

Mount Grace Land Conservation Trust, Inc.
Financial Statements
Year Ended May 31, 2015
With Comparative Totals For May 31, 2014

Richard Abbott
Certified Public Accountant
Easthampton, MA

Mount Grace Land Conservation Trust, Inc.

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Independent Auditor's Report

To The Officers and Directors
Mount Grace Land Conservation Trust, Inc.
1461 Old Keene Road
Athol, MA 01331

I have audited the accompanying financial statements of Mount Grace Land Conservation Trust, Inc. (a nonprofit organization), which comprise the statement of financial position as of May 31, 2015, 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mount Grace Land Conservation Trust, Inc. as of May 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

January 11, 2016

Richard Abbott CPA

Mount Grace Land Conservation Trust, Inc.
Statement of Financial Position
May 31, 2015
With Comparative Totals For May 31, 2014

	<u>Assets</u>			2015	2014
	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>	<u>Total</u>
Current Assets					
Cash	\$ 16,259	\$559,194	\$ 276,990	\$ 852,443	\$1,033,586
Accounts Receivable	93,581	-	-	93,581	368,500
Pledges Receivable	25,037	2,500	-	27,537	8,755
Grants Receivable	-	286,267	-	286,267	131,770
Prepaid Expenses	2,340	-	-	2,340	8,352
Land - CR's Held For Transfer	-	-	-	-	113,000
Total Current Assets	<u>137,217</u>	<u>847,961</u>	<u>276,990</u>	<u>1,262,168</u>	<u>1,663,963</u>
Property & Equipment					
Property & Equipment (Note #4)	<u>317,166</u>	-	-	<u>317,166</u>	<u>325,070</u>
Other Assets					
Investments	143,785	93,391	211,306	448,482	439,094
Land Held For Conservation Purposes	<u>288,538</u>	-	<u>596,760</u>	<u>885,298</u>	<u>844,598</u>
Total Other Assets	<u>432,323</u>	<u>93,391</u>	<u>808,066</u>	<u>1,333,780</u>	<u>1,283,692</u>
Total Assets	<u>\$886,706</u>	<u>\$941,352</u>	<u>\$1,085,056</u>	<u>\$2,913,114</u>	<u>\$3,272,725</u>
<u>Liabilities & Net Assets</u>					
Current Liabilities					
Accounts Payable	\$ 8,405	\$ -	\$ -	\$ 8,405	\$ 38,254
Accrued Interest Payable	3,053	-	-	3,053	2,333
Accrued Payroll	15,269	-	-	15,269	13,955
Accrued Compensated Absences	27,866	-	-	27,866	27,515
Accrued & Withheld Payroll Taxes	1,407	-	-	1,407	9,197
Advanced Payments & Deposits	78,283	-	-	78,283	75,390
Long-Term Debt - Current Portion	<u>226,000</u>	-	-	<u>226,000</u>	<u>468,750</u>
Total Current Liabilities	<u>360,283</u>	-	-	<u>360,283</u>	<u>635,394</u>
Long Term Liabilities					
Note Payables - Non Current (Note #5)	-	-	-	-	<u>205,822</u>
Total Liabilities	<u>360,283</u>	-	-	<u>360,283</u>	<u>841,216</u>
Net Assets					
Net Assets (Note #6)	<u>526,423</u>	<u>941,352</u>	<u>1,085,056</u>	<u>2,552,831</u>	<u>2,431,509</u>
Total Liabilities and Net Assets	<u>\$886,706</u>	<u>\$941,352</u>	<u>\$1,085,056</u>	<u>\$2,913,114</u>	<u>\$3,272,725</u>

See Accompanying Independent Auditor's Report and Notes to Financial Statements.

