

TEATOWN LAKE RESERVATION, INC.

**Financial Statements
for the year ended
June 30, 2019
(with summarized
comparative information for 2018)**

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, 2019, 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, 2019 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 2018 financial statements, and our report dated October 26, 2018, 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, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Condon O'Meara McQuity & Donnelly LLP

TEATOWN LAKE RESERVATION, INC.

Statement of Financial Position

Assets

	<u>June 30</u>	
	<u>2019</u>	<u>2018</u>
Current assets		
Cash and cash equivalents	\$ 166,675	\$ 82,944
Investments, at fair value	4,301,939	3,854,094
Current portion of contributions receivable	491,864	417,333
Inventory, at cost	11,067	12,771
Prepaid expenses	<u>47,950</u>	<u>24,052</u>
Total current assets	5,019,495	4,391,194
Cash held for security deposits	7,150	9,297
Contributions receivable, net of current portion	324,000	450,000
Charitable remainder unitrust	-	157,372
Property and equipment, at cost, net	<u>12,421,317</u>	<u>12,358,246</u>
Total assets	<u>\$ 17,771,962</u>	<u>\$ 17,366,109</u>

Liabilities and Net Assets

Current liabilities		
Accounts payable and accrued expenses	\$ 86,420	\$ 73,092
Deferred revenue	436,265	371,037
Current portion of life estate payable	<u>14,811</u>	<u>13,393</u>
Total current liabilities	537,496	457,522
Life estate payable, net of current portion	96,906	111,717
Security deposits	<u>7,150</u>	<u>9,297</u>
Total liabilities	<u>641,552</u>	<u>578,536</u>
Net assets		
Without donor restrictions	13,622,994	13,637,009
With donor restrictions	<u>3,507,416</u>	<u>3,150,564</u>
Total net assets	<u>17,130,410</u>	<u>16,787,573</u>
Total liabilities and net assets	<u>\$ 17,771,962</u>	<u>\$ 17,366,109</u>

See notes to financial statements.

TEATOWN LAKE RESERVATION, INC.

Statement of Activities
For the year ended June 30, 2019
(With Summarized Comparative Information for the Year Ended June 30, 2018)

	<u>2019</u>			<u>2018</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
Public support and revenue				
Contributions				
Individuals	\$ 251,891	\$ 1,018,320	\$ 1,270,211	\$ 689,290
Corporate	31,085	32,700	63,785	34,497
Foundation	188,347	97,530	285,877	965,393
Government grants	30,784	162,796	193,580	115,531
Special events, net of direct donor benefits of \$38,326 in 2019 and \$44,304 in 2018	235,338	-	235,338	315,046
Plant sale – net	35,081	-	35,081	30,313
Membership dues	72,927	-	72,927	64,080
Educational services	625,258	-	625,258	613,600
Nature store and other	44,431	-	44,431	32,472
Rental property	148,445	-	148,445	150,660
Sponsorships	48,450	-	48,450	39,650
In-kind donations	18,083	-	18,083	4,237
Interest and dividends – net of fees	5,015	13,028	18,043	2,640
Net assets released from restrictions	988,137	(988,137)	-	-
Total public support and revenue	<u>2,723,272</u>	<u>336,237</u>	<u>3,059,509</u>	<u>3,057,409</u>
Expenses				
Program services	2,003,838	-	2,003,838	2,011,068
Supporting activities				
Management and general	360,060	-	360,060	365,813
Fund-raising	419,669	-	419,669	307,656
Total supporting activities	<u>779,729</u>	<u>-</u>	<u>779,729</u>	<u>673,469</u>
Total expenses	<u>2,783,567</u>	<u>-</u>	<u>2,783,567</u>	<u>2,684,537</u>
Increase (decrease) in net assets before other additions (deductions)	(60,295)	336,237	275,942	372,872
Other additions (deductions)				
Donated land, net	-	-	-	3,600,000
Unrealized gain (loss) on investments	(56,368)	(80,495)	(136,863)	88,373
Realized gain on sale of investments	102,648	101,110	203,758	199,893
Change in value of charitable remainder unitrust	-	-	-	4,260
Loss on disposal of assets	-	-	-	(40,933)
Total other additions (deductions)	<u>46,280</u>	<u>20,615</u>	<u>66,895</u>	<u>3,851,593</u>
Increase (decrease) in net assets	<u>(14,015)</u>	<u>356,852</u>	<u>342,837</u>	<u>4,224,465</u>
Net assets, beginning of year	<u>13,637,009</u>	<u>3,150,564</u>	<u>16,787,573</u>	<u>12,563,108</u>
Net assets, end of year	<u>\$13,622,994</u>	<u>\$ 3,507,416</u>	<u>\$ 17,130,410</u>	<u>\$ 16,787,573</u>

