

## **Financial Statements**



**March 31, 2021**

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**Coastal Mountains Land Trust**

**March 31, 2021**

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## **Independent Auditors' Report**

**To the Board of Directors  
Coastal Mountains Land Trust  
Camden, Maine**

We have audited the accompanying financial statements of Coastal Mountains Land Trust (a nonprofit organization), which comprise the statement of financial position as of March 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Coastal Mountains Land Trust as of March 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

We have previously audited the Coastal Mountains Land Trust's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 20, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Purdy Pownall & Company*

Professional Association

**Portland, Maine  
June 1, 2021**

## Statement of Financial Position

### Coastal Mountains Land Trust

As of March 31, 2021

(with comparative totals for March 31, 2020)

	<u>2021</u>	<u>2020</u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 195,821	\$ 334,458
Investments	420,596	227,451
Current portion of pledges receivable	49,833	80,334
Grants receivable	-	7,025
Deposits	7,900	-
Prepaid expenses	10,029	3,512
<b>Total Current Assets</b>	<u>684,179</u>	<u>652,780</u>
<b>Property and Equipment</b> , net of accumulated depreciation	1,539,417	958,209
<b>Other Assets</b>		
Cash restricted by donors for property acquisition	447,214	739,945
Pledges receivable, net of current portion	28,000	25,333
Investments restricted by board	1,242,188	521,743
Investments restricted by donors	2,490,212	2,097,275
Split-interest agreements	446,128	342,629
Conserved fee title property	1,597,725	1,593,908
<b>Total Other Assets</b>	<u>6,251,467</u>	<u>5,320,833</u>
<b>Total Assets</b>	<u>\$ 8,475,063</u>	<u>\$ 6,931,822</u>
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 7,377	\$ 23,212
Current portion of long-term note payable	6,750	16,200
Short-term notes payable	-	150,000
<b>Total Current Liabilities</b>	<u>14,127</u>	<u>189,412</u>
<b>Long-Term Liabilities</b>		
Long-term portion of note payable	-	6,750
<b>Total Long-Term Liabilities</b>	<u>-</u>	<u>6,750</u>
<b>Total Liabilities</b>	<u>14,127</u>	<u>196,162</u>
<b>Net Assets</b>		
Without donor restrictions	4,413,014	2,811,568
With donor restrictions	4,047,922	3,924,092
<b>Total Net Assets</b>	<u>8,460,936</u>	<u>6,735,660</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 8,475,063</u>	<u>\$ 6,931,822</u>

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

## Statement of Activities

# Coastal Mountains Land Trust

For the Year Ended March 31, 2021

(with comparative totals for March 31, 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>Revenues</b>				
Contributions and support	\$ 402,275	\$ 423,555	\$ 825,830	\$ 1,395,980
Special events	5,635	-	5,635	-
Beech Hill Farm income	-	-	-	11,407
Grants and contracts	226,300	130,000	356,300	549,500
Investment income	28,360	26,387	54,747	62,509
Paycheck Protection Program loan forgiveness	83,800	-	83,800	-
Contributions of property	-	66,554	66,554	1,696,750
In-kind contributions	21,221	-	21,221	11,932
Net assets released from restrictions	687,508	(687,508)	-	-
<b>Total Revenues</b>	<u>1,455,099</u>	<u>(41,012)</u>	<u>1,414,087</u>	<u>3,728,078</u>
<b>Expenses</b>				
Program services				
Land acquisition	163,633	-	163,633	184,277
Impairment of land	72,536	-	72,536	1,614,305
Purchase of easement	-	-	-	637,024
Outreach	96,757	-	96,757	98,251
Stewardship	184,646	-	184,646	184,639
Supporting services				
General administrative	140,055	-	140,055	130,202
Fundraising	105,203	-	105,203	104,727
<b>Total Expenses</b>	<u>762,830</u>	<u>-</u>	<u>762,830</u>	<u>2,953,425</u>
<b>Revenues Over (Under) Expenses</b>	692,269	(41,012)	651,257	774,653
Change in value of split interest agreements	-	103,499	103,499	11,587
Net realized and unrealized gain (loss) on investments	909,177	61,343	970,520	(226,844)
	<u>909,177</u>	<u>164,842</u>	<u>1,074,019</u>	<u>(215,257)</u>
<b>Increase in Net Assets</b>	1,601,446	123,830	1,725,276	559,396
Net assets at beginning of year	<u>2,811,568</u>	<u>3,924,092</u>	<u>6,735,660</u>	<u>6,176,264</u>
<b>Net Assets at End of Year</b>	<u>\$ 4,413,014</u>	<u>\$ 4,047,922</u>	<u>\$ 8,460,936</u>	<u>\$ 6,735,660</u>