Richard Abbott, Certified Public Accountant

Mount Grace Land Conservation Trust, Inc.
Statement of Activities
For The Year Ended May 31, 2015
With Comparative Totals For May 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2015 Total</u>	<u>2014 Total</u>
Operating Support, Revenue and Reclassifications					
Contributions	\$ 378,403	\$ 61,655	\$ -	\$ 440,058	\$ 545,288
Contributions In-Kind	37,578	-	-	37,578	12,013
Grants	75,470	356,367	-	431,837	484,919
Government Grants & Contracts	338,505	-	-	338,505	483,558
Program Service Fees	140,700	-	-	140,700	159,357
Net Proceeds From Land Transfer	-	-	-	-	(215,707)
Rental Income	7,265	-	-	7,265	-
Other Income	3,986	-	-	3,986	2,760
Return On Investments	11,096	-	-	11,096	13,621
Net Assets Released From Restrictions					
Satisfaction Of Program Restrictions & Other Reclassifications	<u>208,032</u>	<u>(208,032)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating Support, Revenue & Reclassifications	<u>1,201,035</u>	<u>209,990</u>	<u>-</u>	<u>1,411,025</u>	<u>1,485,809</u>
Operating Expenses					
Program Services					
Community Engagement	98,129	-	-	98,129	124,463
Conservation & Stewardship	366,899	-	-	366,899	705,119
Collaborations	419,646	-	-	419,646	452,538
Support Services					
Development	63,020	-	-	63,020	43,395
Administrative & General	<u>390,786</u>	<u>-</u>	<u>-</u>	<u>390,786</u>	<u>307,632</u>
Total Operating Expense	<u>1,338,480</u>	<u>-</u>	<u>-</u>	<u>1,338,480</u>	<u>1,633,147</u>
Change In Net Assets - Operating	<u>(137,445)</u>	<u>209,990</u>	<u>-</u>	<u>72,545</u>	<u>(147,338)</u>
Non-Operating					
Return On Investment	296	5,215	2,116	7,627	9,436
Contributions - Land	40,700	-	-	40,700	-
Contributions	<u>-</u>	<u>-</u>	<u>450</u>	<u>450</u>	<u>14,550</u>
Change In Net Assets Non-Operating	<u>40,996</u>	<u>5,215</u>	<u>2,566</u>	<u>48,777</u>	<u>23,986</u>
Total Change In Net Assets	(96,449)	215,205	2,566	121,322	(123,352)
Net Assets At Beginning Of Year	<u>622,872</u>	<u>726,147</u>	<u>1,082,490</u>	<u>2,431,509</u>	<u>2,554,861</u>
Net Assets At End Of Year	<u>\$ 526,423</u>	<u>\$ 941,352</u>	<u>\$1,085,056</u>	<u>\$2,552,831</u>	<u>\$2,431,509</u>

See Accompanying Independent Auditor's Report and Notes to Financial Statements.

Richard Abbott, Certified Public Accountant

Mount Grace Land Conservation Trust, Inc.

Statement Of Functional Expenses

For The Year Ended May 31, 2015
With Comparative Totals For May 31, 2014

	<u>Program Services</u>			<u>Support Services</u>		2015 <u>Total</u>	2014 <u>Total</u>
	<u>Community Engagement</u>	<u>Conservation & Stewardship</u>	<u>Collaboration</u>	<u>Development</u>	<u>Administrative & General</u>		
Payroll	\$73,778	\$223,813	\$332,941	\$50,460	\$125,823	\$ 806,815	\$ 773,825
Employee Benefits	4,524	17,882	7,243	3,574	42,782	76,005	86,718
Payroll Taxes	6,774	20,550	30,569	4,633	11,553	74,079	69,074
Bad Debt	-	-	-	-	-	-	12,738
Depreciation	-	-	-	-	7,904	7,904	6,258
Dues & Subscriptions	74	197	36	218	6,357	6,882	6,253
Events & Meetings Expenses	1,558	3,319	18,207	1,216	4,541	28,841	25,849
Insurance	-	4,646	-	776	10,942	16,364	12,640
Interest Expense	-	1,238	-	-	26,864	28,102	5,978
Maintenance & Repairs	-	-	-	-	8,800	8,800	8,963
Miscellaneous	48	490	227	216	6,022	7,003	14,893
Office/Comp/Program Supplies	2,553	2,625	1,554	-	16,671	23,403	16,453
Other Land Project Costs	-	36,630	-	-	-	36,630	351,432
Postage & Mailing	1,195	68	3,204	600	4,087	9,154	13,623
Printing	2,633	45	-	93	10,185	12,956	13,325
Professional Fees	1,300	43,939	13,434	643	90,139	149,455	154,144
Staff & Board Development	100	1,785	1,558	485	3,185	7,113	9,519
Stewardship & Maintenance	42	2,761	-	-	539	3,342	10,395
Taxes - Real Estate	-	3,158	-	-	3,993	7,151	6,447
Telecommunications	-	-	317	-	3,688	4,005	5,063
Travel	3,550	3,753	10,356	81	4,061	21,801	23,382
Utilities	-	-	-	25	2,650	2,675	6,175
Total Expenses	<u>\$98,129</u>	<u>\$366,899</u>	<u>\$419,646</u>	<u>\$63,020</u>	<u>\$390,786</u>	<u>\$1,338,480</u>	<u>\$1,633,147</u>

