



**Presumpscot
Regional
Land Trust**

Financial Report

June 30, 2019

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Independent Accountants' Review Report

Board of Directors
Presumpscot Regional Land Trust
Westbrook, Maine

We have reviewed the accompanying statements of Presumpscot Regional Land Trust (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019 and the related statement 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 entity 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.

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.

PGM, LLC

Biddeford, Maine
October 16, 2019

Statement of Financial Position

June 30, 2019

ASSETS

Cash and cash equivalents	\$ 166,167
Prepaid Insurance	1,859
Investments	192,460
Land	865,968
Total Assets	<u>\$ 1,226,454</u>

LIABILITIES AND NET ASSETS

Liabilities

Accrued paid time off	2,950
Accrued payroll	2,178
Total Liabilities	<u>5,128</u>

Net Assets

Without donor restrictions	
Undesignated	116,644
Board designated net assets- land held for preservation	865,968
Board designated net assets- held for stewardship	73,809
Total Without donor restrictions	<u>1,056,421</u>
With donor restrictions	164,905
Total Net Assets	<u>1,221,326</u>
Total Liabilities and Net Assets	<u>\$ 1,226,454</u>

Statement of Activities

Year Ended June 30, 2019

	Without donor restrictions	With donor restrictions	Total
Operating Revenues:			
Contributions	\$ 78,325		\$ 78,325
Grants		\$ 101,927	101,927
Interest Income	170		170
Net assets released from restriction	125,912	(125,912)	
Total Operating Revenues	204,407	(23,985)	180,422
Operating Expenses:			
Program services	131,682		131,682
Management and general	21,199		21,199
Fundraising	13,070		13,070
Total Expenses	165,951	-	165,951
Change in Net Assets from Operations	38,456	(23,985)	14,471
Non-Operating Activities:			
Investment Gains	3,539	4,526	8,065
Total Non-Operating Activities	3,539	4,526	8,065
Change in Net Assets	41,995	(19,459)	22,536
Net Assets, Beginning of Year	1,014,426	184,364	1,198,790
Net Assets, End of Year	\$ 1,056,421	\$ 164,905	\$ 1,221,326

See independent accountants' review report

Statement of Functional Expenses

Year Ended June 30, 2019

	Program Services	Management and General	Fundraising	Total Expenses
Expenses:				
Salaries and benefits	\$ 75,294	\$ 12,013	\$ 9,610	\$ 96,916
Payroll and other taxes	7,827	2,609		10,436
Insurance	4,507			4,507
Professional services	5,500	4,556		10,056
Legal	11,345			11,345
Licenses and fees	4,752	634	950	6,336
Supplies	13,058	383		13,441
Postage and mailing	1,156		1,412	2,568
Technology	839	65	387	1,291
Occupancy	1,550	310	207	2,067
Meetings	1,014	234	312	1,560
Travel	622	144	191	957
Miscellaneous program expense	3,461			3,461
Training and development	758	253		1,010
	<u>\$ 131,682</u>	<u>\$ 21,199</u>	<u>\$ 13,070</u>	<u>\$ 165,951</u>

See independent accountants' review report

Statement of Cash Flows

Year Ended June 30,

Cash flows from operating activities:

Change in net assets	<u>\$ 22,536</u>
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Investment (gains) losses	(8,065)
(Increase) decrease in:	
Prepaid insurance	(970)
Increase (decrease) in:	
Accrued expenses	(93)
Total adjustments	<u>(9,128)</u>
Net cash flows from operating activities	<u>13,408</u>

Cash flows from investing activities:

Purchase of land	(1,400)
Purchase of investments	<u>(15,000)</u>
Net cash flows from investing activities	<u>(16,400)</u>

Net change in cash and cash equivalents **(2,992)**

Cash and cash equivalents at beginning of year **169,159**

Cash and cash equivalents at end of year **\$ 166,167**

Notes to Financial Statements

June 30, 2019

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Presumpscot Regional Land Trust (the Trust) is a not-for-profit corporation that serves the communities of Gorham, Gray, Standish, Westbrook and Windham. The mission of the Trust is to engage with communities to conserve, steward, and provide access to local lands and clean water for current and future generations to enjoy.

