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**BARNSTABLE LAND TRUST, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2009 & 2008**

# BARNSTABLE LAND TRUST, INC.

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Barnstable Land Trust, Inc.  
P.O. Box 224  
Cotuit, Massachusetts

We have audited the accompanying statements of financial position of the Barnstable Land Trust, Inc., (a non-profit organization) as of December 31, 2009 and 2008, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Barnstable Land Trust, Inc., as of December 31, 2009 and 2008 and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules of functional expenses on pages ten and eleven are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, is fairly stated in all material respects in relation to the basic financial statement taken as a whole.

*DePaola Begg & Assoc. P.C.*

Hyannis, Massachusetts  
October 15, 2010

**BARNSTABLE LAND TRUST, INC.**

**STATEMENTS OF FINANCIAL POSITION**

**DECEMBER 31, 2009 AND 2008**

	<u>ASSETS</u>	
	<u>2009</u>	<u>2008</u>
<b>CURRENT ASSETS:</b>		
Cash	\$ 628,979	\$ 611,103
Investments, at market (Note 3)	541,470	460,097
Donations receivable/advances	<u>31,500</u>	<u>32,500</u>
Total Current Assets	<u>1,201,949</u>	<u>1,103,700</u>
<b>FIXED ASSETS: (Note 1)</b>		
Software	977	977
Equipment	17,355	17,355
Less accumulated depreciation	<u>(16,295)</u>	<u>(14,835)</u>
Total Fixed Assets	<u>2,037</u>	<u>3,497</u>
<b>OTHER ASSETS:</b>		
Land	22,418,820	21,954,104
Deposit – land	<u>-</u>	<u>500,000</u>
Total Other Assets	<u>22,418,820</u>	<u>22,454,104</u>
<b>TOTAL ASSETS</b>	<u><b>\$23,622,806</b></u>	<u><b>\$23,561,301</b></u>
	<u>LIABILITIES AND NET ASSETS</u>	
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 2,670	\$ 3,455
Accrued payroll	3,383	1,925
Note payable	<u>-</u>	<u>100,000</u>
Total Current Liabilities	<u>6,053</u>	<u>105,380</u>
<b>NET ASSETS:</b>		
Unrestricted assets	909,284	912,767
Temporarily restricted assets (Note 2)	288,649	309,050
Permanently restricted assets (Note 2)	<u>22,418,820</u>	<u>22,234,104</u>
Total Net Assets	<u>23,616,753</u>	<u>23,455,921</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><b>\$23,622,806</b></u>	<u><b>\$23,561,301</b></u>

(See Independent Auditor's Report and Notes to Financial Statements)

**BARNSTABLE LAND TRUST, INC.**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUES, GAIN AND OTHER SUPPORT:</b>				
Contributions and grants	\$ 6,900	\$ 13,716	\$ 270,716	\$ 311,332
Memberships	120,746	-	-	120,746
Special events	98,483	-	-	98,483
Interest and dividend	14,574	4,361	-	18,935
Unrealized gains	118,902	-	-	118,902
Unrealized losses	(42,571)	-	-	(42,571)
Net assets released from restrictions	<u>38,478</u>	<u>(38,478)</u>	<u>-</u>	<u>-</u>
 Total Revenues, Gain and Other Support	 <u>355,512</u>	 <u>(20,401)</u>	 <u>290,716</u>	 <u>625,827</u>
 <b>EXPENSES:</b>				
Program	141,080	-	-	141,080
General and administrative	152,852	-	-	152,852
Fundraising	<u>65,063</u>	<u>-</u>	<u>-</u>	<u>65,063</u>
 Total Expenses	 <u>358,995</u>	 <u>-</u>	 <u>-</u>	 <u>358,995</u>
 CHANGES IN NET ASSETS	 (3,483)	 (20,401)	 290,716	 266,832
 Prior Period Adjustment	 -	 -	 (106,000)	 (106,000)
 NET ASSETS – BEGINNING OF YEAR	 <u>912,767</u>	 <u>309,050</u>	 <u>22,234,104</u>	 <u>23,455,921</u>
 NET ASSETS – END OF YEAR	 <u>\$909,284</u>	 <u>\$288,649</u>	 <u>\$22,418,820</u>	 <u>\$23,616,753</u>