See Accompanying Independent Auditor's Report and Notes to Financial Statements.

Mount Grace Land Conservation Trust, Inc.

Statement Of Cash Flows

For The Year Ended May 31, 2015
With Comparative Totals For May 31, 2014

	<u>2015</u>	<u>2014</u>
Cash Flow From Operating Activities		
Changes In Net Assets	\$ 121,322	\$ (123,352)
Adjustments To Reconcile Changes In Net Assets		
To Net Cash From Operating Activities		
Depreciation Expense	7,904	6,258
Non-Operating Investment Return	(7,627)	(18,957)
Unrealized Investment Gains Included in Operating Income	(1,855)	(6,709)
Donated Land	(40,700)	(8)
Amortization of Non-Interest Bearing Note Payable	18,178	3,269
(Increase) Decrease In Operating Assets		
Accounts Receivable	274,919	(61,202)
Pledges Receivable	(18,782)	33,602
Grants Receivable	(154,497)	41,630
Prepaid Expenses	6,012	1,935
Deposits	-	25,294
Land Held For Transfer	-	215,707
Increase (Decrease) In Operating Liabilities		
Account Payable	(29,849)	24,476
Accrued Interest Expense	720	2,333
Accrued Payroll	1,314	(3,577)
Accrued Compensated Absences	351	8,697
Payroll Withholdings	(7,790)	5,688
Advanced Payments & Deposits	<u>2,893</u>	<u>(7,574)</u>
Net Change in Cash - Operating Activities	<u>172,513</u>	<u>147,510</u>
Cash Flows From Investing Activities		
Purchase Of Building	-	(146,420)
Receipts From Notes Receivable	-	3,541
Proceeds from Sale of Investments	11,373	232,357
Purchase of Investments	<u>(11,279)</u>	<u>(213,521)</u>
Net Change in Cash - Investing Activities	<u>94</u>	<u>(124,043)</u>
Cash Flows From Financing Activities		
Payments Of Line Of Credit	(200,000)	(100,000)
Proceeds From Line Of Credit	100,000	200,000
Proceeds From Revolving Loan	-	268,750
Payments Of Revolving Loan	(268,750)	-
Proceeds From Mortgage Note	-	111,000
Proceeds Of Note Payable	<u>15,000</u>	<u>-</u>
Net Change in Cash - Financing Activities	<u>(353,750)</u>	<u>479,750</u>
Net Change In Cash	(181,143)	503,217
Cash At Beginning Of Year	<u>1,033,586</u>	<u>530,369</u>
Cash At End Of Year	<u>\$ 852,443</u>	<u>\$1,033,586</u>
Supplemental Data:		
Interest Paid	\$ 6,871	\$ 375
Transfer Of Temporary Conservation Restriction	(113,000)	-
Satisfaction Of Note Payable In Return For Transfer		
Of Temporary Conservation Restriction	113,000	-
In-Kind Services	30,810	5,960

See Accompanying Independent Auditor's Report and Notes to Financial Statements.

Richard Abbott, Certified Public Accountant

Mount Grace Land Conservation Trust, Inc.

