

Financial Statements



December 31, 2021

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Georges River Land Trust

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Independent Accountants' Review Report

**To the Board of Directors
Georges River Land Trust
Rockland, Maine**

We have reviewed the accompanying financial statements of Georges River Land Trust (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Georges River Land Trust and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Summarized Comparative Information

We previously reviewed Georges River Land Trust's 2020 financial statements and in our conclusion dated August 2, 2021, stated that based on our review, we were not aware of any material modifications that should be made to the 2020 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended December 31, 2020, for it to be consistent with the reviewed financial statements from which it has been derived.

Purdy Pownall & Company

Professional Association

Portland, Maine
July 28, 2022

Statement of Financial Position

Georges River Land Trust

As of December 31, 2021

(with comparative totals for December 31, 2020)

	<u>2021</u>	<u>2020</u>
Current Assets		
Cash	\$ 462,382	\$ 476,686
Investments	1,206,684	-
Current portion of pledges receivable	88,370	98,880
Other receivables	-	2,030
Prepaid expenses	8,375	10,042
Inventory	3,204	3,459
Total Current Assets	<u>1,769,015</u>	<u>591,097</u>
Property and Equipment , net of accumulated depreciation	99,762	98,684
Other Assets		
Deposits	2,900	2,000
Pledges receivable, less current portion	85,463	55,445
Beneficial interest in assets held by others	-	748,248
Beneficial interest in perpetual trust	313,067	278,127
Grantor retained life estate	296,000	237,000
Langlais artwork	2,207,186	2,207,186
Property for conservation	1,889,666	1,889,666
Total Other Assets	<u>4,794,282</u>	<u>5,417,672</u>
Total Assets	<u>\$ 6,663,059</u>	<u>\$ 6,107,453</u>
Current Liabilities		
Accounts payable and accrued liabilities	\$ 21,780	\$ 14,388
Paycheck Protection Program loan	60,300	6,000
Economic Injury Disaster loan	-	6,000
Total Current Liabilities	<u>82,080</u>	<u>26,388</u>
Net Assets		
Without donor restrictions	1,561,288	1,382,372
With donor restrictions	5,019,691	4,698,693
Total Net Assets	<u>6,580,979</u>	<u>6,081,065</u>
Total Liabilities and Net Assets	<u>\$ 6,663,059</u>	<u>\$ 6,107,453</u>

See accompanying independent accountants' review report and notes to financial statements.

Statement of Activities

Georges River Land Trust

For the Year Ended December 31, 2021
(with comparative totals for December 31, 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues				
Contributions income	\$ 410,278	\$ 219,373	\$ 629,651	\$ 640,722
Paycheck Protection Program loan forgiveness	6,000	-	6,000	54,300
Economic Injury Disaster loan forgiveness	6,000	-	6,000	-
Special events	13,817	-	13,817	5,190
Grants	-	54,822	54,822	368,350
Merchandise sales	656	-	656	846
Sales of donated vehicles	3,900	-	3,900	9,080
Interest and dividend income	29,051	-	29,051	4,622
Miscellaneous income	1,887	-	1,887	4,151
Net assets released from restrictions	47,137	(47,137)	-	-
Total Revenues	518,726	227,058	745,784	1,087,261
Expenses				
Program services				
Trails and public access	81,987	-	81,987	71,019
Education and outreach	14,152	-	14,152	7,596
Stewardship	59,603	-	59,603	73,858
Conservation	71,953	-	71,953	476,287
Langlais Sculpture Preserve	41,471	-	41,471	10,145
Supporting services				
General administrative	91,918	-	91,918	93,121
Fundraising	99,857	-	99,857	72,777
Total Expenses	460,941	-	460,941	804,803
Revenues Over Expenses	57,785	227,058	284,843	282,458
Change in value of beneficial interest in perpetual trust	8,344	93,940	102,284	43,861
Change in value of beneficial interest of assets held by others	128,950	-	128,950	93,572
Realized and unrealized loss on investments	(16,163)	-	(16,163)	-
	<u>121,131</u>	<u>93,940</u>	<u>215,071</u>	<u>137,433</u>
Increase in Net Assets	178,916	320,998	499,914	419,891
Net assets at beginning of year	<u>1,382,372</u>	<u>4,698,693</u>	<u>6,081,065</u>	<u>5,661,174</u>
Net Assets at End of Year	\$ 1,561,288	\$ 5,019,691	\$ 6,580,979	\$ 6,081,065

See accompanying independent accountants' review report and notes to financial statements.