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

## Statement of Functional Expenses

### Coastal Mountains Land Trust

As of March 31, 2021

(with comparative totals for March 31, 2020)

	2021							2020
	Program Services			Total Program	Management & General	Fundraising	Total	Total
	Land Acquisition	Outreach	Stewardship					
Expenses:								
Salaries	\$ 92,058	\$ 61,372	\$ 115,073	\$ 268,503	\$ 46,029	\$ 67,910	\$ 382,442	\$ 370,738
Payroll taxes	6,884	4,589	8,604	20,077	3,442	5,162	28,681	28,084
Benefits	10,057	6,667	12,644	29,368	4,997	7,698	42,063	34,637
Advertising	-	16	24	40	170	25	235	345
Community engagement	-	3,110	-	3,110	222	2,385	5,717	10,975
Fees	2,418	3,969	1,212	7,599	4,652	7,147	19,398	22,786
Insurance	12,453	3,527	16,826	32,806	1,550	2,956	37,312	29,811
Property management expenses	30,258	57	15,326	45,641	14	-	45,655	65,687
Newsletter	-	2,942	-	2,942	-	5,881	8,823	6,967
Office expenses	428	952	1,235	2,615	13,079	571	16,265	13,223
Postage and delivery	531	1,062	731	2,324	353	1,350	4,027	3,252
Printing and publications	1,572	5,532	3,229	10,333	640	1,576	12,549	6,559
Professional fees	591	148	591	1,330	19,130	74	20,534	19,122
Real estate taxes	187	-	3,009	3,196	-	-	3,196	16,497
Repairs and maintenance	824	274	1,072	2,170	410	550	3,130	6,595
Telephone and internet	1,164	291	1,164	2,619	-	291	2,910	2,649
Travel and entertainment	3,120	1,977	2,818	7,915	3,289	1,490	12,694	21,382
Utilities	1,088	272	1,088	2,448	136	137	2,721	2,673
Impairment of land	72,536	-	-	72,536	-	-	72,536	1,614,305
Purchase of easement	-	-	-	-	-	-	-	637,024
Depreciation expense	-	-	-	-	40,610	-	40,610	39,768
Interest expense	-	-	-	-	1,332	-	1,332	346
Total expenses	<u>\$ 236,169</u>	<u>\$ 96,757</u>	<u>\$ 184,646</u>	<u>\$ 517,572</u>	<u>\$ 140,055</u>	<u>\$ 105,203</u>	<u>\$ 762,830</u>	<u>\$ 2,953,425</u>

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

## Statement of Cash Flows (1 of 2)

# Coastal Mountains Land Trust

For the Year Ended March 31, 2021  
(with comparative totals for March 31, 2020)

