



Boothbay Region Land Trust

**Financial Statements
September 30, 2022 and 2021**

Boothbay Region Land Trust
TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
NOTES TO FINANCIAL STATEMENTS	7 - 16



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Boothbay Region Land Trust

Opinion

We have audited the accompanying financial statements of Boothbay Region Land Trust (a nonprofit organization), which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boothbay Region Land Trust as of September 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Boothbay Region Land Trust and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Boothbay Region Land Trust's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

46 FIRSTPARK DRIVE, OAKLAND, ME 04963 PHONE 207.873.1603
259 FRONT STREET, BATH, ME 04530
151 CAPITOL STREET, SUITE 1, AUGUSTA, ME 04330

- Obtain an understanding of internal control relevant to the audit 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 Boothbay Region Land Trust's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Boothbay Region Land Trust's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

One River, CPAs

Oakland, ME
March 28, 2023

BOOTHBAY REGION LAND TRUST
Statements of Financial Position
September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 833,329	663,725
Promises to give	5,750	42,458
Prepaid expenses	11,308	8,721
Beneficial interest in trusts and estates	2,755,575	297,000
Total current assets	3,605,962	1,011,904
Property and equipment:		
Computers & peripherals	-	7,598
Office equipment & furnishings	8,954	8,954
Land, buildings, and improvements	2,872,047	2,762,172
Vehicles and other equipment	102,380	26,354
	2,983,381	2,805,078
Less: accumulated depreciation	183,006	140,825
Net property and equipment	2,800,375	2,664,253
Other assets:		
Investments	7,137,536	8,513,883
Promises to give, net of current portion	-	5,736
Beneficial interest in trusts and estates, net of current portion	-	66,819
Interest in real property donated	460,000	460,000
Artwork	6,500	6,500
Land held for conservation	3,965,171	3,965,171
Total other assets	11,569,207	13,018,109
Total assets	\$ 17,975,544	16,694,266
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 1,162	1,736
Accrued expenses	21,235	17,312
Total current liabilities	22,397	19,048
Total liabilities	22,397	19,048
Net assets:		
Without donor restrictions:		
Operating	636,939	1,215,876
Board designated	2,832,659	2,835,949
Land, property, and equipment	6,765,546	6,629,424
Total without donor restrictions:	10,235,144	10,681,249
With donor restrictions	7,718,003	5,993,969
Total net assets	17,953,147	16,675,218
Total liabilities and net assets	\$ 17,975,544	16,694,266

See independent auditors' report and accompanying notes to financial statements.

BOOTHBAY REGION LAND TRUST
Statements of Activities
Years ended September 30, 2022 and 2021

	2022			2021		
	Net assets without donor restrictions	Net assets with donor restrictions	Total	Net assets without donor restrictions	Net assets with donor restrictions	Total
Revenues, gains, support, and reclassifications:						
Contributions and grants	\$ 712,561	2,663,387	3,375,948	308,627	161,197	469,824
Special events and activities	21,488	-	21,488	431	-	431
Investment income:						
Interest and dividends	98,813	49,546	148,359	45,521	74,946	120,467
Realized and unrealized gain on investments	(1,077,695)	(540,365)	(1,618,060)	656,287	615,377	1,271,664
Net assets released from restriction	448,534	(448,534)	-	244,653	(244,653)	-
Total revenues, gains, and other support	203,701	1,724,034	1,927,735	1,255,519	606,867	1,862,386
Operating expenses:						
Program services	477,504	-	477,504	408,311	-	408,311
Supporting Services:						
Management and general	90,986	-	90,986	114,082	-	114,082
Fundraising	81,316	-	81,316	58,218	-	58,218
Total support services	172,302	-	172,302	172,300	-	172,300
Total expenses	649,806	-	649,806	580,611	-	580,611
Change in net assets	(446,105)	1,724,034	1,277,929	674,908	606,867	1,281,775
Net assets at beginning of year	10,681,249	5,993,969	16,675,218	10,006,341	5,387,102	15,393,443
Net assets at end of year	\$ 10,235,144	7,718,003	17,953,147	10,681,249	5,993,969	16,675,218

See independent auditors' report and accompanying notes to financial statements.

