

TEATOWN LAKE RESERVATION, INC.

Financial Statements

for the year ended

June 30, 2017

(with summarized comparative information for 2016)

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, 2017, 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.

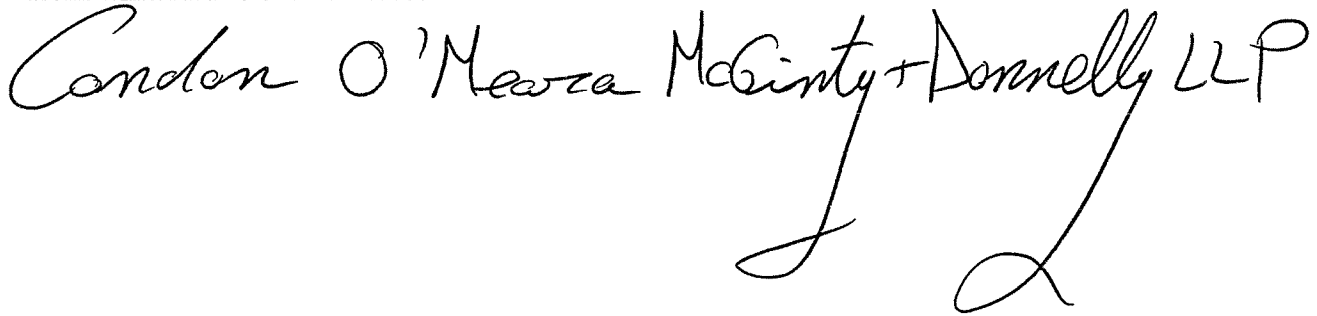
Opinion

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, 2017 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 2016 financial statements, and our report dated October 25, 2016, 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, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Condon O'Meara McGinty + Donnelly LLP



TEATOWN LAKE RESERVATION, INC.

Statement of Financial Position

Assets

	June 30	
	2017	2016
Current assets		
Cash and cash equivalents	\$ 279,286	\$ 418,851
Investments, at fair value	4,069,645	3,709,096
Current portion of contributions receivable	55,000	60,782
Inventory, at cost	11,128	10,256
Prepaid expenses	27,160	38,283
Total current assets	4,442,219	4,237,268
Cash held for security deposits	10,121	9,558
Contributions receivable, net of current portion	66,000	-
Charitable remainder unitrust	153,112	142,554
Property and equipment, at cost, net	8,299,621	7,975,130
Intangible asset – easement	175,000	175,000
Total assets	\$ 13,146,073	\$12,539,510

Liabilities and Net Assets

Current liabilities		
Accounts payable and accrued expenses	\$ 75,517	\$ 170,382
Deferred revenue	359,993	367,774
Current portion of life estate payable	12,224	11,456
Total current liabilities	447,734	549,612
Life estate payable, net of current portion	125,110	137,334
Security deposits	10,121	9,558
Total liabilities	582,965	696,504
Net assets		
Unrestricted	10,083,090	9,580,692
Temporarily restricted	2,480,018	2,262,314
Total net assets	12,563,108	11,843,006
Total liabilities and net assets	\$ 13,146,073	\$12,539,510

See notes to financial statements.

TEATOWN LAKE RESERVATION, INC.

Statement of Activities
For the year ended June 30, 2017
(With Summarized Comparative Information for the Year Ended June 30, 2016)

	2017			2016
	Unrestricted	Temporarily Restricted	Total	Total
Public support and revenue				
Contributions				
Individuals	\$ 376,674	\$ 319,290	\$ 695,964	\$ 862,493
Corporate	465,544	-	465,544	7,032
Foundation	193,050	17,500	210,550	362,492
Government grants	85,531	-	85,531	77,505
Special events, net of direct donor benefits of \$26,923 in 2017 and \$27,412 in 2016	248,172	-	248,172	258,397
Plant sale – net	25,823	-	25,823	19,615
Membership dues	51,260	-	51,260	55,023
Educational services	622,713	-	622,713	611,297
Nature store and other	23,734	-	23,734	132,880
Rental property	146,220	-	146,220	151,751
Sponsorships	98,905	-	98,905	63,644
In-kind donations	27,443	-	27,443	31,215
Interest and dividends – net of fees	(4,058)	(4,408)	(8,466)	1,113
Net assets released from restrictions	347,231	(347,231)	-	-
Total public support and revenue	<u>2,708,242</u>	<u>(14,849)</u>	<u>2,693,393</u>	<u>2,634,457</u>
Expenses				
Program services	1,795,688	-	1,795,688	1,674,390
Supporting services				
Management and general	345,850	-	345,850	366,682
Fund-raising	276,963	-	276,963	223,002
Total supporting services	<u>622,813</u>	<u>-</u>	<u>622,813</u>	<u>589,684</u>
Total expenses	<u>2,418,501</u>	<u>-</u>	<u>2,418,501</u>	<u>2,264,074</u>
Increase (decrease) in net assets before other additions (deductions)	<u>289,741</u>	<u>(14,849)</u>	<u>274,892</u>	<u>370,383</u>
Other additions (deductions)				
Unrealized gain (loss) on investments	193,422	205,276	398,698	(183,159)
Realized gain on sale of investments	19,235	16,719	35,954	93,432
Change in value of charitable remainder unitrust	-	10,558	10,558	(13,660)
Total other additions (deductions)	<u>212,657</u>	<u>232,553</u>	<u>445,210</u>	<u>(103,387)</u>
Increase in net assets	502,398	217,704	720,102	266,996
Net assets, beginning of year	<u>9,580,692</u>	<u>2,262,314</u>	<u>11,843,006</u>	<u>11,576,010</u>
Net assets, end of year	<u>\$10,083,090</u>	<u>\$ 2,480,018</u>	<u>\$12,563,108</u>	<u>\$11,843,006</u>

