

TEATOWN LAKE RESERVATION, INC.

**Financial Statements
for the year ended
June 30, 2020
(with summarized
comparative information for 2019)**

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, 2020, 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, 2020 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 2019 financial statements, and our report dated November 3, 2019, 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, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Condon C' Meoza McGinty + Donnelly LLP

TEATOWN LAKE RESERVATION, INC.

Statement of Financial Position

Assets

| | June 30 | |
|---|----------------------|----------------------|
| | 2020 | 2019 |
| Current assets | | |
| Cash and cash equivalents | \$ 291,979 | \$ 166,675 |
| Investments, at fair value | 5,149,006 | 4,301,939 |
| Current portion of contributions receivable | 329,693 | 491,864 |
| Inventory, at cost | 11,804 | 11,067 |
| Prepaid expenses | 50,734 | 47,950 |
| Total current assets | 5,833,216 | 5,019,495 |
| Cash held for security deposits | 7,165 | 7,150 |
| Contributions receivable, net of current portion | 311,265 | 324,000 |
| Property and equipment, at cost, net | 11,700,412 | 12,421,317 |
| Total assets | \$ 17,852,058 | \$ 17,771,962 |

Liabilities and Net Assets

| | | |
|--|----------------------|----------------------|
| Current liabilities | | |
| Accounts payable and accrued expenses | \$ 80,418 | \$ 86,420 |
| Deferred revenue | - | 436,265 |
| Current portion of life estate payable | 16,070 | 14,811 |
| Current portion of long-term debt | 92,752 | - |
| Total current liabilities | 189,240 | 537,496 |
| Life estate payable, net of current portion | 80,836 | 96,906 |
| Long-term debt, net of current portion | 297,948 | - |
| Deferred revenue (2021-2022) | 65,585 | - |
| Security deposits | 7,165 | 7,150 |
| Total liabilities | 640,774 | 641,552 |
| Net assets | | |
| Without donor restrictions | 13,091,178 | 13,622,994 |
| With donor restrictions | 4,120,106 | 3,507,416 |
| Total net assets | 17,211,284 | 17,130,410 |
| Total liabilities and net assets | \$ 17,852,058 | \$ 17,771,962 |

See notes to financial statements.

TEATOWN LAKE RESERVATION, INC.

Statement of Activities
For the year ended June 30, 2020
(With Summarized Comparative Information for the Year Ended June 30, 2019)

| | 2020 | | | 2019 |
|---|-------------------------------|----------------------------|----------------------|----------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Total |
| Public support and revenue | | | | |
| Contributions | | | | |
| Individuals | \$ 344,315 | \$ 1,574,909 | \$ 1,919,224 | \$ 1,270,211 |
| Corporate | 5,118 | 5,000 | 10,118 | 63,785 |
| Foundation | 249,687 | 45,316 | 295,003 | 285,877 |
| Government grants | 99,408 | 309,395 | 408,803 | 193,580 |
| Special events, net of direct donor benefits of \$42,633 in 2020 and \$38,326 in 2019 | 226,567 | - | 226,567 | 235,338 |
| Plant sale – net | 85 | - | 85 | 35,081 |
| Membership dues | 73,427 | - | 73,427 | 72,927 |
| Educational services | 653,980 | - | 653,980 | 625,258 |
| Nature store and other | 53,362 | - | 53,362 | 44,431 |
| Rental property | 151,945 | - | 151,945 | 148,445 |
| Sponsorships | 18,840 | - | 18,840 | 48,450 |
| In-kind donations | 16,673 | - | 16,673 | 18,083 |
| Interest and dividends – net of fees | 8,396 | 21,688 | 30,084 | 18,043 |
| Net assets released from restrictions | 1,385,089 | (1,385,089) | - | - |
| Total public support and revenue | <u>3,286,892</u> | <u>571,219</u> | <u>3,858,111</u> | <u>3,059,509</u> |
| Expenses | | | | |
| Program services | <u>2,154,081</u> | <u>-</u> | <u>2,154,081</u> | <u>2,003,838</u> |
| Supporting activities | | | | |
| Management and general | 374,812 | - | 374,812 | 360,060 |
| Fund-raising | 509,131 | - | 509,131 | 419,669 |
| Total supporting activities | <u>883,943</u> | <u>-</u> | <u>883,943</u> | <u>779,729</u> |
| Total expenses | <u>3,038,024</u> | <u>-</u> | <u>3,038,024</u> | <u>2,783,567</u> |
| Increase in net assets before other additions (deductions) | <u>248,868</u> | <u>571,219</u> | <u>820,087</u> | <u>275,942</u> |
| Other additions (deductions) | | | | |
| Unrealized (loss) on investments | (15,010) | (14,072) | (29,082) | (136,863) |
| Realized gain on sale of investments | 75,208 | 55,543 | 130,751 | 203,758 |
| Loss on disposal of assets | (840,882) | - | (840,882) | - |
| Total other additions (deductions) | <u>(780,684)</u> | <u>41,471</u> | <u>(739,213)</u> | <u>66,895</u> |
| Increase (decrease) in net assets | <u>(531,816)</u> | <u>612,690</u> | <u>80,874</u> | <u>342,837</u> |
| Net assets, beginning of year | <u>13,622,994</u> | <u>3,507,416</u> | <u>17,130,410</u> | <u>16,787,573</u> |
| Net assets, end of year | <u>\$ 13,091,178</u> | <u>\$ 4,120,106</u> | <u>\$ 17,211,284</u> | <u>\$ 17,130,410</u> |