BOOTHBAY REGION LAND TRUST
Statements of Functional Expenses
Years ended September 30, 2022 and 2021

2022					
Supporting Services					
	Program Services	Management and General	Fundraising	Total Support Services	Total
Office supplies and expenses	\$ 30,730	4,294	7,955	12,249	42,979
Professional fees	6,337	14,128	-	14,128	20,465
Education	3,050	-	29	29	3,079
Equipment	4,841	-	-	-	4,841
Insurance	11,269	3,952	905	4,857	16,126
Membership and dues	4,430	625	411	1,036	5,466
Miscellaneous	15,213	5,604	5,835	11,439	26,652
Salaries and wages	254,289	52,110	53,798	105,908	360,197
Employee benefits	19,864	5,651	2,241	7,892	27,756
Payroll taxes	20,993	4,258	4,441	8,699	29,692
Printing	2,015	-	1,283	1,283	3,298
Property maintenance	40,489	-	-	-	40,489
Social events and meetings	14,205	364	4,418	4,782	18,987
Depreciation	49,779	-	-	-	49,779
Total	\$ 477,504	90,986	81,316	172,302	\$ 649,806

2021					
Supporting Services					
	Program Services	Management and General	Fundraising	Total Support Services	Total
Office supplies and expenses	\$ 18,285	7,563	6,925	14,488	\$ 32,773
Professional fees	9,452	13,270	-	13,270	22,722
Education	475	128	94	222	697
Equipment	-	6,897	-	6,897	6,897
Insurance	4,163	9,722	445	10,167	14,330
Membership and dues	4,450	330	361	691	5,141
Miscellaneous	11,807	1,539	4,630	6,169	17,976
Salaries and wages	226,959	65,039	40,076	105,115	332,074
Employee benefits	5,215	999	1,611	2,610	7,825
Payroll taxes	19,331	5,258	3,444	8,702	28,033
Printing	4,521	690	378	1,068	5,589
Property maintenance	58,334	2,469	-	2,469	60,803
Social events and meetings	3,188	178	254	432	3,620
Depreciation	42,131	-	-	-	42,131
Total	\$ 408,311	114,082	58,218	172,300	\$ 580,611

See independent auditors' report and accompanying notes to financial statements.

BOOTHBAY REGION LAND TRUST
Statements of Cash Flows
Years ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,277,929	1,281,775
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	49,779	42,131
Realized and unrealized gain on investments	1,618,060	(1,271,664)
(Increase) decrease in:		
Promises to give, net	42,444	110,584
Beneficial interest in trusts and estates	(2,391,756)	130,814
Prepaid expenses	(2,587)	(2,235)
Increase (decrease) in:		
Accounts payable and accrued expenses	3,349	(32,960)
Net cash provided by operating activities	597,218	258,445
Cash flows from investing activities:		
Purchase of property and equipment	(185,901)	(147,931)
Sale of investments	273,638	165,760
Purchase of investments	(515,351)	(332,934)
Net cash used in investing activities	(427,614)	(315,105)
Net increase (decrease) in cash and cash equivalents	169,604	(56,660)
Cash and cash equivalents, beginning of year	663,725	720,385
Cash and cash equivalents, end of year	\$ 833,329	663,725

See independent auditors' report and accompanying notes to financial statements.

BOOTHBAY REGION LAND TRUST
Notes to Financial Statements
Years ended September 30, 2022 and 2021

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Boothbay Region Land Trust (BRLT) is a non-profit corporation organized under the general laws of the State of Maine and operated exclusively for charitable, educational, and scientific purposes. BRLT is a membership organization that engages in and promotes the selective preservation of natural resources in the Boothbay Region of Maine. Interest in property is acquired through purchases, bequests, donations, bargain sales, and the conveyance of conservation easements. All of its real estate holdings are open to the public, although some are restricted in use if the preservation intent is to provide and protect wildlife habitat and nesting areas. BRLT also is active in promoting the scientific study of natural resources and the environment.

Basis of Accounting

The accompanying financial statements have been prepared using the accrual method of accounting in accordance with U.S. generally accepted accounting principles. Under the accrual method of accounting, revenues are recorded when earned rather than when received, and expenses are recorded when incurred rather than when paid.

Basis of Presentation

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

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of BRLT's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of BRLT or by the passage of time. Other donor restrictions are perpetual in nature, where by 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 statements of activities.