See notes to financial statements.

TEATOWN LAKE RESERVATION, INC.

Statement of Functional Expenses
For the year ended June 30, 2017
(With Summarized Comparative Information for the Year Ended June 30, 2016)

	2017						2016	
	Program Services			Supporting Services			Total	Total
	Stewardship at Teatown	Regional Conservation	Total Program Services	Management and General	Fund-raising	Total		
Environmental Education	\$ 613,862	\$ 56,931	\$ 924,412	\$ 143,579	\$ 132,516	\$ 1,200,507	\$ 1,195,144	
Salaries and wages	101,246	6,587	133,297	20,244	19,501	173,042	168,761	
Payroll taxes and benefits	34,052	16,094	99,019	20,056	65,813	184,888	89,037	
Professional fees	54,195	19,053	94,063	5,900	21,771	121,734	118,092	
Program and special events expenses	-	-	-	24,750	-	24,750	24,250	
Accounting fees	61	61	183	61	162	406	367	
Annual report	10,706	991	11,932	4,004	3,826	19,762	21,120	
Bank charges	-	-	-	6,064	-	6,064	3,235	
Board of Trustees expense	-	-	-	-	850	-	1,210	
Charitable contributions	9,849	-	10,750	-	-	11,600	12,303	
Cost of sales	305	-	1,305	763	458	2,526	2,840	
Dues and subscriptions	6,687	-	6,812	-	-	6,812	6,879	
Food	48,171	-	73,866	16,966	-	90,832	83,401	
Insurance	95	60	925	1,265	-	2,190	3,240	
Licenses and fees	-	-	-	8,616	-	8,616	9,281	
Life estate expense	2,785	472	4,281	-	322	4,603	5,392	
Newsletter	4,363	336	5,035	1,007	671	6,713	6,839	
Office equipment leases	-	-	-	4,953	-	4,953	3,967	
Payroll fees	1,358	209	1,772	1,297	1,881	4,950	5,884	
Postage	1,981	2,489	5,604	-	12,113	17,717	11,607	
Printing	9,762	1,220	11,743	-	15	11,758	15,720	
Publicity	-	-	-	2,470	-	2,470	1,778	
Real estate taxes	43,340	1,344	67,597	15,947	558	84,102	69,549	
Repairs and maintenance	4,824	52	4,980	104	104	5,188	3,991	
Sanitation	1,445	16	1,963	502	31	2,496	2,982	
Security	5,532	702	7,758	1,092	1,014	9,864	7,795	
Staff development	7,215	609	8,433	1,609	7,555	17,597	12,828	
Supplies	7,247	514	8,862	2,130	1,029	12,021	12,381	
Telephone	45,083	1,163	47,201	-	1,345	48,546	48,169	
Travel	32,664	857	37,281	11,623	1,122	50,026	44,080	
Utilities	143,754	16,771	212,436	50,848	2,928	266,212	251,356	
Interest	507	467	1,046	-	1,378	2,424	7,600	
Depreciation	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	
Total	\$ 1,191,089	\$ 126,998	\$ 1,795,688	\$ 345,850	\$ 276,963	\$ 2,418,501	\$ 2,264,074	

See notes to financial statements.

TEATOWN LAKE RESERVATION, INC.