Statement of Functional Expenses

Georges River Land Trust

For the Year Ended December 31, 2021

(with comparative totals for the year ended December 31, 2020)

	2021			2020	
	Program	Management and General	Fundraising	Total	Total
Expenses					
Salaries and wages	\$ 196,519	\$ 41,498	\$ 63,645	\$ 301,662	\$ 266,014
Bank fees	-	3,218	541	3,759	3,117
Insurance	4,615	12,654	420	17,689	16,722
Professional fees	3,887	18,782	3,372	26,041	33,184
Utilities	1,814	2,925	413	5,152	5,049
Miscellaneous	-	1,395	708	2,103	4,218
Reduction in bequest	-	-	-	-	8,250
Printing and postage	9	2,267	7,613	9,889	9,621
Occupancy	12,402	2,995	4,103	19,500	19,425
Dues and subscriptions	-	4,071	4,128	8,199	4,585
Repairs and maintenance	1,145	285	379	1,809	1,742
Office supplies	4,419	980	1,522	6,921	2,946
Fundraising	21	220	12,935	13,176	4,989
Property and program	28,386	-	-	28,386	22,410
Interest	-	68	-	68	-
Depreciation	15,949	560	78	16,587	16,549
Impairment	-	-	-	-	385,982
Total Expenses	<u>\$ 269,166</u>	<u>\$ 91,918</u>	<u>\$ 99,857</u>	<u>\$ 460,941</u>	<u>\$ 804,803</u>

See accompanying independent accountants' review report and notes to financial statements.

Statement of Cash Flows

Georges River Land Trust

For the Years Ended December 31, 2021
(with comparative totals for December 31, 2020)

	<u>2021</u>	<u>2020</u>
Operating Activities		
Increase in net assets	\$ 499,914	\$ 419,891
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	16,587	16,549
Contribution of artwork	-	(4,400)
Contribution of property	-	(42,467)
Paycheck Protection Program loan forgiveness	(6,000)	(54,300)
Economic Injury Disaster loan forgiveness	(6,000)	-
Realized and unrealized loss on investments	16,163	-
Change in value of beneficial interest in assets held by others	(128,950)	(93,572)
Change in value of beneficial interest in perpetual trust	(34,940)	(7,520)
Change in value of grantor retained life estate	(59,000)	(36,340)
Reduction in bequest	-	8,250
Impairment reduction	-	385,982
(Increase) decrease in operating assets:		
Pledges receivable	(19,508)	(38,650)
Other receivable	2,030	645
Deposits	(900)	11,100
Prepaid expenses	1,667	(1,888)
Inventory	255	229
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	7,392	(18,528)
Net Cash Provided by Operating Activities	<u>288,710</u>	<u>544,981</u>
Investing Activities		
Purchase of conservation property	-	(382,720)
Purchase of fixed assets	(17,665)	(6,046)
Purchase of investments	(1,531,969)	(68,085)
Proceeds from sales of investments	1,186,320	126,631
Net Cash Used by Investing Activities	<u>(363,314)</u>	<u>(330,220)</u>
Financing Activities		
Paycheck Protection Program loan proceeds	60,300	60,300
Economic Injury Disaster loan proceeds	-	6,000
Net Cash Provided by Financing Activities	<u>60,300</u>	<u>66,300</u>
Increase (Decrease) in Cash	(14,304)	281,061
Cash at beginning of year	<u>476,686</u>	<u>195,625</u>
Cash at End of Year	<u>\$ 462,382</u>	<u>\$ 476,686</u>

See accompanying independent accountants' review report and notes to financial statements.

