days or less at the time of acquisition to be cash equivalents, with the exception of cash held with the Organization’s investment portfolio, which is included as an investment.

**Investments**

Investments are recorded at fair value based on publicly quoted market prices. Donated securities are recorded at fair value on the date of the contribution. Realized and unrealized gains or losses on investments are reflected in the statement of activities and are recorded in their respective net assets accounts.



**TEATOWN LAKE RESERVATION, INC.****Notes to Financial Statements (continued)****June 30, 2018****Note 2 – Summary of significant accounting policies (continued)**Allowance for doubtful accounts

As of June 30, 2018, the Organization does not have an allowance for doubtful accounts. Such estimate is based on management's experience, the aging of the receivables, subsequent receipts and current economic conditions.

Inventory

Inventory consists of items available for sale in the Nature Store. The Nature Store inventories are stated at cost.

Property and equipment

Property and equipment are recorded at cost or at the estimated fair value at the date of gift, if donated. The Organization's capitalization policy is to record property and equipment costing greater than \$1,000 with a useful life greater than one year. Depreciation is being provided on the straight-line method over the estimated useful lives of the assets, which range from five to forty years.

The Organization owns, has conservation easements over, and maintains and uses in a manner consistent with its stewardship, recreational and educational environmental focus, approximately 995 acres of land, of which: (i) 735 acres are owned by the Organization (244 acres transferred from Brooklyn Botanic Garden ("BBG") in May 2018); (ii) 50 acres are owned by Westchester County and managed by the Organization under a 99-year cooperative park management agreement that grants the Organization the right-of-first-refusal to purchase the property if the county decides to sell; (iii) some 110 acres are owned by others – 97 acres owned by Con Edison, 8 acres owned by one individual, and 5 acres owned by the Town of Yorktown – who have given the Organization permission in one form or another to use the land; and (iv) approximately 100 acres are Westchester County's Kitchawan Preserve, John Hand Park, and a portion of the Peekskill Briarcliff Trailway which have trails that are maintained by the Organization under agreement with the County.

During May 2017, Open Space Institute donated 40 acres of land to the Organization. The Organization recorded a contribution of \$432,500 based on an estimated fair value.

During May 2018, BBG donated the 244 acres of land to the Organization. The Organization recorded a contribution of \$3,775,000 based on an estimated fair value. During 2018, an easement recorded on the books of \$175,000 was written off in connection with the donated land from BBG.

Deferred revenue

Deferred revenue represents the unearned portion of summer camp and special events receipts, which are recorded as revenue when the events are held.

**TEATOWN LAKE RESERVATION, INC.****Notes to Financial Statements (continued)  
June 30, 2018****Note 2 – Summary of significant accounting policies (continued)**Contributions

The Organization reports contributions as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor stipulation expires, that is, when a stipulated time restriction ends or the purpose for restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Temporarily restricted contributions are reported as increases in unrestricted net assets if the restrictions are satisfied within the same fiscal year the contributions are received. Bequests and wills are recorded as revenue when a legally binding obligation is received and when a fair value can reasonably be determined.

In-kind goods and services

The Organization receives in-kind goods and services that are used in support of its activities. The goods and services are recorded at the fair value based on what it would have cost the Organization if purchased independently. For the fiscal years ended June 30, 2018 and 2017, the donated goods and services totaled \$4,237 and \$27,443, respectively. In addition, the Organization receives in-kind services rendered by volunteers including Board members who have donated significant amounts of their time to the Organization's activities. These services do not meet the criteria for recognition under the accounting standards and accordingly, have not been reflected in the financial statements.

Program services

Program services expense represents all costs associated with carrying out the program activities of the Organization.

Supporting activities

Supporting activities expense consists principally of administrative costs and general development and membership activities.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis on the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting activities benefited.

**TEATOWN LAKE RESERVATION, INC.****Notes to Financial Statements (continued)  
June 30, 2018****Note 2 – Summary of significant accounting policies (continued)****Concentrations of credit risk**

The Organization's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash, cash equivalents, investments and contributions receivables. The Organization places its cash and cash equivalents with what it believes to be quality financial institutions. At certain times throughout the year, the Organization's cash balances exceeded the FDIC insurance limit, however, the Organization has not incurred any losses to date. Investments are exposed to various risks such as interest rate, market volatility, liquidity and credit risk. Due to the level of uncertainty related to the foregoing risks, it is reasonably possible that changes in these risks could materially affect the fair value of the investments reported in the statement of financial position as of June 30, 2018. Management routinely assesses the financial condition of the financial institutions in which they hold its cash and investment portfolio. Contributions receivable consist of amounts due from individuals donors. The Organization monitors the collectability of the receivables on an ongoing basis. The Organization believes no significant risk of loss is likely as a result of credit risk concentrations with respect to its cash, cash equivalents, investments and contributions receivables.