Statement of Cash Flows

	Year Ended	
	June 30	
	2017	2016
Cash flows from operating activities		
Increase in net assets	\$ 720,102	\$ 266,996
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	266,212	251,356
Donated portion of property	(432,500)	(95,556)
Forgiveness of loan payable	-	(200,000)
Donated stock	(118,290)	(69,412)
Proceeds from donated stock	118,290	69,412
Unrealized (gain) loss of investments	(398,698)	183,159
Realized (gain) on sale of investments	(35,954)	(93,432)
Change in value of charitable remainder unitrust	(10,558)	13,660
(Increase) decrease in assets		
Contributions receivable	(60,218)	283,233
Inventory	(872)	2,240
Prepaid expenses	11,123	(13,180)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(94,865)	18,441
Deferred revenue	(7,781)	(69,716)
Increase in security deposits	563	219
Net cash provided by (used in) operating activities	(43,446)	547,420
Cash flows from investing activities		
Purchases of property and equipment	(158,203)	(374,315)
Proceeds from the sale of investments	361,522	153,280
Purchases of investments	(611,216)	(26,260)
Net change in cash equivalents in investment portfolio	491,997	(74,579)
Net cash (used in) investing activities	(84,100)	(321,874)
Cash flows (used in) financing activities		
Payments of life estate payable	(11,456)	(10,791)
Net increase (decrease) in cash and cash equivalents	(139,002)	214,755
Cash and cash equivalents, beginning of year	428,409	213,654
Cash and cash equivalents, end of year	\$ 289,407	\$ 428,409
Cash and cash equivalents consist of:		
Operations	\$ 279,286	\$ 418,851
Cash held for security deposits	10,121	9,558
Total	\$ 289,407	\$ 428,409

See notes to financial statements.

TEATOWN LAKE RESERVATION, INC.**Notes to Financial Statements
June 30, 2017****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, 2017, 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.

TEATOWN LAKE RESERVATION, INC.**Notes to Financial Statements (continued)
June 30, 2017****Note 2 – Summary of significant accounting policies (continued)****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.

Allowance for doubtful accounts

As of June 30, 2017, 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 and tea, which is sold at the Nature Store as well as at local area merchants. The Nature Store and tea inventories are stated at the lower of cost or market.

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.

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.

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.

TEATOWN LAKE RESERVATION, INC.**Notes to Financial Statements (continued)
June 30, 2017****Note 2 – Summary of significant accounting policies (continued)****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, 2017 and 2016, the donated goods and services totaled \$27,443 and \$31,215, 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 services

Supporting services 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 services benefited.

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. The Organization invests in mutual funds, certificates of deposits and exchange traded funds. 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, 2017. 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 collectibility of the receivables. 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.

TEATOWN LAKE RESERVATION, INC.

Notes to Financial Statements (continued)

June 30, 2017

Note 2 – Summary of significant accounting policies (continued)

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.

Subsequent events

The Organization has evaluated events and transactions for potential recognition or disclosure through October 30, 2017, which is the date the financial statements were available to be issued.

Note 3 – Investments

The following is a summary of the investments as of June 30, 2017 and 2016:

	2017		2016	
	Cost	Fair Value	Cost	Fair Value
Cash equivalents	\$ 328,471	\$ 328,471	\$ 820,468	\$ 820,468
Certificates of deposit	630,000	630,752	-	-
Mutual funds				
Cash reserves	39,038	39,038	70,381	70,381
Emerging markets	143,023	151,489	142,952	131,874
Moderate allocation	307,854	370,954	452,158	489,750
World stock	457,027	631,982	455,528	509,440
Precious metals-equity	56,544	48,532	70,227	70,861
Mid-cap blend	753,512	922,327	751,669	793,963
World allocation	386,089	505,919	380,687	451,695
Foreign large value	178,609	193,739	174,314	157,860
Exchange traded funds				
Large blend	195,451	246,442	195,383	212,804
Total	<u>\$3,475,618</u>	<u>\$4,069,645</u>	<u>\$3,513,767</u>	<u>\$3,709,096</u>
Unrealized gain		\$ 594,027		\$ 195,329
Change in unrealized value		\$ 398,698		\$ (183,159)

For the years ended June 30, 2017 and 2016, investment fees totaled \$30,410 and \$29,472, respectively, and are recorded with interest and dividends on the statement of activities.

TEATOWN LAKE RESERVATION, INC.

Notes to Financial Statements (continued)

June 30, 2017

Note 3 – Investments (continued)

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.

Note 4 – Contribution receivable

Pledges receivable are unconditional promises from external organizations to make donations to Organization. Pledges receivable due within one year are \$55,000 and pledges due one to three years are \$66,000.