(See Independent Auditor's Report and Notes to Financial Statements)

**BARNSTABLE LAND TRUST, INC.**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
REVENUES, GAIN AND OTHER SUPPORT:				
Contributions and grants	\$249,875	\$ 40,713	\$973,080	\$1,263,668
Memberships	114,446	-	-	114,446
Special events	81,947	-	-	81,947
Interest and dividend	31,248	-	-	31,248
Realized gain/losses	(56,225)	-	-	(56,225)
Unrealized gain/losses	<u>(42,233)</u>	<u>-</u>	<u>-</u>	<u>(42,233)</u>
Total Revenues, Gain and Other Support	<u>379,058</u>	<u>40,713</u>	<u>973,080</u>	<u>1,392,851</u>
EXPENSES:				
Program	147,319	-	-	147,319
General and administrative	127,591	-	-	127,591
Fundraising	<u>68,266</u>	<u>-</u>	<u>-</u>	<u>68,266</u>
Total Expenses	<u>343,176</u>	<u>-</u>	<u>-</u>	<u>343,176</u>
CHANGES IN NET ASSETS	35,882	40,713	973,080	1,049,675
NET ASSETS – BEGINNING OF YEAR (NOTE 11)	<u>876,885</u>	<u>268,337</u>	<u>21,261,024</u>	<u>22,406,246</u>
NET ASSETS – END OF YEAR	<u>\$912,767</u>	<u>\$309,050</u>	<u>\$22,234,104</u>	<u>\$23,455,921</u>

(See Independent Auditor's Report and Notes to Financial Statements)

# BARNSTABLE LAND TRUST, INC.

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in Net Assets	\$266,832	\$1,049,675
Depreciation	1,460	3,508
Unrealized Gains/(Losses)	(76,331)	(42,233)
Realized Losses	-	(56,225)
Decrease in donations receivable/advances	1,000	49,618
Increase/(Decrease) in accounts payable/accrued payroll	<u>673</u>	<u>(15,428)</u>
Net Cash (Provided) by Operating Activities	<u>193,634</u>	<u>988,915</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to equipment	-	(4,269)
Sales Proceeds/(Purchases) of	(5,042)	307,965
(Increase) in other assets – Land	<u>(70,716)</u>	<u>(1,352,333)</u>
Net Cash (Provided) in Investing Activities	<u>(75,758)</u>	<u>(1,048,637)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from New Borrowings	-	100,000
Repayment of Loans	<u>(100,000)</u>	<u>-</u>
Net Cash (Provided) in Financing Activities	<u>(100,000)</u>	<u>100,000</u>
NET INCREASE IN CASH	17,876	40,278
CASH - BEGINNING OF YEAR	<u>611,103</u>	<u>570,825</u>
CASH – END OF YEAR	<u>\$ 628,979</u>	<u>\$ 611,103</u>
Cash Paid for Interest	<u>\$ 0</u>	<u>\$ 0</u>

(See Independent Auditor's Report and Notes to Financial Statements)

# BARNSTABLE LAND TRUST, INC.

## NOTES TO FINANCIAL STATEMENT

DECEMBER 31, 2009 AND 2008

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization Purpose - The Barnstable Land Trust, Inc. has been established to manage and preserve conservation land in the town of Barnstable. The Organization is a non-profit Massachusetts corporation established on September 8, 1983 and is exempt from income tax under Section 501 ( c ) ( 3 ) of the Internal Revenue Code. The Organization conducts its business from an office located in Hyannis, Massachusetts.

Basis of Accounting - The Organization's policy is to prepare its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, consequently, certain revenues are recognized when earned rather than when received and certain expenses and purchases of assets are recognized when the obligation is incurred rather than when the cash is disbursed.