See notes to financial statements.

TEATOWN LAKE RESERVATION, INC.

**Statement of Functional Expenses
For the year ended June 30, 2020
(With Summarized Comparative Information for the Year Ended June 30, 2019)**

| | 2020 | | | | | 2019 | |
|-------------------------------------|----------------------------|------------------------------|--------------------------|------------------------------|------------------------------|-------------------|---------------------|
| | Program Services | | | Supporting Activities | | Total | Total |
| | Environmental Education | Stewardship at Teatown | Regional Conservation | Total Program Services | Management and General | | |
| Salaries and wages | \$ 746,609 | \$ 246,454 | \$ 137,398 | \$ 1,130,461 | \$ 145,935 | \$ 173,705 | \$ 1,450,101 |
| Payroll taxes and benefits | 152,574 | 33,971 | 20,096 | 206,641 | 29,688 | 24,830 | 261,159 |
| Professional fees | 10,988 | 106,654 | 2,461 | 120,103 | 7,206 | 242,756 | 370,065 |
| Program and special events expenses | 38,404 | 11,260 | 33,823 | 83,487 | 1,991 | 28,102 | 113,580 |
| Accounting fees | - | - | - | - | 25,765 | - | 25,765 |
| Annual report | 120 | 120 | 120 | 360 | 121 | 321 | 802 |
| Bank charges | 13,766 | 548 | 1,047 | 15,361 | 5,039 | 3,008 | 23,408 |
| Board of Trustees expense | - | - | - | - | 4,122 | - | 4,122 |
| Charitable contributions | - | 1,000 | - | 1,000 | - | - | 1,000 |
| Cost of sales | 8,350 | 2,783 | - | 11,133 | - | - | 11,133 |
| Dues and subscriptions | 517 | 1,750 | 75 | 2,342 | 1,292 | 776 | 4,410 |
| Food | 14,670 | 46 | - | 14,716 | - | - | 14,716 |
| Insurance | 58,999 | 21,293 | - | 80,292 | 17,422 | - | 97,714 |
| Licenses and fees | 1,165 | 4,125 | 1,620 | 6,910 | 775 | - | 7,685 |
| Life estate expense | - | - | - | - | 6,300 | - | 6,300 |
| Newsletter | 2,441 | 898 | 413 | 3,752 | - | 282 | 7,142 |
| Office equipment leases | 3,790 | 292 | 292 | 4,374 | 874 | 583 | 4,978 |
| Payroll fees | - | - | - | - | 15,822 | - | 5,803 |
| Postage | 1,309 | 277 | 263 | 1,849 | 1,087 | 1,935 | 5,298 |
| Printing | 2,137 | 957 | 1,666 | 4,760 | - | 10,682 | 5,473 |
| Publicity | 6,579 | 263 | 2,707 | 9,549 | - | - | 17,413 |
| Real estate taxes | - | - | - | - | 23,459 | - | 12,436 |
| Repairs and maintenance | 44,902 | 17,838 | 1,281 | 64,021 | 7,192 | 899 | 6,759 |
| Sanitation | 3,504 | 72 | 249 | 3,825 | 376 | 78 | 126,799 |
| Security | 1,798 | 316 | 19 | 2,133 | 316 | 39 | 5,664 |
| Staff development | 2,626 | 1,121 | 430 | 4,177 | 669 | 620 | 1,940 |
| Supplies | 6,149 | 1,824 | 430 | 8,403 | 1,667 | 10,812 | 8,160 |
| Telephone | 7,930 | 2,793 | 414 | 11,137 | 3,256 | 827 | 26,221 |
| Travel | 34,139 | 758 | 3,934 | 38,831 | - | 807 | 15,220 |
| Utilities | 35,837 | 3,252 | 835 | 39,924 | 6,756 | 1,123 | 39,638 |
| Depreciation | 191,349 | 69,098 | 22,324 | 282,771 | 67,682 | 3,898 | 47,803 |
| Other | 1,349 | 193 | 227 | 1,769 | - | 3,048 | 354,351 |
| Total | \$ 1,392,001 | \$ 529,956 | \$ 232,124 | \$ 2,154,081 | \$ 374,812 | \$ 509,131 | \$ 2,783,567 |

