

ASPETUCK LAND TRUST, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

Melillo & Mitchell, LLC

Certified Public Accountants

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of Aspetuck Land Trust Inc.

We have reviewed the accompanying financial statements of Aspetuck Land Trust Inc. (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets-cash basis as of December 31, 2019 and 2018, and the related statement of revenues, expenses, and other changes in net assets-cash basis 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 the cash basis of accounting; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for 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.

Accountant's 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 the cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's 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 the cash basis of accounting.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

Respectfully submitted,
MELILLO & MITCHELL, LLC
Certified Public Accountants
Bethel, Connecticut

Melillo & Mitchell, LLC

September 23, 2020

ASPETUCK LAND TRUST INC.
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31,

	2019	2018
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenues and gains		
Contributions	\$ 1,019,502	\$ 554,797
Interest	20,941	18,977
Dividends	87,927	100,239
Rental Income, net of expenses	13,807	16,097
Gain (Loss) on Investments - Unrealized	486,215	(328,146)
Gain (Loss) on Investments - Realized	35,216	36,312
Other Income	-	-
Net assets released from restrictions	-	-
Total Revenues and Gains Without Donor Restrictions	1,663,608	398,276
Net Assets Released from Restrictions		
Total Net Assets Released from Restrictions	-	-
Total Revenues, Gains, and Other Support Without Donor Restrictions	1,663,608	398,276
Expenses		
Program Service Expenses		
Property Maintenance & Improvements	132,739	157,070
Insurance	12,333	7,880
Programs/Promotions	79,603	34,855
Total Program Service Expenses	224,675	199,805
Supporting Services		
Administrative Expense	187,639	137,997
General Expenses	13,143	8,531
Fundraising	30,797	50,429
Professional Services	61,862	59,017
Depreciation	400	400
Total Management and General	293,841	256,374
Total Expenses	518,516	456,179
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	1,145,092	(57,903)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	(6,130)	64,634
INCREASE IN NET ASSETS	1,138,962	6,731
NET ASSETS AT BEGINNING OF YEAR	33,838,894	33,832,162
NET ASSETS AT END OF YEAR	34,977,856	33,838,894

See accountants' review report

ASPETUCK LAND TRUST INC.
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS WITH DONOR RESTRICTIONS - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31,

	2019	2018
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions		
Capital Campaign	11,000	62,000
Grants and other contributions	-	12,500
Total Contributions	11,000	74,500
TOTAL REVENUES	11,000	74,500
 INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	 11,000	 74,500
Net assets released from restrictions	17,130	9,866
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	(6,130)	64,634
 NET ASSETS WITH DONOR RESTRICTIONS-BEGINNING OF YEAR	 114,634	 50,000
NET ASSETS WITH DONOR RESTRICTIONS-END OF YEAR	108,504	114,634

See accountants' review report

ASPETUCK LAND TRUST, INC.
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS - CASH BASIS
AS OF DECEMBER 31,

	2019	2018
ASSETS		
Cash and Cash Equivalents	\$ 293,329	\$ 219,148
Investments	3,657,633	3,092,514
Total Current Assets	3,950,962	3,311,662
Land	\$ 31,037,939	\$ 30,536,139
Machinery and Equipment	2,000	2,000
Accumulated Depreciation	(1,400)	(1,000)
Total Fixed Assets	31,038,539	30,537,139
TOTAL ASSETS	\$ 34,989,501	\$ 33,848,801
LIABILITIES		
Current Liabilities	\$ 11,645	\$ 9,907
Total Liabilities	11,645	9,907
NET ASSETS		
Without donor restrictions	\$ 34,869,352	\$ 33,724,260
With donor restrictions	\$ 108,504	\$ 114,634
Total Net Assets	34,977,856	33,838,894
LIABILITIES AND NET ASSETS	\$ 34,989,501	\$ 33,848,801

See accountants' review report

ASPETUCK LAND TRUST, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities And Organization

Aspetuck Land Trust, Inc. (the Organization) is a nonprofit organization exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code. The Organization is not a private foundation and donations received from individual donors qualify for the charitable contributions deduction. Founded in 1966, Aspetuck Land Trust is a non-profit membership organization whose mission is the preservation and conservation of open space, including farm and forest land, and the natural resources located thereon, primarily in the towns of Easton, Weston, Fairfield and Westport, for the benefit and education of the public.