Notes to Financial Statements

Georges River Land Trust

Note A - Summary of Significant Accounting Policies

Organization

Georges River Land Trust (the Organization) is a nonprofit organization incorporated in the State of Maine in 1987. The Organization's mission is to conserve the ecosystems and traditional heritage of the Georges River watershed region through permanent land protection, stewardship, education, and outdoor experiences. It works with landowners and communities to protect special natural landscapes for future generations, as well as supporting public access to natural lands through the development of its conservation trails program. The Organization is supported primarily through contributions and grants.

Basis of Presentation

The accompanying financial statements include a statement of financial position, a statement of activities, a statement of functional expenses, and a statement of cash flows. The Organization is required to report information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets without Donor Restrictions - Represents those resources that are not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants), and can be used for any purpose designated by the Organization's governing board.

Net Assets with Donor Restrictions - Represents resources and the portion of net assets resulting from contributions and other inflows of assets whose use is subject to donor-imposed restrictions.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions.

Donated Services by Volunteers

A number of volunteers have donated their time and perform a variety of tasks that assist the Organization in the completion of its mission. The value of contributed services is recognized in the financial statements if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. As these volunteer services do not meet the foregoing criteria for recognition as contributed services under FASB ASC 958-605, *Revenue Recognition*, no amounts for volunteer support or revenue recognition have been recorded.

Notes to Financial Statements - Continued

Georges River Land Trust

Note A - Summary of Significant Accounting Policies - Continued

Revenue and Expense Recognition

The financial statements of the Organization have been prepared on the accrual basis of accounting. Revenues received are recorded as revenue without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in net assets with donor restrictions.

When a restriction expires (that is, when a stipulated time restriction ends or purpose 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.

In accordance with ASC 606, the Organization recognizes revenue when it satisfies a performance obligation by transferring control of a promised good or service, in an amount that reflects the consideration it expects to be entitled to in exchange for those goods or services.

Expenses are recognized as incurred. The Organization's policy for amounts appropriated for expenditure is to first use restricted amounts as permitted by the restriction, until depleted, and then use unrestricted funds.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers cash in banks and all other highly liquid investments with a maturity of less than three months to be cash and cash equivalents for the purpose of cash flows. Cash and cash equivalents residing within the Organization's investment portfolios are reported as investments. The Organization maintains its cash and cash equivalents in bank deposit accounts, and at times balances may exceed federally insured limits. At December 31, 2021, the Organization's uninsured and uncollateralized cash balances totaled \$125,050. The Organization has not experienced any losses in such accounts.

Pledges Receivable

Pledges receivable represents amounts due to the Organization for unconditional promises, which are recognized as revenue in the period the pledge is made. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Notes to Financial Statements - Continued

Georges River Land Trust

Note A - Summary of Significant Accounting Policies - Continued

Pledges Receivable - Continued

The allowance for doubtful promises is provided based on an analysis by management of the collectability of outstanding balances. Management considers the age of outstanding balances and the credit worthiness of supporters in determining the allowance for doubtful promises. Management has estimated that no allowance for doubtful accounts is necessary as of December 31, 2021.

At December 31, 2021, approximately 80% of the pledge receivable balance is owed from three donors.

The Organization expects to collect \$88,370 of the pledges receivable within one year, and \$85,463 of the pledges receivable within one to five years. Pledges receivable is stated net of a discount for the time value of money. Management has estimated that no discount is necessary as of December 31, 2021.

Beneficial Interest in Assets Held by Others

The Organization had transferred assets to the Maine Community Foundation and named itself as the beneficiary. The Board of Directors of the Maine Community Foundation had the power to modify, consistent with State law including seeking approval of the appropriate court or Attorney General where applicable, any restriction or condition on the distribution of funds for any specified organizations if, in the sole judgment of the Board, when (without the necessity of the approval of any participating trustee, custodian, or agent), such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. During the year ended December 31, 2021, the Organization transferred these funds to an investment bank, and will be included in investments.

Investments

The Organization reports its investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Cash held in the investment account is considered an investment.

Inventories

Inventory is stated at the lower of cost (average cost) or net realizable value on a First In, First Out (FIFO) basis. Inventory consists of books, hats, and posters.