See notes to financial statements.

TEATOWN LAKE RESERVATION, INC.

Statement of Cash Flows

| | Year Ended | |
|--|--------------------------|--------------------------|
| | June 30 | |
| | <u>2020</u> | <u>2019</u> |
| Cash flows from operating activities | | |
| Increase in net assets | \$ 80,874 | \$ 342,837 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities | | |
| Depreciation | 354,351 | 310,915 |
| Donated stocks | (850,639) | (12,974) |
| Proceeds from sale of donated stocks | 850,639 | 12,974 |
| Unrealized loss of investments | 29,082 | 136,863 |
| Realized (gain) on sale of investments | (130,751) | (203,758) |
| Loss on disposal of assets | 840,882 | - |
| Change in value of charitable remainder unitrust | - | 157,372 |
| (Increase) decrease in assets | | |
| Contributions receivable | 174,906 | 51,469 |
| Inventory | (737) | 1,704 |
| Prepaid expenses | (2,784) | (23,898) |
| Increase (decrease) in liabilities | | |
| Accounts payable and accrued expenses | (6,002) | 13,328 |
| Deferred revenue | (370,680) | 65,228 |
| Increase (decrease) in security deposits | <u>15</u> | <u>(2,147)</u> |
| Net cash provided by operating activities | <u>969,156</u> | <u>849,913</u> |
| Cash flows from investing activities | | |
| Purchases of property and equipment | (474,328) | (373,986) |
| Proceeds from the sale of investments | 1,858,063 | 983,286 |
| Purchases of investments | (1,897,933) | (872,608) |
| Net change in cash equivalents in investment portfolio | <u>(705,528)</u> | <u>(491,628)</u> |
| Net cash (used in) investing activities | <u>(1,219,726)</u> | <u>(754,936)</u> |
| Cash flows from financing activities | | |
| Proceeds from long-term debt | 390,700 | - |
| Payments of life estate payable | <u>(14,811)</u> | <u>(13,393)</u> |
| Net cash provided by (used in) financing activities | <u>375,889</u> | <u>(13,393)</u> |
| Net increase in cash and cash equivalents | 125,319 | 81,584 |
| Cash and cash equivalents, beginning of year | <u>173,825</u> | <u>92,241</u> |
| Cash and cash equivalents, end of year | <u>\$ 299,144</u> | <u>\$ 173,825</u> |
| Cash and cash equivalents consist of: | | |
| Operations | \$ 291,979 | \$ 166,675 |
| Cash held for security deposits | <u>7,165</u> | <u>7,150</u> |
| Total | <u>\$ 299,144</u> | <u>\$ 173,825</u> |

See notes to financial statements.

TEATOWN LAKE RESERVATION, INC.**Notes to Financial Statements
June 30, 2020****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, 2020, the Organization has no net assets with perpetual donor restrictions.

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, 2020****Note 2 – Summary of significant accounting policies (continued)**Allowance for doubtful accounts

As of June 30, 2020, 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. During the 2020 fiscal year, property with a cost basis of \$1,284,036 with an accumulated depreciation of \$443,154 was demolished and disposed of resulting in a loss on disposal of \$840,882.

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.

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. Due to the COVID-19 all summer camps have been deferred until further notice, as a result, participants of the camp either elected to receive a refund or leave a deposit for future summer camp events.