**Comparative financial information**

The financial statements include certain prior year summarized comparative information in total but not by net asset classification or functional expense classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

**Use of estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## TEATOWN LAKE RESERVATION, INC.

Notes to Financial Statements (continued)  
June 30, 2018Note 2 – Summary of significant accounting policies (continued)Subsequent events

The Organization has evaluated events and transactions for potential recognition or disclosure through October 26, 2018, which is the date the financial statements were available to be issued. This evaluation did not result in any subsequent events that necessitated additional disclosures and/or adjustments.

Note 3 – Investments

The following is a summary of the investments as of June 30, 2018 and 2017:

	2018		2017	
	Cost	Fair Value	Cost	Fair Value
Cash equivalents	\$ 349,493	\$ 349,493	\$ 328,471	\$ 328,471
Certificates of deposit	428,000	428,138	630,000	630,752
Mutual funds				
Cash reserves	39,038	39,038	39,038	39,038
Emerging markets	46,899	49,625	143,023	151,489
Moderate allocation	320,936	388,087	307,854	370,954
World stock	479,924	707,030	457,027	631,982
Precious metals-equity	56,544	45,129	56,544	48,532
Mid-cap blend	552,861	724,413	753,512	922,327
World allocation	403,047	528,522	386,089	505,919
Foreign large value	133,611	152,914	178,609	193,739
Large-cap blend	162,820	162,720	-	-
Exchange traded funds				
Large blend	<u>198,521</u>	<u>278,985</u>	<u>195,451</u>	<u>246,442</u>
Total	<u>\$3,171,694</u>	<u>\$3,854,094</u>	<u>\$3,475,618</u>	<u>\$4,069,645</u>
Unrealized gain		<u>\$ 682,400</u>		<u>\$ 594,027</u>
Change in unrealized value		<u>\$ 88,373</u>		<u>\$ 398,698</u>

For the years ended June 30, 2018 and June 30, 2017, investment fees totaled \$32,281 and \$30,410, respectively, and are recorded with interest and dividends on the statement of activities.

Fair value measurements

For assets measured at fair value on a recurring basis, accounting standards requires quantitative disclosures about the fair value measurement separately for each major class of assets. The Organization's investments have been classified in the highest level of the hierarchy (Level 1). Their quoted prices are in active markets for identical assets.

**TEATOWN LAKE RESERVATION, INC.**

**Notes to Financial Statements (continued)  
June 30, 2018**

**Note 4 – Contributions receivable, net**

Pledges receivable are unconditional promises from external organizations to make donations to the Organization. Pledges receivable due within one year are \$417,333 and pledges due in one to five years are \$450,000.

**Note 5 – Charitable remainder unitrust**

The Organization is the beneficiary from a trust that is administered by Stuart Mackintosh as designated by the Trust. Distributions are made to a beneficiary in accordance with the trust agreement. The trust is invested in cash, exchange traded funds and mutual funds. The Organization records its interest in the trust at fair value. Changes in the value of the trust resulting from realized and unrealized gains and losses and distributions of income to the donor are classified as temporarily restricted support in the accompanying statement of activities.

**Note 6 – Property and equipment**

At June 30, 2018 and June 30, 2017, the Organization's property and equipment, net, consisted of the following:

	<u>2018</u>	<u>2017</u>
Land and land improvements	\$10,503,098	\$6,706,433
Buildings and building improvements	3,993,772	3,861,781
Furniture, fixtures and equipment	906,362	862,186
Improvements in progress	<u>329,587</u>	<u>-</u>
Total property and equipment	15,732,819	11,430,400
Less: accumulated depreciation	<u>3,374,573</u>	<u>3,130,779</u>
Total property and equipment, net	<u>\$12,358,246</u>	<u>\$8,299,621</u>

During the 2018 fiscal year, the Organization sold assets with a cost basis of \$35,877 and related accumulated depreciation of \$34,144 for \$800. In addition the Organization wrote-off a non-depreciable asset totaling \$40,000. The total loss on disposal of assets was \$40,933.