	<u>2021</u>	<u>2020</u>
<b>Operating Activities</b>		
Increase in net assets	\$ 1,725,276	\$ 559,396
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Paycheck Protection Program loan forgiveness	(83,800)	-
Depreciation	40,610	39,768
Impairment reductions	72,536	1,614,305
Non-cash contribution of property	(66,554)	(1,696,750)
Investment (gains) losses	(970,520)	226,844
Change in value of split-interest agreements	(103,499)	(11,587)
(Increase) decrease in operating assets:		
Pledges receivable	27,834	71,456
Grants receivable	7,025	112,975
Deposits	(7,900)	30,000
Prepaid expenses	(6,517)	2,426
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	(15,835)	5,950
<b>Net Cash Provided by Operating Activities</b>	<u>618,656</u>	<u>954,783</u>
<b>Investing Activities</b>		
Purchase of property and equipment	(621,818)	(306,189)
Purchase of conservation property and easements	(9,799)	(185,468)
Proceeds from sales of investments	1,913,245	992,898
Purchase of investments	(2,249,252)	(1,441,457)
<b>Net Cash Used by Investing Activities</b>	<u>(967,624)</u>	<u>(940,216)</u>
<b>Financing Activities</b>		
Proceeds from Paycheck Protection Program loan	83,800	-
Proceeds from long-term note payable	-	27,000
Principal payments on long-term note payable	(16,200)	(4,050)
Proceeds from short-term borrowings	-	150,000
Principal payment on short-term note payable	(150,000)	(200,000)
<b>Net Cash Used by Financing Activities</b>	<u>(82,400)</u>	<u>(27,050)</u>
<b>Decrease in Cash and Cash Equivalents</b>	(431,368)	(12,483)
Cash and cash equivalents at beginning of year	<u>1,074,403</u>	<u>1,086,886</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 643,035</u>	<u>\$ 1,074,403</u>

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

## Statement of Cash Flows (2 of 2)

### Coastal Mountains Land Trust

For the Year Ended March 31, 2021  
(with comparative totals for March 31, 2020)

	<u>2021</u>	<u>2020</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid during the year for interest	\$ 1,332	\$ 346
Cash and cash equivalents	\$ 195,821	\$ 334,458
Cash restricted by donors for property acquisition	<u>447,214</u>	<u>739,945</u>
	<u>\$ 643,035</u>	<u>\$ 1,074,403</u>

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

## Notes to Financial Statements

# Coastal Mountains Land Trust

### Note A - Summary of Significant Accounting Policies

#### **Organization**

Coastal Mountains Land Trust is a Maine non-profit corporation located in Camden, Maine. The mission of Coastal Mountains Land Trust is to permanently conserve land to benefit the natural and human communities of western Penobscot Bay.

#### **Basis of Presentation**

The accompanying financial statements include a statement of financial position, a statement of activities, a statement of functional expenses, and a statement of cash flows. Coastal Mountains Land Trust is required to report information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets without Donor Restrictions - Represents those resources that are not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants), and can be used for any purpose designated by Coastal Mountains Land Trust's governing board.

Net Assets with Donor Restrictions - Represents resources and the portion of net assets resulting from contributions and other inflows of assets whose use is limited by donor-imposed restrictions.

#### **Contributions**

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions.

#### **Donated Services by Volunteers**

A number of volunteers have donated their time and perform a variety of tasks that assist Coastal Mountains Land Trust in the completion of its mission. The value of contributed services is recognized in the financial statements if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. As these volunteer services do not meet the foregoing criteria for recognition as contributed services under FASB ASC 958-605, Revenue Recognition, no amounts for volunteer support or revenue recognition have been recorded.

#### **Revenue and Expense Recognition**

The financial statements of Coastal Mountains Land Trust have been prepared on the accrual basis of accounting. Revenues received are recorded as revenue without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions 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 net assets with donor restrictions.

## Notes to Financial Statements - Continued

### Coastal Mountains Land Trust

#### Note A - Summary of Significant Accounting Policies - Continued

##### **Revenue and Expense Recognition - Continued**

When a 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 statement of activities as net assets released from restrictions.

In accordance with ASC 606, Coastal Mountains Land Trust recognizes revenue when it satisfies a performance obligation by transferring control of a promised good or service, in an amount that reflects the consideration it expects to be entitled to in exchange for those goods or services.