TEATOWN LAKE RESERVATION, INC.**Notes to Financial Statements (continued)
June 30, 2020****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, 2020 and 2019, the donated goods and services totaled \$16,673 and \$18,082, 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, 2020****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, 2020. 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 individual 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, 2019, 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, 2020

Note 2 – Summary of significant accounting policies (continued)

Risks and uncertainty

On March 13, 2020, President Trump declared a national emergency due to extraordinary circumstances resulting from the novel coronavirus 2019 (COVID-19) pandemic. As a direct result of this executive order, the Organization suspended its programming activities and the facility and operations were closed during March 2020, with limited openings on various dates through October 19, 2020, subject to restrictions set forth by State and Local Government. Management believes that the COVID-19 pandemic may have a impact on its financial condition, results of operations and outlook for year ending June 30, 2021. The extent to which the COVID-19 pandemic may impact business activity and the Organization's operations will depend on future developments, which are uncertain and cannot be predicted.

Subsequent events

The Organization has evaluated events and transactions for potential recognition or disclosure through October 19, 2020, which is the date the financial statements were available to be issued.

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, 2020, 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, 2020 and June 30, 2019, available for general use within one year of the statement of financial position date:

| | <u>2020</u> | <u>2019</u> |
|--|---------------------|-------------------|
| Financial assets | | |
| Cash | \$ 291,979 | \$ 166,675 |
| Investments, at fair value | 5,149,006 | 4,301,939 |
| Current portion of contributions receivable | <u>329,693</u> | <u>491,864</u> |
| Sub-total | 5,770,678 | 4,960,478 |
| Less: Net asset with temporary donor restrictions | 4,120,106 | 3,015,552 |
| Net assets without restrictions – Board designated | <u>451,685</u> | <u>1,610,387</u> |
| Total financial assets | <u>\$ 1,198,887</u> | <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, 2020**Note 4 – Investments**

The following is a summary of the investments as of June 30, 2020 and 2019:

| | 2020 | | 2019 | |
|----------------------------|--------------------|--------------------|--------------------|---------------------|
| | Cost | Fair Value | Cost | Fair Value |
| Cash equivalents | \$1,546,649 | \$1,546,649 | \$ 841,121 | \$ 841,121 |
| Certificates of deposit | 476,000 | 485,332 | 351,000 | 352,852 |
| Mutual funds | 2,268,040 | 2,643,237 | 2,358,228 | 2,796,588 |
| Exchange traded funds | 341,863 | 473,789 | 206,053 | 311,378 |
| Total | <u>\$4,632,552</u> | <u>\$5,149,007</u> | <u>\$3,756,402</u> | <u>\$4,301,939</u> |
| Unrealized gain | | <u>\$ 516,455</u> | | <u>\$ 545,537</u> |
| Change in unrealized value | | <u>\$ (29,082)</u> | | <u>\$ (136,863)</u> |

For the years ended June 30, 2020 and June 30, 2019, investment fees totaled \$30,646 and \$29,804, 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 \$329,693 and pledges due in two to five years are \$311,265.

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 2019, 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, 2020

Note 7 – Property and equipment

At June 30, 2020 and June 30, 2019, the Organization’s property and equipment, net, consisted of the following:

| | <u>2020</u> | <u>2019</u> |
|-------------------------------------|---------------------|---------------------|
| Land and land improvements | \$10,644,634 | \$10,562,522 |
| Buildings and building improvements | 3,622,594 | 4,548,784 |
| Furniture, fixtures and equipment | <u>1,029,869</u> | <u>995,499</u> |
| Total property and equipment | 15,297,097 | 16,106,805 |
| Less: accumulated depreciation | <u>3,596,685</u> | <u>3,685,488</u> |
| Total property and equipment, net | <u>\$11,700,412</u> | <u>\$12,421,317</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, 2020 and 2019 were \$16,070 and \$20,535, respectively. The balances on the statement of financial position represents the estimated present value at June 30, 2020 and 2019, respectively.

Note 9 – Long-term debt

During May 2020, the Organization received a \$230,800 loan under the Paycheck Protection Program (“PPP”) created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrues interest at 1.0% per annum, but payments are not required to begin for six months after the funding of the loan (November 3, 2020). The loan matures on May 3, 2022, when all unpaid principal balance outstanding plus accrued and unpaid interest will be due and payable. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal government.