Notes To Financial Statements

For The Year Ended May 31, 2015

1. Organization and Activities

Organization

Mount Grace Land Conservation Trust, Inc. is a Massachusetts not-for-profit corporation located in Athol, Massachusetts. The organization was incorporated on June 20, 1986. The primary purpose of the organization is the promotion of balanced land use through the acquisition of conservation easements and other real property interests to insure the conservation of land in western Massachusetts.

Income Taxes

The organization is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code and has been determined to not be a private foundation by the Internal Revenue Service. The corporation is also exempt from Massachusetts income tax. Mount Grace Land Conservation Trust, Inc.'s Forms 990, Return of Organization Exempt from Income Tax, for the years ending May 31 of 2013, 2014, and 2015 are open and can be examined by the IRS, generally for three years after they were filed.

Activities

During the year being reported on, Mount Grace Land Conservation Trust, Inc. operated three program activities: community engagement, conservation & stewardship, and collaborations.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements are presented on the accrual basis of accounting in accordance with generally accepted accounting principles applicable to not-for-profit organizations.

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the results of reported assets, liabilities, revenue, and expenses. Actual results could differ from those estimates

Under generally accepted accounting principles, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. During the year being reported on, the organization had unrestricted net assets which are funds available for the general use of the organization, temporarily restricted net assets which are funds restricted by donors for specific program purposes or for a specific time, and permanently restricted net assets.

The costs of providing the various program services and supporting services of the organization have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program services and supporting activities that benefitted from these costs.

Operating Revenue and Expenses

Operating revenue and expenses result from the organization's day to day activities that it conducts in fulfilling its mission which includes investment return from the endowment available for current use. Endowment and other restricted investment return as well as endowment contributions and land contributions are not available for current use and are reported as non-operating.

Mount Grace Land Conservation Trust, Inc.

Notes To Financial Statements

For The Year Ended May 31, 2015

2. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

Mount Grace Land Conservation Trust, Inc. has investments that are managed by the Community Foundation of Western Massachusetts, as well as by the Trust department at Greenfield Savings Bank. From time to time some of these funds may be invested in a money market or other cash equivalent investments. It is the organization's policy not to report any of these funds as cash equivalents for the purposes of these financial statements as they consider these funds long term investments.

Cash for the purposes of these statements includes all other funds held directly by Mount Grace Land Conservation Trust, Inc. in a checking account, savings accounts, certificate of deposits, and in a money market account.

Accounts and Pledges Receivable and Allowance for Uncollectible Amounts

Accounts receivable are reported at the original invoiced amount and the pledges receivable are reported at the original pledged amount. The organization has not recorded an allowance for uncollectible accounts and pledges receivable but uses the direct charge off method instead because the amount of uncollectible account or pledge receivables that have been incurred on an annual basis in the past has not been significant.

Land Held For Transfer

The organization purchases and transfers at cost plus expenses, land and conservation restrictions as part of its conservation efforts. The costs associated with these acquisitions including purchase price, recording fees, appraisals, legal, interest, real estate taxes, and other miscellaneous expenses are capitalized and reported at cost on these financial statements. Revenue generated from the sale of these properties is reported in the year of sale net of the above acquisition costs.

Land, Building, and Equipment

Land, building, and equipment in excess of \$3,000 purchased by the organization are capitalized at cost. Donated assets are capitalized at their fair market value at the time of the donation. The balances in the land, building, and equipment account are reported net of accumulated depreciation. Deprecation is computed using the straight line method over the asset's useful life. Depreciable life of the buildings and improvements ranges from 10 to 40 years and 3 or 5 years for the office equipment.

Investments

Mount Grace Land Conservation Trust, Inc. has transferred funds to a donor advised account of the Community Foundation of Western Massachusetts. The Community Foundation holds a variance power over these funds whereby the Foundation may distribute these funds to a charitable organization other than Mount Grace Land Conservation Trust, Inc. Because the likelihood of the Foundation exercising their variance powers in such a way is remote and because it is Mount Grace Land Conservation Trust, Inc.'s intention to be the sole beneficiary of this donor advised account, the amount transferred to the Foundation is reported on these financial statements at its fair market value as an asset of Mount Grace Land Conservation Trust, Inc. The type of investment that is made with these funds is controlled by the Community Foundation which pools all of their accounts and invests in a combination of equity and fixed income securities mutual funds, as well as, certificates of deposits and money market accounts. Investment return allocated to Mount Grace Land Conservation Trust, Inc.'s donor advised account by the Community Foundation are being reported on these financial statements as non-operating return on investment.