##### **Revenue**

In accordance with FASB ASC 606-10-50-14, Coastal Mountains Land Trust has elected not to disclose certain information about its remaining performance obligations, as such obligations relate to contracts with an original expected duration of one year or less. See Note O for the nature of Coastal Mountains Land Trust's remaining performance obligations.

Sales taxes concurrent with specific revenue-producing transactions are collected and remitted to the State of Maine and are therefore excluded from revenue.

##### **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**

Coastal Mountains Land Trust considers cash in banks and all other highly liquid investments with a maturity of less than three months to be cash and cash equivalents for the purpose of cash flows. Cash and cash equivalents residing within Coastal Mountains Land Trust's investment portfolios are reported as investments. Coastal Mountains Land Trust maintains its cash and cash equivalents in bank deposit accounts, and at times balances may exceed federally insured limits. Coastal Mountains Land Trust has not experienced any losses in such accounts.

## Notes to Financial Statements - Continued

### Coastal Mountains Land Trust

#### Note A - Summary of Significant Accounting Policies - Continued

##### **Pledges Receivable**

Pledges receivable represents amounts due to Coastal Mountains Land Trust for unconditional promises, which are recognized as revenue in the period the pledge is made. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

The allowance for doubtful pledges is provided based on an analysis by management of the collectability of outstanding balances. Management considers the age of outstanding balances and the credit worthiness of supporters in determining the allowance for doubtful pledges. Management has estimated that no allowance for doubtful pledges is necessary as of March 31, 2021 and 2020.

Pledges receivable is stated net of a discount for the time value of money. Management has estimated that no discount is necessary as of March 31, 2021 and 2020.

##### **Grants Receivable**

Grants receivable consists of amounts due from a State grant. Management has estimated no allowance for doubtful accounts is necessary as of March 31, 2021 and 2020.

##### **Investments**

Coastal Mountains Land Trust reports its investments in marketable securities with readily determinable fair values and all debt securities at fair value in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

##### **Property and Equipment**

Property and equipment is stated at cost if purchased or at fair value if contributed. Coastal Mountains Land Trust's policy is to capitalize acquisitions and major improvements with a cost of \$1,000 or more and to expense repair and maintenance costs that do not extend the useful lives of the assets.

Depreciation expense is calculated utilizing the straight-line method based on the estimated useful lives of the depreciable assets, which range from 5 to 48 years. Depreciation expense for the years ended March 31, 2021 and 2020 was \$40,610 and \$39,768, respectively.

## Notes to Financial Statements - Continued

### Coastal Mountains Land Trust

#### Note A - Summary of Significant Accounting Policies - Continued

##### **Property (Parcels of Land)**

The property of Coastal Mountains Land Trust consists of parcels of land in western Penobscot Bay owned in fee and received at various times from various donors and sellers. If donated, such property is recorded as revenue and as an “other asset” at the time the property is received. The basis of the donation is the fair value of the property as of the date donated as determined by the most recent appraisal by an independent qualified appraiser. If purchased, the property is recorded as an “other asset” based upon the cost of the acquisition.

Many properties acquired by Coastal Mountains Land Trust are later encumbered by conservation easements or declarations of trust which legally restrict the uses the land can be put to. Such encumbrances impair the market value of the property. Consequently all such properties have been written down to the estimated market value following the recording of the encumbrance.

##### **Conservation Easements**

It is the policy of Coastal Mountains Land Trust to not recognize any amount in the financial statements for the donation of an easement as it has no economic value. The costs of purchased easements are reflected as an expense. No amount is capitalized for the acquisition of an easement as it is not a fee simple property.

##### **In-Kind Contributions**

Coastal Mountains Land Trust records donated goods and services at fair value at the date of donation. For the years ended March 31, 2021 and 2020 approximately \$21,200 and \$11,900, respectively, has been recorded as in-kind revenue with an equal amount as in-kind expense in order to reflect these donated goods and services.