During June 2020, the Organization received an Economic Injury Disaster Loan (“EIDL”) with the U.S. Small Business Administration to provide disaster relief from the COVID-19 pandemic. The loan was approved for \$150,000 and the Organization received that amount, less a \$100 third-party filing fee on June 14, 2020. Repayment of the EIDL commences 12 months after closing (June 2021) and requires monthly payments of \$641 applicable first to a fixed interest rate of 2.75% per annum and the balance to a reduction of principal. EIDL will amortized over 360 months, until June 2050, when the entire unpaid principal balance and all accrued and unpaid interest would be due and payable. As of June 30, 2020, the EIDL is in deferment status and interest will be accruing on the amount the Organization has received. The EIDL is collateralized by a security interest, as defined in the EIDL documents. In addition, in connection with this EIDL loan, the Organization received a \$10,000 grant which may be forgiven.

TEATOWN LAKE RESERVATION, INC.

Notes to Financial Statements (continued)
June 30, 2020

Note 9 – Long-term debt (continued)

The following is a summary of the required annual principal payments as of June 30, 2020:

| <u>Fiscal Year</u> | <u>Total</u> |
|---------------------|-------------------|
| 2021 | \$ 92,752 |
| 2022 | 138,031 |
| 2023 | 3,615 |
| 2024 | 3,715 |
| 2025 | 3,819 |
| 2026 and thereafter | <u>148,768</u> |
| Total | <u>\$ 390,700</u> |

Note 10 – Line of credit

The Organization has available a \$100,000 line of credit. 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, 2020, the Organization had no outstanding borrowings under the line of credit.

Note 11 – Lease agreements

The Organization entered into several agreements to lease its space to other individuals at various locations on the Organization's premises. In connection with lease agreements, the Organization holds security deposits totaling \$7,165 as of June 30, 2020 and \$7,150 as of June 30, 2019. Total rental revenue for the fiscal years ended June 30, 2020 and June 30, 2019 was \$151,945 and \$148,445, respectively.

At June 30, 2020, future minimum lease payments under the agreements that the Organization will receive are \$113,945 in the 2021 fiscal year.

Note 12 – Commitment

During July 2019, in connection with a capital campaign drive, the Organization entered into a professional fundraiser agreement with a consulting firm totaling \$130,000. Due to COVID-19, the services were postponed and are expected to resume during the 2021 fiscal year.

Note 13 – 403 (b) plan

The Organization has 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 \$34,293 and \$19,364 for the fiscal years ended June 30, 2020 and June 30, 2019.

TEATOWN LAKE RESERVATION, INC.

Notes to Financial Statements (continued)
June 30, 2020

Note 14 – 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 15 – 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.

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, 2020:

| <u>Assets</u> | | <u>Net assets</u> | |
|----------------------------|---------------------|---|---------------------|
| Investments, at fair value | \$ 3,996,600 | Board designated – without donor restrictions | \$ 451,865 |
| Contributions receivable | <u>575,391</u> | Net assets with donor restrictions | <u>4,120,106</u> |
| Total assets | <u>\$ 4,571,971</u> | Total net assets | <u>\$ 4,571,971</u> |

TEATOWN LAKE RESERVATION, INC.

Notes to Financial Statements (continued)
June 30, 2020Note 15 – Endowment (continued)

Change in Board-Designated and Net Assets with Temporary Donor Restrictions for the Year Ended June 30, 2020:

| | Without Donor Restrictions Board- Designated | With Temporary Donor Restrictions | Total |
|--|---|--|-------------|
| Net assets, beginning of year | \$1,610,387 | \$ 3,507,416 | \$5,117,803 |
| Interest and dividends, net | 8,396 | 21,688 | 30,084 |
| Unrealized (loss) | (15,010) | (14,072) | (29,082) |
| Realized gain | 75,208 | 55,543 | 130,751 |
| Contributions and other revenue | - | 1,934,620 | 1,934,620 |
| Endowment draws | (1,227,116) | - | (1,227,116) |
| Net assets released from restriction/ appropriated for expenditures | - | (1,385,089) | (1,385,089) |
| Net assets, end of year | \$ 451,865 | \$ 4,120,106 | \$4,571,971 |