Property and Equipment

Property and equipment is stated at cost if purchased or at fair value if contributed. The Organization's policy is to capitalize acquisitions and major improvements with a cost of \$10,000 or more and to expense repair and maintenance costs that do not extend the useful lives of the assets. Depreciation expense is calculated utilizing the straight-line method based on the estimated useful lives of the depreciable assets, which range from 3 to 5 years. Depreciation expense for the years ended December 31, 2021 and 2020 was \$16,587 and \$16,549, respectively.

Notes to Financial Statements - Continued

Georges River Land Trust

Note A - Summary of Significant Accounting Policies - Continued

Property for Conservation (Parcels of Land)

The property of the Organization consists of parcels of land in the Georges River watershed region owned in fee and received at various times from various donors and sellers. If donated, such property is recorded as revenue and as an “other asset” at the time the property is received. The basis of the donation is the fair value of the property as of the date donated as determined by the most recent appraisal by an independent qualified appraiser. If purchased, the property is recorded as an “other asset” based upon the cost of the acquisition.

Certain properties acquired by the Organization are later encumbered by conservation easements, declarations of trust, or project agreements which legally restrict the uses the land can be put to. Such encumbrances impair the market value of the property. Consequently, all such properties have been written down to the estimated market value following the recording of the encumbrance using municipal valuation guidelines used for public access open space land in the State of Maine.

Langlais Artwork

The Organization was the recipient of gifts of artwork by Bernard Langlais. The artwork has been recorded at the fair value at the time of donation as determined by an appraisal by an independent qualified appraiser. The Organization does not consider the artwork to satisfy the definition of a collection.

Certain pieces of art have been installed outdoors on the former estate of Bernard Langlais and are therefore exposed to the elements. Because the Organization has an agreement with Colby College of Waterville, Maine to maintain the outdoor artwork through the Organization’s December 31, 2030 fiscal year, the Organization’s policy is to not depreciate the Langlais artwork as the Organization has the technological and financial ability to preserve the art.

Conservation Easements

It is the policy of the Organization to not recognize any amount in the financial statements for the donation of an easement as it has no economic value. The costs of purchased easements are reflected as an expense. No amount is capitalized for the acquisition of an easement as it is not a fee simple property.

In-Kind Transactions

The Organization records donated goods and services at fair value at the date of donation. The Organization recognized \$2,110 in revenue and expense associated with in-kind donations for operating and fundraising support during the year ended December 31, 2021. The Organization also recognized \$3,900 in sales of vehicles which were donated during the year.

Notes to Financial Statements - Continued

Georges River Land Trust

Note A - Summary of Significant Accounting Policies - Continued

Functional Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting functions of the Organization. Those expenses include salaries and wages, occupancy, office supplies, repairs and maintenance, and depreciation. Salaries and benefits are allocated based on estimates of time and effort, certain costs of occupancy, repairs and maintenance, and other office and utility expenses are based on management's estimate of the appropriate allocations for each expense.

Beneficial Interest in Perpetual Trust

The Organization is the sole beneficiary of the Gibson Preserve Trust, a perpetual trust fund held and administered by Camden National Wealth Management, a division of Camden National Bank. The Organization receives annual distributions from the trust according to a formula that permits an annual distribution of 3% of the value of the Trust as long as the year-end balance of the Organization's restricted Gibson Preserve Stewardship Fund does not exceed \$20,000, or 15% of the principal value of the trust, whichever is greater.

Grantor Retained Life Estate and Split-Interest Agreements

The grantor-retained life estate is a split-interest agreement whereby the donor has given the title to certain land and buildings to the Organization and retained a life estate. Upon the death of the donor and his spouse, the Organization will have undivided title in the land and buildings. Revocable split-interest agreements are not recorded as contributions unless enforceable by law. Irrevocable split-interest agreements are recorded as contributions at fair value when the assets are received or when the Organization is notified of the existence of the agreement, net of a liability for the present value of future cash outflows to beneficiaries. The liability is adjusted during the term of the agreement for changes in actuarial assumptions and the asset is valued at fair value each reporting period. The accounting treatment varies depending upon the type of the agreement created and whether the Organization or a third party is the trustee.