Financial Statement Presentation - The Organization adopted Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, 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.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require 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 - For the purposes of the statement of cash flows, the Organization considers checking accounts, saving accounts, money market instruments and all highly liquid debt instruments with an original maturity of three months or less to be cash and cash equivalents.

Investments - The Organization adopted the provisions of Statement of Financial Accounting Standards No. 124 "Accounting for Certain Investments Held by Not-for-Profit Organizations" (SFAS No. 124). In accordance with this statement, investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with gains and losses included in a statement of revenues collected, expenses paid and fund balance.

SFAS No. 124 also establishes standards for reporting losses on investments held because of a donor's stipulation to invest a gift in perpetuity or for a specified term. The Organization does not currently have any losses to report.



# BARNSTABLE LAND TRUST, INC.

## NOTES TO FINANCIAL STATEMENT

DECEMBER 31, 2009 AND 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

This statement enhances comparability by eliminating the inconsistencies for reporting carry amounts of securities and eliminates the subjectivity of accounting based on management's intent.

The value assigned to investments received by gift is the market value at the date of donation.

Contributions Receivable - The Organization uses the specific write-off method for both book and tax purposes. Under this method, an allowance for doubtful accounts is not maintained, but contributions receivable are written off when they become uncollectible. Generally accepted accounting principles require an allowance for doubtful contributions receivable whenever it can be reasonably estimated and is a material amount. The effect of using the specific write-off method instead of the reserve method is not material to these financial statements.

Contributions - The Organization also adopted SFAS No. 116, Accounting for Contributions Received and Contributions Made, effective December 1, 1997. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. As permitted by SFAS No. 116, the Organization has applied the provisions of this new statement with no cumulative effect of the change. Under SFAS No. 116, such contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the donor restrictions.

Recognition of Donor Restricted Contributions - Support that is restricted by the donor is reported as an increase in unrestricted net assets 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 temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Functional Allocation of Expenses - The cost of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**BARNSTABLE LAND TRUST, INC.**

**NOTES TO FINANCIAL STATEMENT**

**DECEMBER 31, 2009 AND 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fixed Assets - Fixed assets are recorded at cost. The fair value of donated equipment is similarly capitalized. The Organization provides for depreciation by charges to expenses which are sufficient to write off the cost of assets over their estimated useful lives as follows:

<u>Classification</u>	<u>Life</u>	<u>Method</u>
Equipment	5 years	Modified accelerated cost recovery system
Software	3 years	Straight-line

Maintenance and repairs are charged to expense as incurred. Depreciation expense for the years ended December 31, 2009 and 2008 were \$1,460 and \$3,508, respectively.

Land - Donated land is recorded at appraised value if an appraisal has been done on the property. The town's assessed value is used if an appraisal is not available. Purchased land is recorded at cost of purchase. Donated conservation easement rights are recorded at zero since they are merely rights versus ownership and any related costs are expensed as incurred.

Conservation Easements - The Organization expenses conservation restrictions when purchased. Donated conservation restrictions are recorded at zero because rights have no development or investment value.

Income Taxes - Barnstable Land Trust, Inc. is a non-profit Organization. Therefore, it is exempt from income taxes under title provision of Internal Revenue Code, Section 501 (C) (3).

Uses of Estimates - The preparation of financial statements in conformity with the accrual basis of accounting requires the use of estimates based on management's knowledge and experience. Actual results could vary from those estimates.

NOTE 2 - DESIGNATED FUNDS AND NET ASSETS

Permanently Restricted Net Assets - The \$22,418,820 of permanently restricted net assets consists of land that was either donated to or purchased by the Organization and was either permanently restricted at the donors' request or purchased with funds raised from donors' who designated funds to be used for land purchases.