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 reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, BRLT considers all unrestricted and temporarily restricted cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

BRLT maintains cash at three financial institutions. At times, the balances may exceed federally insured limits. BRLT has not experienced losses in such accounts, and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

See independent auditors' report.

BOOTHBAY REGION LAND TRUST
Notes to Financial Statements
Years ended September 30, 2022 and 2021

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Contributions and Contributions Receivable

Unconditional promises to give, also known as pledges receivable, are recorded as contributions receivable and revenue in the year pledged.

Donations of cash and other assets are recorded and reported at fair value at the date the gift is received. Gifts of financial assets are remeasured every year at their fair value, while gifts of non-financial assets are not remeasured. The contributions are reported as net assets with donor restrictions 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 the purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

Property and Equipment

Purchased property and equipment is capitalized at cost, if over \$5,000. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions, unless the donor had restricted the donated asset to a specific purpose. Assets donated with explicit restriction regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor restrictions regarding how long those donated assets must be maintained, BRLT reports expirations of donor restrictions when the donated or acquired assets are placed in service, as instructed by the donor. BRLT reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Depreciation is computed using the straight-line method over the following estimated useful lives:

Equipment and furnishings	5 years
Improvements	5 - 30 years
Building	30 - 40 years

Endowment Investments

Investments in equity and debt securities are carried at fair value. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by donor are reported as increases in net assets with donor restrictions in the reporting period in which the income and gains are recognized.

Impairment of Long-Lived Assets

In accordance with FASB Accounting Standards Codification (ASC) Topic 360, Measurement of an Impairment Loss, long-lived assets are reviewed for impairment when circumstances indicate the carrying value of an asset may not be recoverable. If impairment exists, an adjustment is made to write the asset down to its fair value, and a loss is recorded as the difference between the carrying value and fair value. Fair values are determined based on quoted market values, discounted cash flows or internal and external appraisals, as applicable. Assets to be disposed of are carried at the lower of carrying value or estimated net realizable value.

Subsequent to the initial purchase or donation of certain land, the Organization has placed conservation easements on the land which subjects the land to certain covenants regarding its preservation and use in perpetuity.

See independent auditors' report.

BOOTHBAY REGION LAND TRUST
Notes to Financial Statements
Years ended September 30, 2022 and 2021

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Impairment of Long-Lived Assets, Continued

These arrangements result in the fair market value of the land being less than the original carrying value of the land by \$231,097 at September 30, 2022 and 2021. Impairment was primarily determined to be 70% of the value of the land prior to the perpetual restrictions and is based on the State of Maine Open Space Tax Law which recommends a 70% reduction for purposes of property taxation for forever wild open space land protected by easement or preserve. In accordance with ASC Topic 360, impairment losses were reflected in prior years for restrictions placed on land. There were no impairment losses in 2022 and 2021.

Land

BRLT categorizes land that it owns in fee title as the following:

Land held for use in operations under property and equipment: Land that is not required to be held in conservation.

Land held for conservation: Land with conservation value, also known as nature preserves, which BRLT has no current plans to sell or transfer. Land held for conservation acquired by BRLT, either through purchase or donation, is recorded as an asset initially at the lower of acquisition cost or fair market value. If an easement is placed on the land subsequent to purchase or donation, then the land is written down by 70% of the value on the date of purchase or donation. Conservation land received by donation is reported as net assets without donor restrictions unless the donor has restricted the donated conservation land to a specific purpose. Conservation land donated with explicit restrictions regarding its use is reported as net assets with restrictions.

Conservation Easements

Conservation easements accepted or purchased by BRLT are not recognized as assets or revenues in the accompanying financial statements because BRLT does not have fee title to the properties, and there are no expected future economic benefits. If purchased, the costs of conservation easements are expensed when the easements are acquired.

Advertising

Advertising costs are charged to operations when incurred.

Income Taxes

BRLT is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, BRLT has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Code.

Management has evaluated BRLT's tax positions and concluded that BRLT had taken no uncertain tax positions that require adjustment to the financial statements. BRLT is currently open to audit under the statute of limitations by the Internal Revenue Service and state taxing authorities for three years following the filing of the return.

See independent auditors' report.