See notes to financial statements.

TEATOWN LAKE RESERVATION, INC.

**Statement of Functional Expenses
For the year ended June 30, 2019
(With Summarized Comparative Information for the Year Ended June 30, 2018)**

	2019						2018	
	Program Services			Supporting Activities			Total	Total
	Environmental Education	Stewardship at Teatown	Regional Conservation	Total Program Services	Management and General	Fund-raising		
Salaries and wages	\$ 679,635	\$ 232,111	\$ 114,197	\$ 1,025,943	\$ 140,733	\$ 208,622	\$ 1,375,298	\$ 1,298,434
Payroll taxes and benefits	143,235	25,491	14,436	183,162	30,894	34,062	248,118	215,437
Professional fees	15,528	21,269	6,594	43,391	21,499	113,318	178,208	148,790
Program and special events expenses	53,636	26,529	27,962	108,127	2,582	18,728	129,437	143,844
Accounting fees	-	-	-	-	25,100	-	25,100	24,500
Annual report	44	43	43	130	43	115	288	400
Bank charges	14,186	341	916	15,443	5,278	2,390	23,111	21,816
Board of Trustees expense	-	-	-	-	4,755	-	4,755	5,488
Charitable contributions	-	1,000	-	1,000	-	1,200	2,200	50,850
Cost of sales	11,309	3,769	-	15,078	-	-	15,078	13,401
Dues and subscriptions	545	2,008	-	2,553	1,358	814	4,725	4,206
Food	3,505	77	-	3,582	-	-	3,582	4,584
Insurance	59,169	21,330	-	80,499	17,452	-	97,951	94,438
Licenses and fees	328	-	1,530	1,858	175	22	2,055	7,476
Life estate expense	-	-	-	-	7,142	-	7,142	7,908
Newsletter	3,013	1,107	510	4,630	-	348	4,978	4,772
Office equipment leases	3,773	290	290	4,353	870	580	5,803	6,134
Payroll fees	-	-	-	-	5,298	-	5,298	5,405
Postage	1,568	276	261	2,105	1,141	2,227	5,473	4,780
Printing	2,611	688	2,207	5,506	-	11,907	17,413	17,515
Publicity	9,466	15	2,855	12,336	-	100	12,436	24,325
Real estate taxes	-	-	-	-	6,759	-	6,759	3,427
Repairs and maintenance	63,477	46,732	2,352	112,561	13,384	854	126,799	140,447
Sanitation	4,854	97	519	5,470	97	97	5,664	4,858
Security	1,349	274	14	1,637	274	29	1,940	2,369
Staff development	3,673	1,877	734	6,284	973	903	8,160	13,178
Supplies	8,547	2,339	718	11,604	1,990	12,627	26,221	21,460
Telephone	8,493	2,556	457	11,506	2,937	915	15,358	12,298
Travel	42,701	1,227	3,205	47,133	-	2,168	49,301	40,783
Utilities	40,264	6,536	981	47,781	9,942	1,306	59,029	53,906
Depreciation	167,897	60,628	19,587	248,112	59,384	3,419	310,915	277,938
Other	1,081	154	819	2,054	-	2,918	4,972	9,370
Total	\$ 1,343,887	\$ 458,764	\$ 201,187	\$ 2,003,838	\$ 360,060	\$ 419,669	\$ 2,783,567	\$ 2,684,537

See notes to financial statements.