Mount Grace Land Conservation Trust, Inc.

Notes To Financial Statements

For The Year Ended May 31, 2015

2. Summary of Significant Accounting Policies (continued)

Investments (continued)

The organization received funds from an individual who has entered into an agreement with Mount Grace Land Conservation Trust, Inc. to provide funding that will serve as collateral on loans which the organization may obtain from time to time for the purpose of purchasing and permanently protecting parcels of land. The funds along with any accumulated earnings will be returned to the individual upon their request. The funds in this account are invested in municipal bonds and are reported at their fair market value. The investment return in these funds is reported in the advanced payment & deposits liability account.

The organization's endowment funds are professionally managed in an investment account. Funds in this account are invested in common stock, mutual funds which invest in equities, bonds, and money market. The balance in this account is reported at the fair market value on these financial statements.

Land Held For Conservation Purposes

The amounts reported as land held for conservation purposes are lands that Mount Grace Land Conservation Trust, Inc. acquired through purchases and donations and it is the intent of the organization to hold these lands for conservation purposes in perpetuity. These parcels may have conservation or other use restrictions on them. The organization records these assets at cost or at fair market value at the time of donation. Any reduction in value of a parcel of land that occurs as a result of Mount Grace Land Conservation Trust, Inc. granting a conservation restriction on the land it owns is recognized as an expense of the organization in the year that the restriction occurs. The organization also receives donations of conservation restrictions and easements on land which it does not hold title. These conservation restrictions and easements are reported in the financial statements at a nominal value, \$1. As of the date of these financial statements, the organization holds 72 conservation restrictions and easements.

Reclassification

Reclassifications are made to account balances in the prior year financial statements when necessary to conform to the current year presentation.

3. Pledges Receivable

All of the pledges included in the pledges receivable balance at May 31, 2015 are due within the next twelve months.

4. Property and Equipment

The property and equipment account balances at May 31, 2015 are summarized as follows:

Land & Building & Improvements	\$ 402,433
Equipment	<u>16,957</u>
Total	419,390
Less Accumulated Depreciation	<u>(102,224)</u>
Net Amount	<u>\$ 317,166</u>

The depreciation expense for the year ended May 31, 2015 is \$7,904. Depreciation on donated assets included in the depreciation expense is \$3,500.

Mount Grace Land Conservation Trust, Inc.

Notes To Financial Statements

For The Year Ended May 31, 2015

5. Notes Payable

The organization has the following notes payable outstanding at May 31, 2015.

Note dated October 31, 2007, a revolving line of credit of up to \$250,000, interest at the lower of the bank's prime rate or the bank's preferred interest rate. The interest rate was 3.25% per annum at May 31, 2015. The loan is due on demand and is secured by the land the Organization owns in Athol.	\$100,000
Note dated June 5, 2014, in the amount of \$15,000 which is a non-interest bearing note. Payment on loan is due in lump sum upon maturity, June 6, 2015. The loan is unsecured.	15,000
Note dated May 15, 2014, a mortgage loan of \$111,000. Payment on loan is due in lump sum upon maturity, May 5, 2016. The interest rate is 2.75% per annum and the loan is secured by the property that the Organization owns in Orange.	<u>111,000</u>
Total Long-Term Debt	226,000
Current Portion of Long-Term Debt	<u>226,000</u>
Non-Current Portion of Long-Term Debt	<u>\$ -</u>

During the year, \$6,871 was recorded as interest expense, there was no capitalized interest.