Endowment Net Asset Composition by Type of Fund as of June 30, 2020:

| | Without Donor Restrictions Board- Designated | With Temporary Donor Restrictions | Total |
|--------------------------|---|--|-------------|
| Contributions receivable | \$ - | \$ 575,371 | \$ 575,371 |
| Investments | 451,865 | 3,544,735 | 3,996,600 |
| Total funds | \$ 451,865 | \$4,120,106 | \$4,571,971 |

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, 2020

Note 16 – 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, 2020:

| | Balance at June 30, 2019 | Contributions | Time Restricted/ Pledges | Investment Income and Other | Net Assets Released from Restrictions (appropriated for expenditures) | Balance at June 30, 2020 |
|--|--------------------------------|---------------|--------------------------------|-----------------------------------|---|--------------------------------|
| Temporarily restricted fund | | | | | | |
| Abeles Education Program Fund | \$ 15,000 | \$ 25,000 | - | - | \$ 35,000 | \$ 5,000 |
| Anonymous Fund | 498,661 | - | - | - | 147,150 | 351,511 |
| Bench Fund | 7,959 | - | - | - | - | 7,959 |
| Brian Horton Memorial Fund | 4,986 | 500 | - | - | 4,986 | 500 |
| Capital Campaign Fund | 643,820 | 1,460,330 | 80,000 | 13,593 | 615,479 | 1,582,264 |
| Cliffdale Property | 698,116 | - | - | 22,867 | 29,877 | 691,106 |
| Con Edison Fund | 25,000 | - | - | - | 25,000 | - |
| Constance Curran Grant | 30,000 | - | - | - | 15,000 | 15,000 |
| David Swope Memorial Fund | 200,726 | (3,943) | - | - | 50,000 | 146,783 |
| Dena Thomas Memorial Scholarship Fund | 78,348 | 3,455 | - | 2,652 | 3,878 | 80,577 |
| DEC Aquatic Invasive Species Grant | 53,050 | - | - | - | 8,970 | 44,080 |
| Durr Greenhouse Fund | 20,014 | - | - | - | 20,013 | 1 |
| Environmental Leaders Learning Alliance | 12,529 | 6,200 | - | - | 9,222 | 9,507 |
| Erica Douwes Scholarship Fund | 1,525 | 620 | - | - | 1,305 | 840 |
| Land Fund | - | 151,250 | - | - | 151,250 | - |
| LTA Dendrometer Grant | 22,926 | - | - | - | 21,080 | 1,846 |
| LTA Habitat Restoration Grant | 40,000 | - | - | - | 30,899 | 9,101 |
| LTA Intern/Accreditation Grant | 19,500 | - | - | - | 14,535 | 4,965 |
| Matthew Potel Camp Scholarship | 1,150 | - | - | - | 780 | 370 |
| No Child Left Inside | 17,426 | 21,210 | - | - | 9,709 | 28,927 |
| Ossining Food Scraps Program | - | 28,780 | - | - | 5,959 | 22,821 |
| Regeneron | - | 3,500 | - | - | 2,957 | 543 |
| Sarah Swope Memorial Fund | 20,498 | - | - | - | 250 | 20,248 |
| Sidney Heymann Fund | 2,339 | - | - | - | - | 2,339 |
| Staff Support Fund | 10,668 | - | - | - | 10,668 | - |
| Teatown Environmental Science Academy Fund | 29,160 | 3,816 | - | - | 6,823 | 26,153 |
| Teatown Neighbors Camp Fund | 2,075 | 2,310 | - | - | 1,560 | 2,825 |
| Tree Project Fund | - | 20,000 | - | - | 584 | 19,416 |
| Turtle Conservation Fund | 1,236 | 515 | - | - | 478 | 1,273 |
| Viola & William Orr Endowment | 917,028 | - | - | 24,048 | 41,027 | 900,049 |
| Westchester County Youth Bureau | 24,215 | 129,365 | - | - | 24,216 | 129,364 |
| Wildflower Island Fund | 7,495 | 1,711 | - | - | 1,303 | 7,903 |
| Wildflower Woods | 16,435 | - | - | - | 9,600 | 6,835 |
| NYSOPRHP ZBGA Grant | 85,531 | - | - | - | 85,531 | - |
| Total | \$ 3,507,416 | \$ 1,854,619 | \$ 80,000 | \$ 63,160 | \$ 1,385,089 | \$ 4,120,106 |