It is reasonably possible that certain events, such as the unexpected deaths of donors, beneficiaries, or grantors, could cause a significant difference between the estimated and actual values of gifts received under the split-interest agreements.

Comparative Data

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

Notes to Financial Statements - Continued

Georges River Land Trust

Note A - Summary of Significant Accounting Policies - Continued

Pending Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board issued ASU 2016-02, *Leases* (Topic 842). This new standard will provide users of the financial statements a more accurate picture of the assets and the long-term financial obligations of organizations that lease. The standard is for a dual-model approach: a lessee will account for most existing capital leases as Type A leases, and most existing operating leases as Type B leases. Both will be reported on the statement of financial position of the Organization for leases with a term exceeding 12 months. Lessors will see some changes too, largely made to align with the revised lease model. For nonpublic organizations, the new leasing standard will apply for fiscal years beginning after December 15, 2021. The standard requires retroactive application to previously issued financial statements, if presented. Management is currently evaluating the impact of adoption on its financial statements.

Note B - Beneficial Interest in Assets Held by Others

The beneficial interest in assets held by others consists of mutual funds and is stated at a fair value as of December 31, 2021 and 2020. During the year ended December 31, 2021, these assets were transferred into an investment bank and are considered Level 1 at December 31, 2021. Investment returns from these investments for the year ended December 31 are summarized as follows:

	<u>2021</u>	<u>2020</u>
Interest and dividend income	\$ 1,617	\$ 2,604
Net realized and unrealized gains on investments	<u>128,950</u>	<u>93,572</u>
	<u>\$ 130,567</u>	<u>\$ 96,176</u>

Note C - Grantor Retained Life Estate

The Organization is the remainder beneficiary of a grantor-retained life estate. The Organization received title to a 31-acre homestead that is to be preserved for conservation purposes. The Organization has recognized an asset for its interest in the grantor-retained life estate. The asset is valued at the present value of the expected ultimate fair market value of the land and buildings that will revert under the life estate. The present value of the expected ultimate fair market value of the land and buildings associated with the termination of the life estate is determined annually based on the life expectancies of the grantors (10 years), the appraised value of the property, an appreciation rate of 2.85%, and a discount rate of 6.85%.

At December 31, 2021 and 2020, the Organization's interest in the grantor retained life estate was valued at \$296,000 and \$237,000, respectively.

Notes to Financial Statements - Continued

Georges River Land Trust

Note D - Investments

Investments are stated at fair value and consist of the following at December 31, 2021:

Cash	\$ 210,706
Mutual funds	<u>995,978</u>
	<u>\$ 1,206,684</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31, 2021:

Interest and dividend income	\$ 24,728
Net realized and unrealized loss on investments	<u>(16,163)</u>
	<u>\$ 8,565</u>

Investment fees are recorded as a reduction of investment income.

Note E - Fair Value Measurements

The Organization applies a framework for measuring fair values under generally accepted accounting principles which applies to all financial instruments that are measured and reported at fair value.

The framework for measuring fair value of financial assets and liabilities includes a hierarchy of three levels for observable independent market inputs and unobservable market assumptions. A description of the inputs used in the valuation of assets and liabilities under this hierarchy is as follows:

Level 1 – Quoted prices are available in active markets, such as the New York or American Stock Exchange markets, for identical investments as of the reporting date. Level 1 also includes U.S. Treasury and federal agency securities and mortgage-backed securities traded by brokers or dealers in active markets.

Level 2 – Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level 1. Fair values are obtained from third party pricing services that may use models or other valuation methodologies to derive market value. These may be investments traded in less active dealer or broker markets.

Notes to Financial Statements - Continued

Georges River Land Trust

Note E - Fair Value Measurements - Continued

Level 3 – Pricing inputs are unobservable for investments and valuations are derived from other methodologies not based on market exchange, dealer or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets and liabilities. The types of investments in this category would generally include debt and equity securities issued by private entities and partnerships. The beneficial interest in perpetual trust has been valued based upon the fair market value of the trust assets as reported by the trustee. See Note C for a description of the valuation of the grantor retained life estate.