##### **Expense Allocation**

The financial statements report certain categories of expenses that are attributable to more than one program or supporting functions of Coastal Mountains Land Trust. These expenses include salaries, payroll taxes, benefits, insurance, office expenses, and professional fees. Salaries, payroll taxes, and benefits are allocated based on estimates of time and effort. Certain costs of insurance, office expenses, and professional fee expenses are based on management’s estimate of the appropriate allocations for each expense.

## Notes to Financial Statements - Continued

### Coastal Mountains Land Trust

#### Note A - Summary of Significant Accounting Policies - Continued

##### **Split-Interest Agreements**

Split-interest agreements consist of assets placed in trust for the benefit of Coastal Mountains Land Trust and beneficiaries. Revocable split-interest agreements are not recorded as contributions unless enforceable by law. Irrevocable split-interest agreements are recorded as contributions at fair value when the assets are received or when Coastal Mountains Land Trust is notified of the existence of the agreement, net of a liability for the present value of future cash outflows to beneficiaries. The liability is adjusted during the term of the agreement for changes in actuarial assumptions and the asset is valued at fair value each reporting period. The accounting treatment varies depending upon the type of the agreement created and whether Coastal Mountains Land Trust or a third party is the trustee.

It is reasonably possible that certain events, such as the unexpected deaths of beneficiaries or grantors, could cause a significant difference between the estimated and actual cash flows from the split-interest agreements.

##### **Comparative Data**

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Coastal Mountains Land Trust's financial statements for the year ended March 31, 2020, from which the summarized information was derived.

##### **Pending Accounting Pronouncement**

In February 2016, the Financial Accounting Standards Board issued ASU 2016-02, *Leases* (Topic 842). This new standard will provide users of the financial statements a more accurate picture of the assets and the long-term financial obligations of organizations that lease. The standard is for a dual-model approach: a lessee will account for most existing capital leases as Type A leases, and most existing operating leases as Type B leases. Both will be reported on the balance sheet of Coastal Mountains Land Trust for leases with a term exceeding 12 months. Lessors will see some changes too, largely made to align with the revised lease model. For nonpublic organizations, the new leasing standard will apply for fiscal years beginning after December 15, 2021. The standard requires retroactive application to previously issued financial statements, if presented. Management is currently evaluating the impact of adoption on its financial statements.

## Notes to Financial Statements - Continued

### Coastal Mountains Land Trust

#### Note B - Investments

Investments are composed of:

	<u>2021</u>	<u>2020</u>
Investments - unrestricted	\$ 420,596	\$ 227,451
Investments restricted by Board	1,242,188	521,743
Investments restricted by donors for stewardship	37,512	99,805
Investments restricted by donors for property acquisition	881,407	490,222
Investments restricted by donors for reserves and land defense	946,554	887,509
Investments restricted by donors, not subject to appropriation or expenditure	<u>624,739</u>	<u>619,739</u>
	<u>\$ 4,152,996</u>	<u>\$ 2,846,469</u>

Investments consist of various securities and are stated at fair value as of March 31, 2021 and 2020 as follows:

	<u>2021</u>	<u>2020</u>
Money market funds	\$ 879,950	\$ 313,639
Bond mutual funds and ETFs	-	35,859
Equity mutual funds and ETFs	515,742	284,025
Fixed income securities	140,806	616,692
Equity securities	<u>2,616,498</u>	<u>1,596,254</u>
	<u>\$ 4,152,996</u>	<u>\$ 2,846,469</u>

Investment returns from these investments are summarized as follows at March 31:

	<u>2021</u>	<u>2020</u>
Interest and dividend income	\$ 54,747	\$ 62,509
Net realized and unrealized gains (losses) on investments	<u>970,520</u>	<u>(226,844)</u>
	<u>\$ 1,025,267</u>	<u>\$ (164,335)</u>

## **Notes to Financial Statements - Continued**

### **Coastal Mountains Land Trust**

#### **Note C - Split-Interest Agreements**

Coastal Mountains Land Trust is a remainder beneficiary of two irrevocable charitable remainder trusts and the income beneficiary of a charitable lead trust. The funds of these trusts are held and controlled by third-party trustees who are responsible for investment and payment decisions. Coastal Mountains Land Trust is entitled to a share of the remaining value of each charitable remainder trust when the final beneficiaries die.