BOOTHBAY REGION LAND TRUST
Notes to Financial Statements
Years ended September 30, 2022 and 2021

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Functional Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis using the following methods:

<u>Expense</u>	<u>Method of Allocation</u>
Office supplies and expenses	Time and effort
Professional fees	Time and effort
Insurance	Time and effort
Miscellaneous	Time and effort
Salaries and wages	Time and effort
Employee benefits	Time and effort
Payroll taxes	Time and effort
Depreciation	Usage

Reclassifications

Certain reclassifications have been made to the 2021 financial statements presentation to correspond to the current year's format. Changes in net assets are unchanged due to these reclassifications.

Subsequent Events

The organization has evaluated all subsequent events through the date of the report, the date the financial statements were available to be issued.

NOTE 2 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 833,329
Promises to give, net	5,750
Beneficial interest in trusts	2,755,575
Interest in real property donated	460,000
Investments	<u>7,137,536</u>
Financial assets, at year-end	11,192,190
Less amounts not available to be used within one year:	
Board designated net assets	2,832,659
Net assets with donor restrictions	7,718,003
Less: net assets with time restrictions expected to be met in less than a year	<u>(2,755,825)</u>
	7,794,837
Financial assets available to meet general expenditures over the next twelve months	\$ <u><u>3,397,353</u></u>

See independent auditors' report.

BOOTHBAY REGION LAND TRUST
Notes to Financial Statements
Years ended September 30, 2022 and 2021

NOTE 2 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS, CONTINUED

As part of its liquidity plan, excess cash is invested in short-term and long-term investments, and BRLT maintains a line of credit of \$750,000, with total availability at September 30, 2022. However, the line of credit was not renewed in December 2022. In addition, in the event the need arises, board-designated funds could be released from restriction by the board to cover general expenditures. BRLT also has an endowment (Note 8), which has an annual distribution to cover general expenditures.

NOTE 3 - PROMISES TO GIVE

Promises to give, net of allowance for uncollectible promises to give and unamortized discount are summarized as follows at September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Promises without donor restrictions	\$ 250	3,875
Restricted for capital improvements and long-term debt related to capital improvements	5,500	44,333
	<u>5,750</u>	<u>48,208</u>
Discount to net present value	-	(14)
Allowance for uncollectible promises to give	-	-
	<u>\$ 5,750</u>	<u>48,194</u>
Amounts due in:		
Less than one year	\$ 5,750	42,708
One to five years	-	5,500
	<u>\$ 5,750</u>	<u>48,208</u>

Unconditional promises to give due in more than one year are recognized at fair value, using present value techniques when the donor makes an unconditional promise to give to the Organization. The Organization used a discount rate of 0.25% at September 30, 2021 and no discount for 2022 as there are no noncurrent promises to give.

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements*, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or the liability in an orderly transaction between market participants on the measurement date. ASC Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standards describe three levels of inputs that may be used to measure fair value.

Level 1 – Quoted prices are available in active markets for identical assets and liabilities that an entity has the ability to access at a measurement date.

Level 2 – Significant observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

Level 3 – Significant unobservable inputs that reflect an entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

See independent auditors' report.

BOOTHBAY REGION LAND TRUST
Notes to Financial Statements
Years ended September 30, 2022 and 2021

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS, CONTINUED

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring and non-recurring basis at September 30, 2022 and 2021, are as follows:

September 30, 2022				
	Fair Value	Fair Value Measurements		
		Level 1	Level 2	Level 3
Mutual funds	\$ 7,137,536	7,137,536	-	-
Beneficial interest in trusts and estates	2,755,575	-	-	2,755,575
Interest in real property donated	460,000	-	-	460,000
	\$ 10,353,111	7,137,536	-	3,215,575

September 30, 2021				
	Fair Value	Fair Value Measurements		
		Level 1	Level 2	Level 3
Mutual funds	\$ 8,513,883	8,513,883	-	-
Beneficial interest in trusts and estates	363,819	-	-	363,819
Interest in real property donated	460,000	-	-	460,000
	\$ 9,337,702	8,513,883	-	823,819

Mutual funds and beneficial interest in trusts and estates are measured on a recurring basis while interest in real property donated is measured on a non-recurring basis.