The following summarizes fair values of certain financial instruments by levels within the fair value hierarchy at December 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Cash	\$ 210,706	\$ -	\$ -	\$ 210,706
Mutual Funds	<u>995,978</u>	<u>-</u>	<u>-</u>	<u>995,978</u>
	<u>\$ 1,206,684</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,206,684</u>
Beneficial interest in perpetual trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 313,067</u>	<u>\$ 313,067</u>
Grantor retained life estate	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 296,000</u>	<u>\$ 296,000</u>

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given investment based on the lowest level of input that is significant to the fair value measurement. Most assets have been valued using a market approach. There have been no changes in valuation techniques and related inputs. During the year ended December 31, 2021, the funds held as Beneficial Interest in Assets Held by Others were transferred into an investment bank and are considered Level 1 at December 31, 2021.

Notes to Financial Statements - Continued

Georges River Land Trust

Note E - Fair Value Measurements - Continued

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

	Beneficial Interest in Assets Held by Others	Beneficial Interest in Perpetual Trust	Grantor Retained Life Estate	Total
Beginning balance	\$ 748,248	\$ 278,127	\$ 237,000	\$ 1,263,375
Total gains (losses) (realized/unrealized) recognized in the statement of activities	142,850	36,426	59,000	238,276
Interest and dividends	1,617	-	-	1,617
Investment management fees	(13,777)	(1,484)	-	(15,261)
Deposits	286,683	-	-	286,683
Withdrawals	-	-	-	-
Transfer to Level 1 investment Account	<u>(1,165,621)</u>	<u>-</u>	<u>-</u>	<u>(1,165,621)</u>
Ending balance	<u>\$ -</u>	<u>\$ 313,067</u>	<u>\$ 296,000</u>	<u>\$ 609,067</u>

Note F - Endowment Fund

The Organization has endowment funds established for a number of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The funds are recorded at fair value and the principal recorded as net assets with donor restrictions. Earnings and losses on these funds are considered restricted or unrestricted depending on donor intentions and are recorded as such.

The State of Maine has adopted the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). In accordance with UPMIFA the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, and (d) any remaining portion of the donor-restricted endowment until such amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

Notes to Financial Statements - Continued

Georges River Land Trust

Note F - Endowment Fund - Continued

In accordance with UPMIFA, 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 various funds, (2) the purposes of the donor-restricted endowment funds, (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, and (7) the Organization's investment policies.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds, while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income and capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix which includes cash and equity and debt securities, which is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the endowment funds. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

The Organization has a spending policy of appropriating for distribution annually 5% of its endowment fund's average fair value of the prior twelve quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the endowment funds, and the possible effects of inflation. The Organization expects to maintain a current spending policy which will allow its endowment funds to grow at a nominal average rate that is consistent with the Organization's objective to maintain the purchasing power of the endowment assets, as well as to provide additional growth through new gifts and investment return.

Endowment net asset composition by type of fund is as follows at December 31, 2021:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ 141,641	\$ 335,768	\$ 477,409

Notes to Financial Statements - Continued

Georges River Land Trust

Note F - Endowment Fund - Continued

Changes in endowment net assets for the year ended December 31, 2021 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 99,077	\$ 323,946	\$ 423,023
Contributions received	-	-	-
Investment income (loss)	42,564	1,822	44,386
Transfer of net assets	-	10,000	10,000
Appropriation of endowment assets for expenditure	<u>-</u>	<u>-</u>	<u>-</u>
Endowment net assets, end of year	<u>\$ 141,641</u>	<u>\$ 335,768</u>	<u>\$ 477,409</u>

Note G - Property and Equipment

Property and equipment consisted of the following as of December 31:

	<u>2021</u>	<u>2020</u>
Computer equipment	\$ 10,242	\$ 6,244
Furnishings	8,184	8,184
Tools and equipment	11,609	11,609
Land improvements	97,811	89,161
Trails	12,990	12,990
Construction in process	700	700
Structures	<u>38,565</u>	<u>33,548</u>
	180,101	162,436
Less accumulated depreciation	<u>80,339</u>	<u>63,752</u>
	<u>\$ 99,762</u>	<u>\$ 98,684</u>

Notes to Financial Statements - Continued

Georges River Land Trust

Note H - Property for Conservation

The conservation property of the Organization consists of 1,262.79 acres of land in the Georges River watershed region owned in fee simple and received at various times from various donors and sellers. If donated, such properties are recorded at fair values as of the date donated, as determined by an independent appraisal. If purchased, the properties are recorded at the cost of acquisition.