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, 2017 and 2016, the Organization's property and equipment, net, consisted of the following:

	<u>2017</u>	<u>2016</u>
Land and land improvements	\$6,706,433	\$6,242,722
Buildings and building improvements	3,861,781	3,766,104
Furniture, fixtures and equipment	<u>862,186</u>	<u>830,871</u>
Total property and equipment	11,430,400	10,839,697
Less accumulated depreciation	<u>3,130,779</u>	<u>2,864,567</u>
Total property and equipment, net	<u>\$8,299,621</u>	<u>\$7,975,130</u>

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, 2017 and 2016 were \$20,072, respectively. The balances on the statement of financial position represents the estimated present value at June 30, 2017 and 2016, respectively.

TEATOWN LAKE RESERVATION, INC.**Notes to Financial Statements (continued)****June 30, 2017****Note 8 – Loans payable**

During November 2010, the Organization received a \$600,000 loan from a donor to be repaid on or before December 31, 2012, with interest calculated at 5% per annum on the outstanding balance.

During June 30, 2016, the donor forgave the outstanding balance due plus accrued interest that was due from the Organization. The forgiveness of the principal balance of \$200,000 was applied as a contribution to the Science Center (Land Fund). The forgiveness of the accrued interest of \$108,985 was recorded as other revenue on the 2016 fiscal year statement of activities.

Note 9 – Line of credit

The Organization has available a \$100,000 line of credit, which expires on July 18, 2018. 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, 2017, the Organization had no outstanding borrowings under the line of credit.

Note 10 – Lease agreements

The Organization entered into several agreements to lease space at various locations on the Organization premises that expire at various times through August 31, 2018. In connection with lease agreements, the Organization holds security deposits totaling \$10,121 as of June 30, 2017 and \$9,558 as of June 30, 2016. Total rental revenue for the fiscal years ended June 30, 2017 and June 30, 2016 was \$146,220 and \$151,751, respectively.

At June 30, 2017, future minimum lease payments under the agreements that the Organization will receive are \$108,360 in the 2018 fiscal year, and \$8,700 in the 2019 fiscal year.

Note 11 – Commitments

The Organization owns, leases, has conservation easements over, and maintains and uses in a manner consistent with its stewardship, recreational and educational environmental focus, approximately 985 acres of land, of which: (i) 451 acres are owned by the Organization; (ii) 237 acres are leased from the Brooklyn Botanic Garden (“BBG”) under a 99-year lease that expires in 2080 but has an automatic renewal option that allows the Organization to continue the lease for an additional 99 years; (iii) 40 acres are leased from Open Space Institute (“OSI”) under a lease that expired in November 2016 (see next page); (iv) 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; (v) 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 (vi) approximately 100 acres are Westchester County’s Kitchawan Preserve, John Hand Park, and a portion of the Briarcliff Peekskill Trailway which have trails that are maintained by the Organization under agreement with the County.

TEATOWN LAKE RESERVATION, INC.**Notes to Financial Statements (continued)
June 30, 2017****Note 11 – Commitments (continued)**

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

Also, the Organization and BBG are currently negotiating a transfer to the Organization of the property leased from BBG.

Purchase of land

During March 2016, the Organization entered into a contract of sale to purchase land in the Town of Cortlandt, New York with a fair market value of \$215,000 for \$119,444. Upon the execution of the contract, the sellers agreed to reduce the purchase price by \$95,556 as a charitable gift and the Organization paid a down payment of \$11,944. The balance of \$107,500 was recorded in accounts payable and accrued expenses in the statement of financial position. The balance was paid at the closing on September 18, 2016.

Note 12 – 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.

Note 13 – Endowment

The Organization's endowment consists of various individual funds established for a variety of purposes. Its endowment includes both donor-restricted term endowment funds and funds designated by the Board. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with term endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation

The Organization follows the New York State Not-For-Profit Corporation Law (N-PCL) when adhering to donor-restricted contributions. The Organization preserves the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The donor-restricted term endowment fund is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by N-PCL.

TEATOWN LAKE RESERVATION, INC.

Notes to Financial Statements (continued)

June 30, 2017

Note 13 – Endowment (continued)Interpretation (continued)

The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted term endowment funds: the duration and preservation of the fund, the purposes of the Organization and the donor-restricted term endowment fund, general economic conditions, the possible effect of inflation and deflation, the expected total return from income and the appreciation of investments, other resources of the Organization, and the investment policies of the Organization.