**Note 7 – Life estate payable**

During 1993, the Organization entered into an agreement to take exclusive use, title and possession of certain premises. A provision in the agreement provides that the Organization pay the sum of \$1,000 per month, subject to an annual consumer price index adjustment, to the individual, as defined in the agreement. The total payments for the fiscal years ended June 30, 2018 and 2017 were \$20,132 and \$20,072, respectively. The balances on the statement of financial position represents the estimated present value at June 30, 2018 and 2017, respectively.

**TEATOWN LAKE RESERVATION, INC.****Notes to Financial Statements (continued)****June 30, 2018****Note 8 – Line of credit**

The Organization has available a \$100,000 line of credit, which expires on July 18, 2019. Amounts borrowed under the line of credit bear interest at the prime rate as published in the Wall Street Journal plus 1% per annum. The line of credit is secured by the business assets of the Organization. As of June 30, 2018, the Organization had no outstanding borrowings under the line of credit.

**Note 9 – Lease agreements**

The Organization entered into several agreements to lease its space to other individuals at various locations on the Organization's premises that expire on June 30, 2019. In connection with lease agreements, the Organization holds security deposits totaling \$9,297 as of June 30, 2018 and \$10,121 as of June 30, 2017. Total rental revenue for the fiscal years ended June 30, 2018 and June 30, 2017 was \$150,660 and \$146,220, respectively.

At June 30, 2018, future minimum lease payments under the agreements that the Organization will receive are \$110,520 in the 2019 fiscal year.

**Note 10 – Commitment**

During January 2018, in connection with the restructuring of the Croft Annex Science Lab ("Science Center"), the Organization entered into an agreement with a general contractor for approximately \$419,000, including change orders. Expenditures through April 30, 2018 were approximately \$330,000, including change orders, and are recorded as improvements in progress on the statement of financial position. The Science Center is scheduled to be completed during the 2019 fiscal year.

**Note 11 – Tax status**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"). In addition, the Organization has been determined by the Internal Revenue Service to be a publicly supported organization as described in Section 509(a)(1) and 170(b)(1)(A)(vi) of the Code and not a private foundation. The Organization may qualify for the maximum charitable contribution deduction for donors.

**TEATOWN LAKE RESERVATION, INC.**

**Notes to Financial Statements (continued)**  
**June 30, 2018**

**Note 12 – Endowment**

The Organization follows the New York Prudent Management of Institutional Funds Act (NYPMIFA). The Organization's endowment consists of various funds established for specific purposes. Under NYPMIFA, the Organization is required to act prudently when making decisions to spend or accumulate donor restricted endowment assets and in doing so to consider a number of factors including the duration and preservation of its donor restricted endowment funds. The Organization classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment. The portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as unrestricted or temporarily restricted net assets based on donor stipulations.

The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

The following is a summary of the assets and net assets of the endowment funds as of June 30, 2018:

<u>Assets</u>		<u>Net assets</u>	
Investments, at fair value	\$ 3,854,094	Board designated - unrestricted	\$ 1,728,235
Contributions receivable	867,333	Temporarily restricted net assets	<u>3,150,564</u>
Charitable remainder unitrust	<u>157,372</u>	Total net assets	<u>\$ 4,878,799</u>
Total assets	<u>\$ 4,878,799</u>		

## TEATOWN LAKE RESERVATION, INC.

Notes to Financial Statements (continued)  
June 30, 2018Note 12 – Endowment (continued)**Change in Board-Designated and Temporarily Restricted Net Assets for the Year Ended June 30, 2018:**

	Unrestricted- Board <u>Designated</u>	Temporarily <u>Restricted</u>	<u>Total</u>
Net assets, beginning of year	\$1,863,559	\$ 2,480,018	\$4,343,577
Interest and dividends, net	(1,762)	4,402	2,640
Unrealized gain	9,314	79,059	88,373
Realized gain	134,200	65,693	199,893
Change in value of charitable remainder trust	-	4,260	4,260
Contributions and other revenue	-	1,188,009	1,188,009
Endowment draws	(277,076)	-	(277,076)
Net assets released from restriction/ appropriated for expenditures	<u>-</u>	<u>(670,877)</u>	<u>(670,877)</u>
Net assets, end of year	<u>\$1,728,235</u>	<u>\$ 3,150,564</u>	<u>\$4,878,799</u>

**Endowment Net Asset Composition by Type of Fund as of June 30, 2018:**

	Unrestricted- Board <u>Designated</u>	Temporarily <u>Restricted</u>	<u>Total</u>
Contributions receivable	\$ -	\$ 867,333	\$ 867,333
Charitable remainder unitrust	-	157,372	157,372
Investments	<u>1,728,235</u>	<u>2,125,859</u>	<u>3,854,094</u>
Total funds	<u>\$1,728,235</u>	<u>\$3,150,564</u>	<u>\$4,878,799</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. There was no endowment fund with a deficiency as of June 30, 2018.