TEATOWN LAKE RESERVATION, INC.

Statement of Cash Flows

	Year Ended June 30	
	2019	2018
Cash flows from operating activities		
Increase in net assets	\$ 342,837	\$ 4,224,465
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities		
Depreciation	310,915	277,938
Donated land, net	-	(3,600,000)
Donated stocks	(12,974)	(17,535)
Proceeds from sale of donated stocks	12,974	17,535
Unrealized (gain) loss of investments	136,863	(88,373)
Realized (gain) on sale of investments	(203,758)	(199,893)
Loss on disposal of assets	-	40,933
Change in value of charitable remainder unitrust	157,372	(4,260)
(Increase) decrease in assets		
Contributions receivable	51,469	(746,333)
Inventory	1,704	(1,643)
Prepaid expenses	(23,898)	3,108
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	13,328	(2,425)
Deferred revenue	65,228	11,044
(Decrease) in security deposits	(2,147)	(824)
Net cash provided by (used in) operating activities	849,913	(86,263)
Cash flows from investing activities		
Purchases of property and equipment	(373,986)	(603,296)
Proceeds from sale of assets	-	800
Proceeds from the sale of investments	983,286	834,716
Purchases of investments	(872,608)	(309,877)
Net change in cash equivalents in investment portfolio	(491,628)	(21,022)
Net cash (used in) investing activities	(754,936)	(98,679)
Cash flows (used in) financing activities		
Payments of life estate payable	(13,393)	(12,224)
Net increase (decrease) in cash and cash equivalents	81,584	(197,166)
Cash and cash equivalents, beginning of year	92,241	289,407
Cash and cash equivalents, end of year	\$ 173,825	\$ 92,241
Cash and cash equivalents consist of:		
Operations	\$ 166,675	\$ 82,944
Cash held for security deposits	7,150	9,297
Total	\$ 173,825	\$ 92,241

See notes to financial statements.

TEATOWN LAKE RESERVATION, INC.

Notes to Financial Statements

June 30, 2019

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. The Organization’s significant accounting policies are described below:

Net assets

The Organization’s net assets, revenues, gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as net assets without donor restrictions and net assets with donor restrictions.

Without donor restrictions

These 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.

With donor restrictions

These 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. As of June 30, 2019, the Organization has no donor restricted net assets that are perpetual in nature.

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, 2019****Note 2 – Summary of significant accounting policies (continued)**Allowance for doubtful accounts

As of June 30, 2019, 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 (which includes 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 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, 2019****Note 2 – Summary of significant accounting policies (continued)****Contributions**

The Organization reports contributions as net assets with temporary donor restrictions 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions with temporary donor restrictions are reported as increases in net assets without donor restrictions 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, 2019 and 2018, the donated goods and services totaled \$18,082 and \$4,237, 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 supporting activities have been summarized on a functional basis on the statement of activities. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting activities benefited. Natural expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques primarily consisting of salary and wages and time and effort reporting.

TEATOWN LAKE RESERVATION, INC.**Notes to Financial Statements (continued)****June 30, 2019****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 receivable. 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, 2019. 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, 2018, 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.

Subsequent events

The Organization has evaluated events and transactions for potential recognition or disclosure through November 3, 2019, 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.

TEATOWN LAKE RESERVATION, INC.

Notes to Financial Statements (continued)
June 30, 2019**Note 2 – Summary of significant accounting policies (continued)**Recent accounting pronouncement

During 2019, the Organization adopted Accounting Standards Update: Presentation of Financial Statements of Not-for-Profit Entities. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows.