The following is a summary of the assets and net assets of the endowment funds:

<u>Assets</u>		<u>Net assets</u>	
Investments, at fair value	\$4,069,465		
Contributions receivable	121,000	Board designated - unrestricted	\$1,863,559
Charitable remainder unitrust	<u>153,112</u>	Temporarily restricted net assets	<u>2,480,018</u>
Total assets	<u>\$4,343,577</u>	Total net assets	<u>\$4,343,577</u>

Change in Board-Designated and Temporarily Restricted Net Assets for the Year Ended June 30, 2017:

	Unrestricted- Board <u>Designated</u>	Temporarily <u>Restricted</u>	<u>Total</u>
Net assets, beginning of year	\$1,650,118	\$ 2,262,314	\$3,912,432
Interest and dividends, net	(4,058)	(4,408)	(8,466)
Unrealized gain	193,422	205,276	398,698
Realized gain	19,235	16,719	35,954
Change in value of charitable remainder trust	-	10,558	10,558
Contributions and other revenue	4,842	336,790	341,632
Endowment draws	-	-	-
Net assets released from restriction/ appropriated for expenditures	<u>-</u>	<u>(347,231)</u>	<u>(347,231)</u>
Net assets, end of year	<u>\$1,863,559</u>	<u>\$ 2,480,018</u>	<u>\$4,343,577</u>

TEATOWN LAKE RESERVATION, INC.

Notes to Financial Statements (continued)

June 30, 2017

Note 13 – Endowment (continued)

Interpretation (continued)

Endowment Net Asset Composition by Type of Fund as of June 30, 2017:

	Unrestricted- Board <u>Designated</u>	Temporarily <u>Restricted</u>	<u>Total</u>
Contributions receivable	\$ -	\$ 121,000	\$ 121,000
Charitable remainder unitrust	-	153,112	153,112
Investments	<u>1,863,559</u>	<u>2,205,906</u>	<u>4,069,465</u>
Total funds	<u>\$1,863,559</u>	<u>\$2,480,018</u>	<u>\$4,343,577</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 were no endowment fund deficiencies as of June 30, 2017.

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, 2017

Note 14 – Temporarily restricted net assets

The following is a summary of the activity of the temporarily restricted net assets for the year ended June 30, 2017:

	Balance at June 30, 2016	Contributions	Time Restricted/ Pledges	Investment Income and Other	Net Assets Released from Restrictions (appropriated for expenditures)	Balance at June 30, 2017
Temporarily restricted fund						
Anonymous Fund	\$ -	\$ 40,000	-	-	-	\$ 40,000
Arise Media Fund	-	25,000	24,000	-	12,300	36,700
Bench Fund	5,256	-	-	-	-	5,256
Bilingual Education Fund	87,500	-	-	-	67,500	20,000
Capital Campaign Fund	-	32,000	-	-	-	32,000
Charitable Remainder Trust	142,554	-	-	10,558	-	153,112
Cliffdale Property	633,893	-	-	90,554	-	690,698
Con Edison Teatown Trails Green Stewardship	401	-	-	-	401	-
Dena Thomas Memorial Fund	68,616	1,000	-	9,686	3,508	75,794
Durr Greenhouse Fund	2,634	20,000	-	-	2,633	20,001
Environmental Leaders Learning	4,156	5,000	-	-	416	8,740
Erica Douwes Scholarship Fund	2,165	1,700	-	-	1,110	2,755
Hudson River Estuary Grant	5,152	-	-	-	3,011	2,141
Kathryn Davis Education Programming at Riverwalk	13,672	-	-	-	7,124	6,548
Land Fund (Croft Project)	343,622	-	-	-	90,597	253,025
Laura Thorn Memorial Fund	5,270	-	-	-	5,270	-
LTA Environmental Monitoring Grant	31,500	-	-	-	7,707	23,793
Mathew Potel Camp Scholarship	2,000	-	-	-	760	1,240
No Child Left Inside	21,769	17,500	-	-	24,267	15,002
Sarah Swope Memorial Fund	23,966	-	-	-	449	23,517
Sidney Heyman Fund	2,339	-	-	-	-	2,339
Staff Support Fund	24,000	71,832	75,000	-	26,500	144,332
Stern/Cliffdale Acquisition Fund	151	-	-	-	151	-
Teacher Training for Independent Science Research	10,000	-	-	-	10,000	-
Teatown Environmental Science Academy Fund	3,008	2,500	-	-	3,600	1,908
Teatown Neighbors Camp Fund	2,280	2,005	-	-	2,280	2,005
Turtle Conservation Fund	1,729	950	-	-	1,633	1,046
Viola & William Orr Endowment	816,929	-	-	117,301	38,605	895,625
Wildflower Island Fund	834	7,303	-	46	457	7,726
Wildflower Woods	6,918	11,000	-	-	3,203	14,715
Total	\$ 2,262,314	\$ 237,790	\$ 99,000	\$ 228,145	\$ 347,231	\$ 2,480,018