The reconciliation of the changes in the beneficial interest in trusts and estates and interest in real property donated, measured at fair value on a recurring basis using significant unobservable inputs (Level 3) is as follows:

September 30, 2020	\$ 954,633
Distribution received from a trust	(133,771)
Change in value of beneficial interest agreements	2,957
September 30, 2021	823,819
Distribution received from a trust	(200,000)
Change in value of beneficial interest agreements	2,591,756
September 30, 2022	\$ 3,215,575

The change in value of the beneficial interest agreements in 2022 is attributable to \$2,608,110 in new beneficial interest agreements and \$16,354 to the unrealized loss on remeasurement of the beneficial interest in remainder trusts and estates as of September 30, 2022. The entire change in value of beneficial interest agreements in 2021 is attributable to the unrealized gain on remeasurement of the beneficial interest in remainder trusts and estates as of September 30, 2021. The valuation techniques used for the recurring fair value measurements for assets in Level 3 of the fair value hierarchy are the fair values of the underlying assets in the trusts and estates.

See independent auditors' report.

BOOTHBAY REGION LAND TRUST
Notes to Financial Statements
Years ended September 30, 2022 and 2021

NOTE 5 - BENEFICIAL INTEREST IN TRUSTS AND ESTATES

In 2017, BRLT was notified of its 100% remainder interests in the Rebecca B. Welsh 2005 Charitable Remainder Unitrust and the Rebecca B. Welsh 2007 Charitable Unitrust. The terms of the 2005 Trust provide that upon termination of the Trust on December 1, 2020, 100% of the Trust shall be distributed to BRLT and be added to the Capital Campaign. The terms of the 2007 Trust provide that upon termination of the Trust on December 19, 2022, 100% of the Trust shall be distributed to BRLT. Of the total, \$10,000 is to be used for the Stewardship Fund, and the remaining to go to the Capital Campaign. The 2005 Trust was distributed in full during the year ended September 30, 2021. The value of the securities held in these Trusts at September 30, 2022 and 2021, was \$50,465 and \$66,819, respectively.

In the year ended September 30, 2020, BRLT was notified of its 50% interest in the proceeds of real property held in an estate, and a remainder interest in the rest of the estate. The property was sold during the year ended September 30, 2021, and BRLT has recorded the estimated proceeds from the sale of this property of \$297,000. BRLT received \$200,000 from the estate during the year ended September 30, 2022, and expects to receive the remainder amount once the estate is settled.

In the year ended September 30, 2022, BRLT was notified of its interest in four trusts of a family. All four trusts have BRLT as being a 25% remainder beneficiary. For two of these trusts, BRLT was able to obtain the information to estimate their interest, which is recorded at \$2,583,685 at September 30, 2022. A preliminary distribution from these two trusts was received after year-end, and the remainder is expected to be received in the year ended September 30, 2023. BRLT was not able to come up with the information to estimate the value of their interest in the other two trusts as one is subject to the life of a family member and the other is subject to settlement of the estate of the original husband and wife that setup these trusts.

NOTE 6 - INTEREST IN REAL PROPERTY

In December 2019, BRLT was donated real property, subject to the life estate of the two donors that were 69 and 76 at the time of donation. All rights of use and responsibilities of the property rest with the donors, which transfer to BRLT upon death. BRLT has recorded the fair market value of the property at the time of the donation as an asset and contribution revenue. No adjustment to the value of the interest was necessary for the years ended September 30, 2022 and 2021 as the interest was not deemed to be impaired.

NOTE 7 - LAND HELD FOR CONSERVATION

At September 30, 2022 and 2021, BRLT owned approximately 1,400 acres of land in the Boothbay Region of Maine. It also had an interest through the ownership of conservation easements in an additional 432 acres of land in the Region.

NOTE 8 - ENDOWMENT

BRLT's endowment consists of several individual funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Trustees to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

See independent auditors' report.

BOOTHBAY REGION LAND TRUST
Notes to Financial Statements
Years ended September 30, 2022 and 2021

NOTE 8 – ENDOWMENT, CONTINUED

The Board of Trustees of BRLT has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as enacted by the Maine Legislature. In accordance with UPMIFA, BRLT considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds (1) the duration and preservation of the fund, (2) the purposes of BRLT and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effects of inflation and deflation, (5) the total expected return from income and appreciation of the investments, (6) other resources of BRLT and (7) the investment policies of BRLT.