A recap of the net asset reclassifications and restatements driven by the adoption of the Update as of June 30, 2018 is as follows:

<u>Net Asset Classifications</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Assets</u>
As previously presented			
Unrestricted	\$13,637,009	\$ -	\$ 13,637,009
Temporarily restricted	<u>-</u>	<u>3,150,564</u>	<u>3,150,564</u>
Net assets as reclassified June 30, 2018	<u>\$13,637,009</u>	<u>\$ 3,150,564</u>	<u>\$ 16,787,573</u>

Note 3 – Liquidity and availability of financial assets

The Organization's working capital and cash flows have seasonal variations during the year attributable to cash receipts from contributions, educational programs and other revenue items. As of June 30, 2019, financial assets and liquidity resources available, reduced by amounts not available for general use because of donor restrictions and internal board designations, within one year for general expenditure, such as operating expenses, are summarized below.

The following is a summary of the Organization's financial assets as of June 30, 2019, available for general use within one year of the statement of financial position date:

Financial assets

Cash	\$ 166,675
Investments, at fair value	4,301,939
Current portion of contributions receivable	<u>491,864</u>
Total financial assets	4,960,478
Less: Net asset with temporary donor restrictions	3,015,552
Net assets without restrictions – Board designated	<u>1,610,387</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 334,539</u>

In addition, the Organization has available a \$100,000 line-of-credit (see note 9) with a bank that is drawn upon as necessary during the year.

TEATOWN LAKE RESERVATION, INC.

**Notes to Financial Statements (continued)
June 30, 2019**

Note 4 – Investments

The following is a summary of the investments as of June 30, 2019 and 2018:

	2019		2018	
	Cost	Fair Value	Cost	Fair Value
Cash equivalents	\$ 841,121	\$ 841,121	\$ 349,493	\$ 349,493
Certificates of deposit	351,000	352,852	428,000	428,138
Mutual funds	2,358,228	2,796,588	2,195,680	2,797,478
Exchange traded funds	206,053	311,378	198,521	278,985
Total	<u>\$3,756,402</u>	<u>\$4,301,939</u>	<u>\$3,171,694</u>	<u>\$3,854,094</u>
Unrealized gain		\$ 545,537		\$ 682,400
Change in unrealized value		\$ (136,863)		\$ 88,373

For the years ended June 30, 2019 and June 30, 2018, investment fees totaled \$29,804 and \$32,281, respectively, and are recorded with net 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 that the Organization can access at the measurement date.

Note 5 – Contributions receivable, net

Pledges receivable are unconditional promises from external organizations to make donations to the Organization. Pledges receivable due within one year are \$491,864 and pledges due in two to five years are \$324,000.

Note 6 – Charitable remainder unitrust

The Organization was the beneficiary from a trust that was administered by Stuart Mackintosh as designated by the Trust. Distributions were made to a beneficiary in accordance with the trust agreement. The trust was invested in cash, exchange traded funds and mutual funds. The Organization recorded its interest in the trust at fair value. Changes in the fair value of the trust assets resulting from realized and unrealized gains and losses and distributions of income to the donor have been classified as net assets with donor restrictions in the accompanying statement of activities. During December 2018, the Grantor of Trust passed on and the assets of the Trust were released to the Organization in accordance with the Trust agreement.

TEATOWN LAKE RESERVATION, INC.

**Notes to Financial Statements (continued)
June 30, 2019**

Note 7 – Property and equipment

At June 30, 2019 and June 30, 2018, the Organization's property and equipment, net, consisted of the following:

	<u>2019</u>	<u>2018</u>
Land and land improvements	\$10,562,522	\$10,503,098
Buildings and building improvements	4,548,784	3,993,772
Furniture, fixtures and equipment	995,499	906,362
Improvements in progress	-	<u>329,587</u>
Total property and equipment	16,106,805	15,732,819
Less: accumulated depreciation	<u>3,685,488</u>	<u>3,374,573</u>
Total property and equipment, net	<u>\$12,421,317</u>	<u>\$12,358,246</u>

Note 8 – 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, 2019 and 2018 were \$20,535 and \$20,132, respectively. The balances on the statement of financial position represents the estimated present value at June 30, 2019 and 2018, respectively.