The Board of Trustees, Board of Managers, and Officers of the Organization acknowledge that, to the best of their ability, all assets received have been used for the purpose for which they have been contributed, or have been accumulated to allow management to conduct the operations of the organization as effectively as possible.

B. Basis of Presentation

The financial statements have been prepared on the cash basis of accounting. Under this basis, revenues are recognized when cash is received rather than when earned and expenses are recognized when paid rather than when the obligation is incurred. Depreciation of fixed assets is also reported on the financial statements. This basis of accounting differs from generally accepted accounting principles primarily because the Organization has not recognized accounts receivable and its related effects on the accompanying financial statements.

Financial statement presentation follows the accounting standards for not-for-profit organizations. Under these standards, net assets, revenues, and investment income or loss are classified based on the existence or absence of donor-imposed restrictions, as follows:

- Net assets without donor restrictions are not subject to donor-imposed stipulations other than broad restrictions relating to the nature or purposes of the entity. The Association uses unrestricted contributions at its complete discretion without time or purpose limits. Board-designated net assets are unrestricted net assets designated by the Board of Governors of the Foundation (the Board) to be used for several specific purposes. The Board retains control over these net assets and may, at its discretion, subsequently use the net assets for other purposes.
- Net assets with donor restrictions are assets subject to donor-imposed restrictions that do not expire over time or cannot be removed or satisfied by the entity itself.

ASPETUCK LAND TRUST, INC.
NOTES TO THE FINANCIAL STATEMENTS
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C. Income Tax Status

The Organization is a not-for-profit organization and is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Trust's tax exempt purpose may be subject to taxation as unrelated business income.

On April 1, 2014, the Organization adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Organization has analyzed the tax positions taken in its filing with the Internal Revenue Service and state jurisdictions where it operates. The Organization believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Organization's financial condition, results of activities or cash flows.

D. Expense Allocation

The cost of providing various programs and other activities has been summarized on a functional basis in the statement of revenue, expenses, and changes in net assets. Accordingly, certain costs have been allocated to program service expenses while others have been allocated to supporting services using knowledge of the Organization's mission in order to make the appropriate allocation.

E. Fixed Assets

Fixed assets are stated at cost less accumulated depreciation. Depreciation is provided for using the straight-line method over the estimated useful lives of the related assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized. The cost of maintenance and repairs is expensed as incurred. Significant renewals and betterments are capitalized. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	50
Building Improvements	7-40
Furniture & Fixtures	5-20
Machinery & Equipment	7-15

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F. Donated Property

The Organization reports gifts of land, property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Donations of property and equipment are recorded at fair value when received, provided that the Organization has a measurable and objective basis for determining value. Real estate appraisals and town assessor's reports are examples of supporting documentation that has been used in the past to determine fair market value.

G. Investment Valuation and Income Recognition

The Organization's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for a discussion of fair value measurements.

Purchases and sales of securities are reflected on a trade-date basis. Gains or losses on the sales of shares are determined based on average cost. Interest income is recorded as earned on the accrual basis. Dividend income is recorded on the ex-dividend date.

The Organization presents in the Statement of Revenues, Expenses, and Changes in Net Assets, the investment return on these funds which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments.

H. Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates

I. Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Donor-restricted amounts that are available for use within one year for general purposes include

	<u>December 31, 2019</u>
Financial assets at year-end	\$ 3,950,962
Less those unavailable for general expenditures within one year, due to:	
Donor imposed restrictions	<u>\$ 108,504</u>
Financial assets available to meet cash needs For general expenditure within one year	\$ 3,842,458

ASPETUCK LAND TRUST, INC.
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NOTE 2: CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash in interest and non-interest bearing depository accounts. The Organization considers investments with original maturities of three months or less when purchased to be cash equivalents. The Organization places its cash and cash equivalents with high quality financial institutions where balances may exceed the Federal Deposit Insurance Corporation (FDIC) insurance limits. The Organization has not experienced any losses in these accounts nor does it expect to in the future. At December 31, 2019, all amounts were within the limits of the FDIC.

NOTE 3: INVESTMENTS

The Organization carries investments in marketable securities with readily determinable fair values at their fair values in the Statement of Assets, Liabilities, and Net Assets – cash basis. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Revenues, Expenses, and Changes in Net Assets – cash basis. The Organization’s investments are valued at \$3,657,633 at December 31, 2019 and \$3,092,514 at December 31, 2018. Investment income for the years ended December 31, 2019 and 2018 is as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Interest	\$ 20,941	\$ 18,977
Dividends	87,927	100,239
Realized Gain/(Loss)	35,216	36,312
Unrealized Gain/(Loss)	<u>486,215</u>	<u>(328,146)</u>
Investment Revenue	<u>630,299</u>	<u>(172,618)</u>

The Organization values its financial assets based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All of the instruments are accounted for using fair value accounting in accordance with SFAS Nos. 124 (ASC 958 and 157) and ASC 820. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure in three broad levels, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in inactive markets, or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data. Level 2 also includes would be investments measured using an Net Asset Value (“NAV”) per share, or its equivalent, that may be redeemed at that NAV at the date of the statement of financial position or in the near term, which is generally considered to be within 90 days.

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Level 3: Unobservable inputs are used when little or no market data is available. Level 3 also includes investments measured using NAV that can never be redeemed at the NAV or for which redemption at NAV is uncertain due to lock-up periods or other investment restrictions.

In determining fair value, the Organization uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible, as well as counterparty credit risk in its assessment of fair value. Financial assets carried at fair value at December 31, 2019 and 2018 are classified in the tables below in one of three categories described above. Transfers between levels are recognized as of the end of the reporting period.

2019

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents				
Money market accounts	\$ 91,965	\$ -	\$ -	\$ 91,965
Long-term investments				
Equity securities				
U.S. large-cap index	\$3,008,690	\$ -	\$ -	\$3,008,690
U.S. mid-cap index	-	-	-	-
U.S. small-cap index	-	-	-	-
International index	-	-	-	-
Fixed income securities				
Corporate bond funds	\$ 261,974	\$ -	\$ -	\$ 261,974
U.S. treasuries	\$ 249,892	-	-	\$ 249,892
Alternative investments	<u>\$ 45,112</u>	-	-	<u>\$ 45,112</u>
Total assets at fair value	<u>\$3,657,633</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$3,657,633</u>

2018

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents				
Money market accounts	\$ 256,665	\$ -	\$ -	\$ 256,665
Long-term investments				
Equity securities				
U.S. large-cap index	\$2,466,219	\$ -	\$ -	\$ 2,466,219
U.S. mid-cap index	-	-	-	-
U.S. small-cap index	-	-	-	-
International index	-	-	-	-
Fixed income securities				
Corporate bond funds	\$ 336,237	\$ -	\$ -	\$ 336,237
U.S. treasuries	540	-	-	540
Alternative investments	<u>32,853</u>	-	-	<u>32,853</u>
Total assets at fair value	<u>\$3,092,514</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,092,514</u>

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NOTE 4: DONATIONS

Total donations received were \$1,030,502 for the year ending December 31, 2019. These donations were comprised of cash of \$727,673 received from various donors, land of \$301,800 and securities of \$1,029.

NOTE 5: SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 23, 2020, which is the date the financial statements were available to be issued.