6. Net Assets

The composition of the net assets accounts as of May 31, 2015 is as follows:

Unrestricted Net Assets

Undesignated	\$123,577
Board Designated - Land Held For Conservation	288,477
Board Designated - Stewardship Capital Fund	12,222
Board Designated - Endowment	54,106
Board Designated - Conservation Restriction Enforcement	28,898
Board Designated - Capital Improvement Fund	18,286
Board Designated - Land Protection	<u>857</u>
Total Unrestricted Net Assets	<u>\$526,423</u>

Board designated unrestricted net assets can be expended only as approved by the board of directors.

Temporarily Restricted Net Assets

Conservation Restriction Enforcement	\$104,400
Program & Time Restricted Grants and Contributions	<u>836,952</u>
Total Temporarily Restricted Net Assets	<u>\$941,352</u>

The conservation restriction enforcement fund is available to pay for costs incurred for the enforcement of conservation restrictions that have been deeded to Mount Grace Land Conservation Trust, Inc. The program restricted net assets are available for program purposes that had not been fulfilled as of the year end.

Mount Grace Land Conservation Trust, Inc.

Notes To Financial Statements

For The Year Ended May 31, 2015

6. Net Assets (continued)

Permanently Restricted Net Assets

Revolving Loan Fund	\$ 267,264
Revolving Appraisal Fund	9,726
Endowment	160,681
Stewardship Endowment	50,625
Land Held For Conservation	<u>596,760</u>
Total Permanently Restricted Net Assets	<u>\$1,085,056</u>

The revolving loan fund is available to help finance the acquisition of land, all funds used are required to be returned to the revolving loan fund and one-half of the investment income is available for operating purposes. The revolving appraisal fund is available to fund projects that have high conservation value, the funds are required to be paid back either directly by the land owner or upon the sale of the land, investment income is retained in the fund. The endowment and the stewardship endowment are both donor restricted, the investment income of which is available for operating purposes. The land held for conservation purposes represents the value of land donated to the organization, the use of which has been permanently restricted.

7. Investment Return

Investment return is comprised of the following components:

Interest & Dividend Income	\$9,900
Net Realized Losses	(915)
Unrealized Gains	<u>9,738</u>
Total Investment Return	<u>\$18,723</u>

Investment return is reported on these financial statements as:

Operating Investment Return	\$11,096
Non-Operating Investment Return	<u>7,627</u>
Total	<u>\$18,723</u>

8. Retirement Plan Costs

The organization administers a Simple-IRA tax deferral savings plan for its employees. Employees may elect to have contributions withheld from their wages and contributed to their individual accounts and the organization matches all contributions up to 3% of eligible wages. During year being reported on, there was \$9,919 in contributions made by the organization to an employee's account. Employees are 100% vested in their Simple-IRA account balances.

Mount Grace Land Conservation Trust, Inc.

Notes To Financial Statements

For The Year Ended May 31, 2015

9. Operating Lease Commitments

The organization leases a copier, minimal annual lease commitments under this lease are as follows:

Year ending May 31, 2016	\$ 9,180
Year ending May 31, 2017	9,180
Year ending May 31, 2018	9,180
Year ending May 31, 2019	9,180
Year ending May 31, 2020	<u>3,825</u>
Total minimum annual lease payments	<u>\$40,545</u>

Lease expense for the year being reported on for the copier was \$5,355.

10. Concentrations

The organization invests funds directly in a money market account, a money market mutual fund, as well as equity and fixed income mutual funds, losses from which are not insured. The organization's bank account balance from time to time during the year exceeded the FDIC insured limit, however, funds over the FDIC limit are insured by the bank's deposit insurance fund.

11. Endowment and Other Permanently Restricted Funds

The Board of Directors of Mount Grace Land Conservation Trust, Inc. has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. Accordingly, the organization classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment, the original value of subsequent gifts to the permanent endowment, as well as, investment earnings in excess of the organization's adopted spending rate. In accordance with SPMIFA, the organization considers many factors in making a determination how to appropriate or accumulate donor-restricted endowment funds including: the duration and preservation of the fund, the purposes of the organization and the donor-restricted endowment fund, the general economic conditions, the possible effect of inflation and deflation, the expected total return from income and the appreciation of investments, other resources of the organization, and the investment policies of the organization.