Spending Policy and how the Investment Objectives Relate to Spending Policy

Each year the Organization has a policy of appropriating various expenditures, as approved by the Board. The Organization has a policy to let the endowment fund grow. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow annually. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.



TEATOWN LAKE RESERVATION, INC.

Notes to Financial Statements (continued)

June 30, 2018

Note 13 – Temporarily restricted net assets

The following is a summary of the activity of the temporarily restricted net assets for the year ended June 30, 2018:

	Balance at June 30, 2017	Contributions	Time Restricted/ Pledges	Investment Income and Other	Net Assets Released from Restrictions (appropriated for expenditures)	Balance at June 30, 2018
<b>Temporarily restricted fund</b>						
Abeles Education Program Fund	\$ -	\$ 20,000	-	\$ -	\$ 10,000	\$ 10,000
Anonymous Fund	40,000	30,000	600,000	-	17,939	652,061
Arise Media Fund	36,700	11,000	-	-	47,700	-
Bench Fund	5,256	-	-	-	7	5,249
Bilingual Education Fund	20,000	60,000	-	-	50,000	30,000
Brian Horton Memorial Fund	-	3,474	-	-	-	3,474
Candrea Fund	-	500	-	-	500	-
Capital Campaign Fund	32,000	27,000	-	2,603	-	61,603
Charitable Remainder Trust	153,112	-	-	4,260	-	157,372
Cliffdale Property	690,698	-	-	58,322	33,539	715,481
Community Environment Grant	-	-	88,000	-	-	88,000
David Swope Memorial Fund	-	27,490	-	-	-	27,490
Dena Thomas Memorial Fund	75,794	900	-	5,971	3,505	79,160
Durr Greenhouse Fund	20,001	-	-	-	-	20,001
Environmental Leaders Learning	8,740	1,000	-	-	4,375	5,365
Erica Douwes Scholarship Fund	2,755	1,455	-	-	2,340	-
Hudson River Estuary Grant	2,141	-	-	-	2,141	1,870
Kathryn Davis Education Programming at Riverwalk	6,548	-	-	-	3,522	-
Land Fund (Croft Project)	253,025	56,545	-	3,792	313,362	3,026
LTA Dendrometer Grant	-	21,000	21,000	-	-	42,000
LTA Environmental Monitoring Grant	23,793	-	-	-	23,793	-
Lucy Waletzky Pledge	-	-	15,000	-	-	15,000
Matthew Pofel Camp Scholarship	1,240	1,500	-	-	775	1,965
No Child Left Inside	15,002	25,000	-	-	23,028	16,974
Orinoco Foundation Grant	-	-	80,000	-	-	80,000
Sarah Swope Memorial Fund	23,517	-	-	-	1,669	21,848
Sidney Heyman Fund	2,339	-	-	-	-	2,339
Staff Support Fund	144,332	-	-	-	66,832	77,500
Stewardship Project Fund	-	12,500	-	-	12,500	-
Teatown Environmental Science Academy Fund	1,908	30,750	-	-	6,900	25,758
Teatown Neighbors Camp Fund	2,005	1,810	-	-	1,475	2,340
Turtle Conservation Fund	1,046	25	-	-	470	601
Viola & William Orr Endowment	895,625	-	-	78,466	39,017	935,074
Westchester County Youth Bureau	-	-	30,000	-	-	30,000
Wildflower Island Fund	7,726	1,060	-	-	1,408	7,378
Wildflower Woods	14,715	21,000	-	-	4,080	31,635
<b>Total</b>	<b>\$ 2,480,018</b>	<b>\$ 354,009</b>	<b>\$ 834,000</b>	<b>\$ 153,414</b>	<b>\$ 670,877</b>	<b>\$ 3,150,564</b>