The Trust holds conserved lands with free public access that includes trails and water access. The Trust is the water steward of the Presumpscot River watershed and coordinates the Sebago to the Sea Trail, a 28- mile trail from Standish to Portland.

Basis of Presentation

The Trust's net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Trust, and changes therein, are classified and reported, as follows:

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions and can be used for any purpose designated by the board.

Net Assets With Donor Restrictions

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those will be met by actions of the Trust or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

The Trust reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 statements of activities as net assets released from restrictions. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Trust reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Notes to Financial Statements

June 30, 2019

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- CONTINUED

Cash and Cash Equivalents

Investments with a maturity of three months or less when purchased are considered to be cash equivalents for financial statement purposes. Cash and cash equivalents included in investment accounts are considered investments for financial statement purposes.

Investments

Investments are recorded at fair value in the statements of financial position. Unrealized gains and losses are included in the statements of activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Concentration of Credit Risk

Financial instruments which potentially subject the Trust to concentration of credit risk consist principally of marketable investments.

Conservation Easements

Land encumbered with conservation easements are not recorded but listed in the financial statements.

Land Donations

The Trust has a policy of recording land donated without sale or transfer stipulations as land without donor restrictions.

Use of Estimates

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

Income Taxes

The Trust is organized and operated exclusively for charitable and educational purposes. Income related to its charitable purpose is exempt from federal and state income taxes under the provisions of Section 501(c) (3) of the Internal Revenue Code. Any unrelated business income is taxable according to applicable Internal Revenue Code sections. The Trust is subject to federal and state examinations by taxing authorities for the years ended 2016 through 2019.

Notes to Financial Statements

June 30, 2019

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Functional Allocation of Expenses

The costs 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.

Change in Operating Net Assets

Change in operating net assets excludes realized and unrealized gains on investments.

Donated Securities, Materials, Equipment and Services

When significant, materials, equipment and services are reflected as contributions in the accompanying statements at their estimated fair value at the date of receipt.

New Accounting Pronouncement

In August 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-14, *Not for Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Trust has adjusted the presentation of these statements accordingly and applied the ASU to all periods presented.

Recent Accounting Pronouncements

Revenue Recognition

In May 2014, the FASB issued Accounting Standards Update (ACU) 2014-9, *Revenue from Contracts with Customers*, to clarify the principles for recognizing revenue and to develop a common revenue standard for U.S. GAAP and International Financial Reporting Standard (IFRS). The core principle of the guidance requires entities to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance is effective for all nonpublic entities' annual periods beginning after December 15, 2018, but management presently does not expect a significant change in revenue recognition.

NOTE 2 – CONCENTRATION OF CASH

The Trust maintains cash at a financial institutions located in Maine. At times, the balance may exceed federally insured limits. The Trust has not experienced losses in such deposits, and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

Notes to Financial Statements

June 30, 2019

NOTE 3 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$ 166,167
Maine CF investment board designated	73,809
Maine CF investment spending-rate distributions and appropriations	4,953
	<u>\$ 244,929</u>

Maine Community Foundation (Maine CF) funds consist of a board designated funds without donor restrictions and a time restricted fund. The time restricted fund allows a 5% annual release. The fund is subject to the spending policy of the Maine CF. Withdrawal requests in excess of the annual 4% draw calculation need to be approved by the Maine CF board. However, requests are typically approved if reasonable.

NOTE 4 – FAIR VALUE OF INVESTMENTS

Fair Value Measurements

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. In determining fair value, the Trust uses various methods, including market, income and cost approaches. Based on these approaches, the Trust often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Trust utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Trust is required to provide the following information according to the fair value hierarchy.

The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. The type of investments included in Level 1 includes listed equities and listed derivatives.

Level 2 – Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly; and fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include corporate bonds and loans, less liquid and restricted equity securities and certain over-the-counter derivatives.

Level 3 – Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management

Notes to Financial Statements

June 30, 2019

NOTE 4 – FAIR VALUE OF INVESTMENTS -CONTINUED

judgment or estimation. Investments that are included in this category generally include equity and debt positions in private companies.

In determining the appropriate levels, the Trust performs a detailed analysis of the assets and liabilities that are subject to fair value. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

Management determined that the investment portfolio consisted of Level 1 financial instruments actively traded. The values of financial instruments were reported at the sales price on the day of valuation.