# BARNSTABLE LAND TRUST, INC.

## NOTES TO FINANCIAL STATEMENT

DECEMBER 31, 2009 AND 2008

NOTE 2 - DESIGNATED FUNDS AND NET ASSETS (CONTINUED)

Temporarily Restricted Net Assets - The Land Management Fund is a temporarily restricted fund that was established through gifts from land donors. The Land Management Fund may only be used all or in part to (a) defend a conservation restriction, (b) manage and maintain land entrusted to Barnstable Land Trust's care. Earnings from this fund are restricted to the purpose of the fund itself. The fund is principally invested in mutual funds, money market funds, and certificates of deposits. Its balance at year end was \$355,126, and \$298,759, respectively.

Unrestricted Net Assets - Included in unrestricted net assets are the following funds:

(a) The Green Funds are unrestricted funds for land purchase and preservation. It was established through Board designated funds and donations to provide funds to be used at the Board's discretion. The fund balance and earnings from this fund are unrestricted and may be utilized by the Board at its discretion. This fund is principally invested in money market and certificates of deposit. The balances at year end totaled \$434,148 and \$321,149, respectively.

(b) The Endowment Fund is an unrestricted fund for operations, land preservation, and land management. It was established through Board designated funds and donations to provide funds to be used at the Board's discretion. Earnings from this fund are considered unrestricted and may be utilized by the Board at its discretion. The fund is principally invested in mutual funds, money market funds, and certificates of deposits. Its balance at year end was \$237,434 and \$207,345, respectively.

(c) During the fiscal year ended December 31, 2003, the Trust entered into an organizational agreement with the Community Foundation of Cape Cod (Foundation) creating an agency fund with the Foundation in the name of the Trust. The Foundation acts as an agent and is responsible for the oversight of the fund for which it receives a fee for administrative expenses. The Trust can accumulate or distribute income earned annually and may withdraw any or all of the funds upon written notification to the Foundation. The Fund was started with an initial contribution by the Trust in the amount of \$10,000 and has a market value of \$10,238 and \$9,024 as of December 31, 2009 and 2008, respectively. The purpose of the Fund is to provide annual support to the Trust to further its charitable endeavors.

A schedule of the Organization investments at December 31, 2009 and 2008 is as follows:

	<u>Cost</u>	<u>Fair Market Value</u>
2009	\$10,000	\$10,238
2008	\$10,000	\$ 9,024

# BARNSTABLE LAND TRUST, INC.

## NOTES TO FINANCIAL STATEMENT

DECEMBER 31, 2009 AND 2008

NOTE 3 - INVESTMENTS

The Organization has invested donations of cash into various investment accounts at Banknorth Investment Group. The investments are composed of marketable securities and Mutual Funds. The investments are carried at fair market value and consist of the following as of December 31, 2009 and 2008, respectively:

	<u>2009</u>	<u>Cost</u>	<u>Fair Market Value</u>
Certificate of Deposit		\$ 200,000	\$ 225,428
Equity Securities		<u>499,780</u>	<u>541,470</u>
TOTAL		<u>\$699,780</u>	<u>\$766,898</u>
	<u>2008</u>	<u>Cost</u>	<u>Fair Market Value</u>
Certificate of Deposit		\$ 200,000	\$ 200,000
Equity Securities		<u>294,026</u>	<u>260,097</u>
TOTAL		<u>\$494,026</u>	<u>\$460,097</u>

NOTE 4 - RENT

The Organization leases office space in Hyannis, Massachusetts. The term of the lease is 3 years with two options to renew the lease for an additional 3 years each. Rent paid for the years ended December 31, 2009 and 2008 was \$13,823 and \$13,930, respectively. The Organization's lease expired in 2005 and no formal agreement was obtained to extend. In the interim, the Trust continues to pay according to the terms of the expired lease agreement. The Trust is actively working to obtain a new written lease. Rent will stay the same for 2010.

NOTE 5 - CONCENTRATIONS OF CREDIT RISK

The Organization maintains bank accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 and \$100,000 as of December 31, 2009 and 2008, respectively. As of December 31, 2009, the Organization does not have any cash held in any one account in excess of \$250,000. At December 31, 2008, there were accounts with \$180,792 in excess of insured limits. The Organization does not expect any losses to incur on these accounts and does not consider that a significant credit risk.