Note 9 – Line of credit

The Organization has available a \$100,000 line of credit. During August 2019, the line of credit was renewed. Amounts borrowed under the line of credit were subject to 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, 2019, the Organization had no outstanding borrowings under the line of credit.

Note 10 – 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, 2020. In connection with lease agreements, the Organization holds security deposits totaling \$7,150 as of June 30, 2019 and \$9,297 as of June 30, 2018. Total rental revenue for the fiscal years ended June 30, 2019 and June 30, 2018 was \$148,445 and \$150,660, respectively.

At June 30, 2019, future minimum lease payments under the agreements that the Organization will receive are \$110,520 in the 2020 fiscal year.

TEATOWN LAKE RESERVATION, INC.**Notes to Financial Statements (continued)
June 30, 2019****Note 11 – 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. The Science Center was completed during the 2019 fiscal year.

During August 2019, in connection with a capital campaign drive, the Organization entered into a professional fundraiser agreement with a consulting firm not to exceed \$200,000. The agreement is set to expire during 2020.

Note 12 – 403 (b) plan

During the 2019 fiscal year, the Organization established a 403(b) plan (the “Plan”) that covers all eligible employees, as defined by the Plan. Eligible employees can defer a portion of their compensation, not to exceed the annual limit established by the Internal Revenue Code. The Organization makes matching contributions as outlined in the Plan documents. The Organization made contributions totaling \$19,364 for the fiscal year ended June 30, 2019.

Note 13 – 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 14 – 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 net assets with perpetual donor restrictions, if any, the original value of gifts donated to the perpetual endowment. The portion of the donor-restricted endowment fund that is not classified as net assets with perpetual donor restrictions is classified as net assets without donor restrictions or net assets with temporary donor restrictions based on donor stipulations.

TEATOWN LAKE RESERVATION, INC.

Notes to Financial Statements (continued)

June 30, 2019

Note 14 – Endowment (continued)

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, 2019:

<u>Assets</u>		<u>Net assets</u>	
Investments, at fair value	\$ 4,301,939	Board designated – without donor restrictions	\$ 1,610,387
Contributions receivable	<u>815,864</u>	Net assets with donor restrictions	<u>3,507,416</u>
Total assets	<u>\$ 5,117,803</u>	Total net assets	<u>\$ 5,117,803</u>

Change in Board-Designated and Net Assets With Temporary Donor Restrictions for the Year Ended June 30, 2019:

	<u>Without Donor Restrictions Board- Designated</u>	<u>With Temporary Donor Restrictions</u>	<u>Total</u>
Net assets, beginning of year	\$1,728,235	\$ 3,150,564	\$4,878,799
Interest and dividends, net	5,015	13,028	18,043
Unrealized (loss)	(56,368)	(80,495)	(136,863)
Realized gain	102,648	101,110	203,758
Contributions and other revenue	-	1,311,346	1,311,346
Endowment draws	(169,143)	-	(169,143)
Net assets released from restriction/ appropriated for expenditures	<u>-</u>	<u>(988,137)</u>	<u>(988,137)</u>
Net assets, end of year	<u>\$1,610,387</u>	<u>\$ 3,507,416</u>	<u>\$5,117,803</u>

TEATOWN LAKE RESERVATION, INC.