The organization has adopted a 4% annual endowment spending rate for the board designated and the permanently restricted endowment and stewardship funds. One-half of the earnings on the revolving loan fund are available for operations. Investment income on the appraisal fund remains with the fund.

Mount Grace Land Conservation Trust, Inc.

Notes To Financial Statements

For The Year Ended May 31, 2015

11. Endowment and Other Permanently Restricted Funds (continued)

	Unrestricted Board Designated Endowment	Permanently Restricted			Appraisal Fund
		Endowment	Stewardship Endowment	Revolving Loan Fund	
Beginning Balances	\$53,423	\$159,107	\$49,720	\$267,182	\$9,721
Investment Income	2,168	4,027	1,082	82	5
Net Appreciation	1,266	2,656	646	-	-
Contributions	-	-	450	-	-
Amounts Appropriated For Expenditure	<u>(2,751)</u>	<u>(5,109)</u>	<u>(1,273)</u>	<u>-</u>	<u>-</u>
Ending Balances	<u>\$54,106</u>	<u>\$160,681</u>	<u>\$50,625</u>	<u>\$267,264</u>	<u>\$9,726</u>

12. Fair Value of Financial Instruments

The following summarizes the fair value measurement of investments as of May 31, 2015. Fair value measurements are distinguished between three levels:

- Level 1: Quoted prices in active markets for identical instruments.
- Level 2: Observable inputs other than those included within Level 1.
- Level 3: Inputs that are not based on observable market data.

The organization's financial instruments are all Level 1 measurements.

GSB Trust Collateral Account - Municipal Bonds	<u>Level 1</u> \$ 75,708
CFWM - Mixed portfolio of equities, debt securities, mutual funds, and money market	28,389
GSB Trust Board Designated & Donor Restricted Endowment -	
Cash Equivalents	2,199
Mutual Funds - Fixed Income Securities	74,959
Equities - Common Stock & Mutual Funds Equities	173,836
GSB Trust CR Enforcement Fund -	
Cash Equivalents	8,104
Mutual Funds - Fixed Income Securities	25,644
Equities - Common Stock & Mutual Funds Equities	<u>59,643</u>
Total	<u>\$448,482</u>

Mount Grace Land Conservation Trust, Inc.

Notes To Financial Statements

For The Year Ended May 31, 2015

13. Contingent Assets

The organization has accepted conservation restrictions on parcels of land where the landowners have in return for the organization's efforts to accept the conservation restriction agreed to pay an administrative and stewardship fee to Mount Grace Land Conservation Trust's Stewardship Endowment Fund. The payment of these funds is not immediately due but would become due upon certain transfers of ownership of the land. Because the timing of the receipt of these funds is contingent on the transfer of ownership in the land which and the date of transfer is not determinable, the organization does not recognize these amounts as revenue nor as an asset. The amount of this contingent asset at May 31, 2015 totaled \$64,800.

14. Lease with Purchase/Sale Option

On May 15, 2014, the Organization purchased a building in Orange, MA. Effective June 1, 2014 the Organization entered into a ten year lease agreement for the lease of the building to a Cooperative. Terms of the lease include an option for the Cooperative to purchase a one-half interest in the building from the Organization during the lease period. The organization also has the option at the end of the lease period to require the Cooperative to purchase a one-half interest in the building.

15. In-kind Services

During the year being reported on the Organization benefitted from the receipt of in-kind services in the amount of \$30,810. The in-kind services received included accounting services in the amount of \$28,588 and legal services in the amount of \$2,222.

16. Related Party Transaction

The Organization had several related party transaction during the year being reported on including a non-interest bearing short term loan in the amount of \$15,000, see note 5 regarding notes payable. Additionally the Organization had several land conservation projects that involved either a board member, former board member, or relative of a board member. As it does in all of its projects Mount Grace Land Conservation, Inc. when feasible receives fees either directly from landowners, from donors, or from government agencies in order to cover staff time devoted to the land project. This policy was applied consistently to the land projects with the related party landowners during the year being reported on as it was with non-related party land projects.

17. Subsequent Events

The organization has evaluated subsequent events through January 11, 2016 the date which the financial statements were available to be issued.