Many properties acquired by the Organization are later encumbered by conservation easements, declarations of trust, or project agreements which legally restrict the uses the land can be put to. Such encumbrances impair the market value of the property. Consequently, all such properties have been written down to the estimated market value following the recording of the encumbrance using municipal valuation guidelines used for public access open space land in the State of Maine.

All properties have either been donated with the explicit or implicit expectation of permanent conservation or purchased using donor or grant funds that were received with the explicit or implicit expectation that the properties acquired would be permanently conserved. The Organization therefore considers all property for conservation to be restricted.

The Organization did not acquire any properties during the year ended December 31, 2021.

The balance of the property account is comprised of the following as of December 31:

	<u>2021</u>	<u>2020</u>
Unimpaired value of property	\$ 3,921,412	\$ 3,921,412
Less: Total impairment reductions	<u>2,031,746</u>	<u>2,031,746</u>
	<u>\$ 1,889,666</u>	<u>\$ 1,889,666</u>

Notes to Financial Statements - Continued

Georges River Land Trust

Note I - Net Assets with Donor Restrictions

Net assets with donor restrictions for the years ended December 31 are as follows:

	<u>2021</u>	<u>2020</u>
<i>Subject to expenditure for specified purpose:</i>		
Land acquisition	\$ 16,768	\$ 17,946
Legal reserve	107,932	107,932
Stewardship of Gibson Preserve	23,321	24,172
Property reserve	198,385	198,385
Langlais reserve	162,084	120,401
Trails fund	36,580	38,668
Stewardship	5,250	5,731
Improvements	34,667	50,526
Keep the Watershed Wild - land acquisition	164,332	-
Keep the Watershed Wild - stewardship	29,375	-
Keep the Watershed Wild - Langlais reserve	100	-
Keep the Watershed Wild - trails	2,025	-
	<u>780,819</u>	<u>563,761</u>
<i>Not subject to appropriation or expenditure:</i>		
Donor-restricted endowment	271,591	271,591
Beneficial interest in perpetual trust	313,067	278,127
Grantor retained life estate	296,000	237,000
Langlais artwork	2,207,186	2,207,186
Langlais endowment	57,500	47,500
Property for conservation	1,093,528	1,093,528
	<u>4,238,872</u>	<u>4,134,932</u>
Total net assets with donor restrictions	<u>\$ 5,019,691</u>	<u>\$ 4,698,693</u>

Note J - Board Designated Net Assets

Board designated net assets (which are included in net assets without donor restrictions) consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
Legal reserve	\$ 25,300	\$ 25,300
Property reserve	71,657	71,657
Board-restricted reserve	60,000	20,000
	<u>\$ 156,957</u>	<u>\$ 116,957</u>

Notes to Financial Statements - Continued

Georges River Land Trust

Note K - Paycheck Protection Program Loan

During the year ended December 31, 2020, Georges River Land Trust received a \$60,300 loan through the U.S. SBA (Small Business Administration) Paycheck Protection Program (PPP), established as part of the 2020 CARES Act. A second draw PPP loan in the amount of \$60,300 was received during the year ending December 31, 2021. The promissory notes were to be forgiven if the loans were used for payroll, rent, mortgage interest, or utilities incurred over the twenty four week period starting from the day the funds were received from the lender (with at least 60% of the loan being used for payroll). In addition, the Organization must maintain staffing and 75% of salaries as assessed individually, subject to certain exemptions. For any portion of the loans not forgiven, principal and interest payments would begin on the nine month anniversary of execution of the note, with interest at a rate of 1% and principal in an amount so that the remaining loan balances were fully amortized by the maturity dates.