**BARNSTABLE LAND TRUST, INC.**

**NOTES TO FINANCIAL STATEMENT**

**DECEMBER 31, 2009 AND 2008**

NOTE 6 - RELATED PARTY TRANSACTIONS

The Organization engages a law firm for certain legal consultation and representation and a former board member is a partner of the firm. Legal services in the year ended December 31, 2009, were \$570.

NOTE 7 - DONATED SERVICES AND MATERIALS

The Organization receives donated services from a variety of volunteers assisting the Trust. The value of these donated services is not reflected in the accompanying financial statements since the volunteer's time does not meet the criteria for accounting recognition.

NOTE 8 - SUBSEQUENT EVENT – DATE OF MANAGEMENT REVIEW

The Organization has evaluated subsequent events through October 15, 2010, the date through which the financial statements were available to be issued.

Note 9 - PRIOR PERIOD ADJUSTMENTS

During the audit of the 2009 financial statements, it was discovered that a Conservation restriction purchased in April 1999 for \$85,000 was incorrectly recorded as a land purchase. Conservation restrictions are not deeded land ownership and thus do not constitute the acquisition of an asset. The net effect of this adjustment is to reduce land and permanently restricted net assets by \$85,000 as of the beginning of 2008 in the financial statements.

**BARNSTABLE LAND TRUST, INC.**

**SCHEDULE OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Program Service</u>	<u>Management &amp; General</u>	<u>Fund Raising</u>	<u>Total</u>
FUNCTIONAL EXPENSES:				
Salaries	\$ 55,988	\$ 55,988	\$ 47,990	\$159,965
Payroll taxes	11,056	11,056	9,477	31,589
Other employee costs	-	1,556	-	1,556
Professional fees	-	21,809	-	21,809
Supplies	2,142	2,142	1,071	5,354
Telephone and internet	1,445	1,445	722	3,612
Postage and shipping	1,886	1,886	943	4,715
Rent	-	13,823	-	13,823
Printing and publications	262	262	131	655
Membership	4,383	-	4,383	8,766
Depreciation	-	1,460	-	1,460
Operating expenses	694	694	347	1,734
Land acquisition costs	37,402	-	-	37,402
Insurance	-	40,732	-	40,732
Special projects and events	21,948	-	-	21,948
Bank/CC/investment fees	2,799	-	-	2,799
Land management costs	<u>1,076</u>	<u>-</u>	<u>-</u>	<u>1,076</u>
TOTAL	<u>\$141,080</u>	<u>\$152,852</u>	<u>\$65,063</u>	<u>\$358,995</u>

**BARNSTABLE LAND TRUST, INC.**

**SCHEDULE OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Program Service</u>	<u>Management &amp; General</u>	<u>Fund Raising</u>	<u>Total</u>
FUNCTIONAL EXPENSES:				
Salaries	\$ 62,162	\$ 62,162	\$ 53,281	\$177,605
Payroll taxes	5,450	5,450	4,672	15,572
Accounting & consulting fees	-	22,805	-	22,805
Bad debt expense	-	4,275	-	4,275
Supplies	2,701	2,701	1,351	6,753
Telephone	1,434	1,434	717	3,585
Postage and shipping	332	332	166	830
Rent	-	13,930	-	13,930
Printing and publications	588	588	294	1,470
Membership	6,690	-	6,690	13,380
Depreciation	-	3,508	-	3,508
Operating expenses	2,190	2,190	1,095	5,475
Land acquisition costs	16,308	-	-	16,308
Insurance	-	6,977	-	6,977
Investment management fees	-	1,239	-	1,239
Special projects and events	27,787	-	-	27,787
Conservation restrictions	17,390	-	-	17,390
Land management costs	<u>4,287</u>	<u>-</u>	<u>-</u>	<u>4,287</u>
<b>TOTAL</b>	<b><u>\$147,319</u></b>	<b><u>\$127,591</u></b>	<b><u>\$68,266</u></b>	<b><u>\$343,176</u></b>