The Organization has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities at about 70% and 30%, respectively, of the overall balance, that is intended to result in a consistent inflation protected rate of return and sufficient liquidity to allow for distributions for BRLT to accomplish its exempt purposes, while growing the funds if possible. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Currently, the BRLT follows a spending policy of appropriating for distribution each year an amount not to exceed 4% of the previous thirty-six months' rolling average value of the endowment fund. In establishing this policy, BRLT considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation.

BRLT had the following endowment net asset composition by type of fund at September 30, 2022 and 2021:

September 30, 2022			
	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Board-designated endowment funds	\$ 2,801,610	-	2,801,610
Donor-restricted endowment funds:			
Various donor-restricted funds not required to be maintained in perpetuity	-	1,599,573	1,599,573
Original donor-restricted gift amounts required to be maintained in perpetuity	-	2,872,165	2,872,165
	\$ 2,801,610	4,471,738	7,273,348

See independent auditors' report.

BOOTHBAY REGION LAND TRUST
Notes to Financial Statements
Years ended September 30, 2022 and 2021

NOTE 8 – ENDOWMENT, CONTINUED

September 30, 2021

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Board-designated endowment funds	\$ 3,324,986	-	3,324,986
Donor-restricted endowment funds:			
Various donor-restricted funds not required to be maintained in perpetuity	-	2,399,357	2,399,357
Original donor-restricted gift amounts required to be maintained in perpetuity	-	2,622,165	2,622,165
	\$ 3,324,986	5,021,522	8,346,508

Changes in endowment net assets for the years ended September 30, 2022 and 2021 are as follows:

2022

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 3,324,986	5,021,522	8,346,508
Contributions	-	132,833	132,833
Investment return:			
Interest and dividends	33,689	49,546	83,235
Realized and unrealized losses	(485,487)	(540,365)	(1,025,852)
Amounts appropriated for expenditure	(71,578)	(191,798)	(263,376)
Endowment net assets, end of year	\$ 2,801,610	4,471,738	7,273,348

2021

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 3,062,140	4,394,486	7,456,626
Contributions	-	112,500	112,500
Investment return:			
Interest and dividends	28,537	74,946	103,483
Realized and unrealized gains	301,241	615,377	916,618
Amounts appropriated for expenditure	(66,932)	(175,787)	(242,719)
Endowment net assets, end of year	\$ 3,324,986	5,021,522	8,346,508

See independent auditors' report.

BOOTHBAY REGION LAND TRUST
Notes to Financial Statements
Years ended September 30, 2022 and 2021

NOTE 9 – RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions were as follows for the periods ended September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Specific purpose:		
Facilities	\$ 30,507	57,761
General stewardship fund	1,390,914	1,864,779
Stewardship of specific properties	229,004	660,554
Educational programs	10,129	9,579
Wetlands programs	4,524	4,524
Property acquisitions	3,775	7,607
Watershed protection	2,650	10,000
Earnings in endowment not appropriated	9,225	-
Endowment fund permanently restricted	<u>2,872,165</u>	<u>2,622,165</u>
	<u>4,552,893</u>	<u>5,236,969</u>
Passage of time:		
For years after September 30, 2022 and 2021	<u>3,165,110</u>	<u>757,000</u>
	<u>\$ 7,718,003</u>	<u>5,993,969</u>

Net assets released from net assets with donor restrictions are as follows for the years ended September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Satisfaction of purpose restrictions:		
Facilities	\$ 27,354	191,205
General stewardship	7,136	-
Stewardship of specific properties	204,694	52,972
Education	1,000	-
Wetlands programs	-	476
Watershed programs	<u>8,350</u>	<u>-</u>
	248,534	244,653
Satisfaction of time restrictions	<u>200,000</u>	<u>-</u>
Total net assets released from restriction	<u>\$ 448,534</u>	<u>244,653</u>

NOTE 10 – UNCERTAINTIES, CONTINGENCIES, AND RISKS

BRLT's policy is to remeasure the beneficial interests in trusts and estates at fair value every year. It is at least reasonably possible that BRLT's estimate of the fair value for these interests will change in the near term.

See independent auditors' report.