In November 2020, Georges River Land Trust received notification of forgiveness from the SBA for the first draw PPP loan. Of the \$60,300, \$54,300 was forgiven and the remaining \$6,000 is shown as a liability. Accordingly, the Organization has recognized the balance of \$54,300 as contributions on the accompanying Statement of Activities for the year ended December 31, 2020. In February 2021, the remaining \$6,000 was forgiven. Accordingly, the Organization has recognized the remaining balance of \$6,000 as contributions on the accompanying Statement of Activities for the year ended December 31, 2021.

Subsequent to year end, the Organization received forgiveness from the SBA for the second draw PPP loan. The \$60,300 is shown as a current liability on the Statement of Financial Position.

Note L - Economic Injury Disaster Loan

During the year ended December 31, 2020, the Organization received a \$6,000 Economic Injury Disaster Loan from the U.S. SBA, with interest at 2.75%, maturing in May 2050.

In February 2021, the Organization received notice the loan of \$6,000 will be treated as a grant. Accordingly, the Organization has recognized the balance of \$6,000 as grants on the accompanying Statement of Activities for the year ended December 31, 2021.

Notes to Financial Statements - Continued

Georges River Land Trust

Note M - Liquidity and Availability

Financial assets consist of the Organization's cash and cash equivalents, pledges receivable, other receivables, beneficial interest in assets held by others and beneficial interest in perpetual trust. The following reflects the Organization's financial assets as of December 31, 2021, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the date of the Statement of Financial Position. Amounts already appropriated from the donor-restricted endowment for general expenditure within one year of the Statement of Financial Position date have not been subtracted as unavailable.

Financial assets available to meet cash needs for general expenditures within one year consists of the following at December 31:

	<u>2021</u>	<u>2020</u>
Financial assets, at year-end	\$ 2,155,967	\$ 1,659,416
Less those unavailable for general expenditures within one year, due to:		
Pledges receivable due in more than one year	(85,463)	(55,445)
<i>Contractual or donor-imposed restrictions:</i>		
Restricted by donor with purpose restrictions	(780,819)	(563,761)
Donor-restricted to maintain as an endowment	(642,159)	(597,218)
<i>Board designations:</i>		
Legal reserve	(25,300)	(25,300)
Property reserve	(71,657)	(71,657)
Board-restricted reserve	<u>(60,000)</u>	<u>(20,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 490,569</u>	<u>\$ 326,035</u>

The Organization's financial assets available to meet cash needs for general expenditures within one year represents funding for ongoing operational requirements in 2022.

The Organization is substantially supported by contributions from donations solicited and contributions received. The Organization actively manages its cash flow to ensure funds are available for general expenditures, liabilities, and other obligations as they come due. Although the Organization does not intend to spend from board designated funds listed above, amounts from these funds can be appropriated if necessary.

Notes to Financial Statements - Continued

Georges River Land Trust

Note N - Contingent Liability

The Organization holds 49 conservation easements covering 3,007 acres. The Organization is committed to monitoring these properties in order to ensure that the condition of the conservation easements is not violated. In the event that any violation of these easements is deemed to have occurred, the Organization is committed to bringing any and all actions necessary to defend the easements. To mitigate the financial risk such a commitment brings, the Organization has purchased conservation defense liability insurance through Terrafirma Risk Retention Group LLC, a mutual insurer created by the Land Trust Alliance. An estimate of the remaining potential liability cannot be made.

Note O - Income Taxes

The Organization qualifies as an organization exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and files a Form 990 tax return. The Organization has adopted the provisions of FASB ASC 740, Income Taxes. With few exceptions, the Organization is no longer subject to U.S. federal income tax examinations by tax authorities for fiscal years before 2018 due to the statute of limitations. Management of the Organization believes it has no material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits.

Note P - Retirement Plan

The Organization maintains a SIMPLE IRA plan which covers eligible employees. The plan calls for the Organization to contribute up to 3% of each eligible employee's annual salary. The Organization's contributions for the year ended December 31, 2021 were approximately \$4,000.

Note Q - Subsequent Events

Subsequent to year-end, the Organization received a pledge of \$481,864 from one donor.

Management has made an evaluation of subsequent events to and including July 28, 2022, which was the date the financial statements were available to be issued and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of the financial statements.