The following table presents assets measured at fair value on a recurring basis, except those measured at cost June 30, 2019:

	Fair Value	Fair Value Measurements At Report Date Using		
		Level 1	Level 2	Level 3
Investments				
Maine Community Foundation	\$ 192,460			\$ 192,460
	<u>\$ 192,460</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 192,460</u>

NOTE 5 – INVESTMENTS

Changes Investments for the year ended June 30, 2019:

	Without Donor Restriction	With Donor Restriction	Total
Beginning of year	\$ 55,270	\$ 114,125	\$ 169,395
Contributions	15,000		15,000
Investment fees	(876)	(1,589)	(2,465)
Interest and dividends	548	1,046	1,594
Investment gains (losses)	3,867	5,069	8,936
End of year	<u>\$ 73,809</u>	<u>\$ 118,651</u>	<u>\$ 192,460</u>

NOTE 6 –BOARD DESIGNATED NET ASSETS

The Board of Directors has designated \$939,777 of net assets without donor restrictions to be included as board designated net assets including funds held for stewardship and land held for preservation as of June 30, 2019. Since the amounts resulted from an internal designation and are not donor restricted they are classified and reported as net assets without donor restrictions.

Notes to Financial Statements

June 30, 2019

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods.

Subject to expenditure for specified purpose:

Accreditation Davis	\$	2,227
Bench Fund Commemorative		960
MCHT Summer Intern		1,025
Mill Brook Access (City of Westbrook)		3,134
Mill Brook South (Wells Fargo)		16,640
Pride Preserve (City of Westbrook)		12,828
Randall Trail- Narragansett		3,473
Sebago to Sea Individual		7,397
Water Quality USM CBEP		11,357
Wildlife - Onion Foundation		6,803
		<u>65,844</u>
Richard Randall Fund		99,061
Total net assets with donor restrictions	\$	<u>164,905</u>

Notes to Financial Statements

June 30, 2019

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS - CONTINUED

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended June 30, 2019:

Satisfaction of purpose restrictions:

Accreditation Davis	\$	2,773
Bench Fund Commemorative		192
MCHT Summer Intern		2,408
Mill Brook Access (City of Westbrook)		13,576
Mill Brook South (Wells Fargo)		33,110
Pride Preserve (City of Westbrook)		3,172
Randall Trail- Narragansett		6,450
Sebago to Sea Individual		2,430
Water Quality USM CBEP		15,063
Wildlife - Onion Foundation		197
Accreditation MCHT		11,800
Black Brook Preserve		5,986
Hawkes		1,604
Nelson (Individual)		5,365
Nelson (Town of Gorham)		8,043
Sebago to Sea (Davis)		610
Habitat (CBEP)		3,232
Frasier (LL Bean & MCHT)		2,203
Randall Trail (Old Port Advisors)		488
Windham Watershed		2,000
Richard Randall Fund - spending rate distribution		5,210
	\$	125,912

Notes to Financial Statements

June 30, 2019

NOTE 8 – LAND RESTRICTED AS NATURE SANCTUARIES AND PRESERVES

Presumpscot Regional Land Trust owns donated land at properties which are restricted primarily as nature sanctuaries and preserves and are made available to the public. The properties located in the following Maine locations are not recognized as assets on the statements due to the donor restrictions on use or sale:

Town	Acres	Number of Properties
Gorham	361	14
Gray	111	2
Sebago	100	1
Standish	65	3
Standish & Gorham	482	1
Westbrook	14	1
Windham	59	2
	<u>1,192</u>	<u>24</u>

Land includes the following

Town	Property	Acres	Amount
Gorham	St. Pierre	3	\$ 8,000
Windham	Pringle	17	16,700
Westbrook	Mill Brook North	15	17,800
Gorham	Nelson Preserve	37	32,000
Westbrook	Mill Brook - Cullinan	12	32,000
Westbrook	Mill Brook - Hatt	32	115,000
Westbrook	Mill Brook - Smith Trust	32	33,700
Gorham	Hawkes	41	69,000
Gorham	Frog Hollow Farm	64	195,000
Windham	Black Brook	105	346,768
		<u>358</u>	<u>\$ 865,968</u>

NOTE 9 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 16, 2019, 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.