Notes to Financial Statements (continued)
June 30, 2019

Note 14 – Endowment (continued)

Endowment Net Asset Composition by Type of Fund as of June 30, 2019:

	Without Donor Restrictions Board- <u>Designated</u>	With Temporary Donor <u>Restrictions</u>	<u>Total</u>
Contributions receivable	\$ -	\$ 815,864	\$ 815,864
Investments	<u>1,610,387</u>	<u>2,691,552</u>	<u>4,301,939</u>
Total funds	<u>\$1,610,387</u>	<u>\$3,507,416</u>	<u>\$5,117,803</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.

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, 2019

Note 15 – Net assets with donor restrictions

The following is a summary of the activity of the net assets with donor restrictions for the year ended June 30, 2019:

	Balance at June 30, 2018	Contributions	Time Restricted/ Pledges	Investment Income and Other	Net Assets Released from Restrictions (appropriated for expenditures)	Balance at June 30, 2019
Temporarily restricted fund						
Abeles Education Program Fund	\$ 10,000	\$ 20,000	-	\$ -	\$ 15,000	\$ 15,000
Anonymous Fund	652,061	-	-	-	153,400	498,661
Bench Fund	5,249	5,000	-	-	2,290	7,959
Bilingual Education Fund	30,000	-	-	-	30,000	-
Brian Horton Memorial Fund	3,474	7,812	-	-	6,300	4,986
Capital Campaign fund	61,603	655,156	-	6,262	79,201	643,820
Charitable Remainder Trust	157,372	-	-	(13,495)	143,877	-
Cliffdale Property	715,481	-	-	16,442	33,807	698,116
Con Edison Fund	-	25,000	-	-	-	25,000
Constance Curran Grant	-	-	30,000	-	-	30,000
David Swope Memorial Fund	27,490	102,000	150,726	-	79,490	200,726
Dena Thomas Memorial Scholarship Fund	79,160	275	-	2,335	3,422	78,348
DEC Aquatic Invasive Species Grant	-	-	53,050	-	-	53,050
Durr Greenhouse Fund	20,001	20,000	-	-	19,987	20,014
Environmental Leaders Learning Alliance	5,365	-	10,000	-	2,836	12,529
Erica Douwes Scholarship Fund	1,870	750	-	-	1,095	1,525
Kathryn Davis Education Programming at Riverwalk	3,026	-	-	-	3,026	-
LTA Dendrometer Grant	42,000	-	-	-	19,074	22,926
LTA Habitat Restoration Grant	-	40,000	-	-	-	40,000
LTA Intern/Accreditation Grant	-	19,500	-	-	-	19,500
Lucy Waletzky Pledge	15,000	-	-	-	15,000	-
Matthew Potel Camp Scholarship	1,965	-	-	-	815	1,150
No Child Left Inside	16,974	24,000	-	-	23,548	17,426
Orinoco Foundation Grant	80,000	-	-	-	80,000	-
Regeneration	-	7,700	-	-	7,700	-
Sarah Swope Memorial Fund	21,848	-	-	-	1,350	20,498
Secunda Foundation -Community Environmentalist	88,000	-	-	-	88,000	-
Sidney Heymann Fund	2,339	-	-	-	-	2,339
Staff Support Fund	77,500	-	-	-	66,832	10,668
Teatown Environmental Science Academy Fund	25,758	9,687	12,000	618	18,903	29,160
Teatown Neighbors Camp Fund	2,340	2,075	-	-	2,340	2,075
Turtle Conservation Fund	601	720	350	-	435	1,236
Viola & William Orr Endowment	935,074	-	-	21,481	39,527	917,028
WCF Native Plant Gardening	-	4,030	-	-	4,030	-
Westchester County Youth Bureau	30,000	-	24,215	-	30,000	24,215
Wildflower Island Fund	7,378	1,769	-	-	1,652	7,495
Wildflower Woods	31,635	-	-	-	15,200	16,435
ZBGA Grant	-	-	85,531	-	-	85,531
Total	\$ 3,150,564	\$ 945,474	\$ 365,872	\$ 33,643	\$ 988,137	\$ 3,507,416