Coastal Mountains Land Trust has recognized an asset for its interest in the charitable remainder trusts. The asset is valued at the net present value of expected cash flows from the agreements, which is calculated as the difference between the fair market value of trust assets and the present value of future payments to beneficiaries. The present value of future payments to beneficiaries is determined annually based on the life expectancies of the beneficiaries, which assumed 8 years and 33 years for the two charitable remainder trusts, and discount rates of 2.0% and 2.5%, respectively.

In addition, Coastal Mountains Land Trust is the remainder beneficiary of a grantor-retained life estate. Coastal Mountains Land Trust received title to a four-acre homestead that is to be sold to provide stewardship funds at the termination of the life estate. Coastal Mountains Land Trust has recognized an asset for its interest in the grantor-retained life estate. The asset is valued at the present value of expected cash flows from the agreement. The present value of the future cash flows associated with the termination of the life estate is determined annually based on the life expectancies of the grantors (10 years), the appraised value of the property, an appreciation rate of 2.85%, and a discount rate of 6.85%.

At March 31, 2021 and 2020, Coastal Mountains Land Trust's interest in these three split-interest agreements was valued at \$446,128, and \$342,629, respectively.

#### **Note D - Fair Value Measurements**

Coastal Mountains Land Trust applies a framework for measuring fair values under generally accepted accounting principles which applies to all financial instruments that are measured and reported at fair value.

## Notes to Financial Statements - Continued

### Coastal Mountains Land Trust

#### Note D - Fair Value Measurements - Continued

The framework for measuring fair value of financial assets and liabilities includes a hierarchy of three levels for observable independent market inputs and unobservable market assumptions. A description of the inputs used in the valuation of assets and liabilities under this hierarchy is as follows:

Level 1 – Quoted prices are available in active markets, such as the New York or American Stock Exchange markets, for identical investments as of the reporting date. Level 1 also includes U.S. Treasury and federal agency securities and mortgage-backed securities traded by brokers or dealers in active markets.

Level 2 – Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level 1. Fair values are obtained from third party pricing services that may use models or other valuation methodologies to derive market value. These may be investments traded in less active dealer or broker markets.

Level 3 – Pricing inputs are unobservable for investments and valuations are derived from other methodologies not based on market exchange, dealer or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets and liabilities. The types of investments in this category would generally include debt and equity securities issued by private entities and partnerships. See Note C for a description of the valuation of split-interest agreements.

The following summarizes fair values of certain financial instruments by levels within the fair value hierarchy at March 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money market funds	\$ 879,950	\$ -	\$ -	\$ 879,950
Equity mutual funds and ETFs	515,742	-	-	515,742
Fixed income securities	140,806	-	-	140,806
Equity securities	<u>2,616,498</u>	<u>-</u>	<u>-</u>	<u>2,616,498</u>
Total investments	<u>\$ 4,152,996</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,152,996</u>
Split-Interest Agreements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 446,128</u>	<u>\$ 446,128</u>

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given investment based on the lowest level of input that is significant to the fair value measurement. Most assets have been valued using a market approach but certain split-interest agreements have been measured using an income approach (see Note C). There have been no changes in valuation techniques and related inputs.

## Notes to Financial Statements - Continued

### Coastal Mountains Land Trust

#### Note D - Fair Value Measurements - Continued

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	
	<u>Split-Interest Agreements</u>	<u>Total</u>
Beginning balance	\$ 342,629	\$ 342,629
Total gains (realized/unrealized) recognized in the statement of activities	<u>103,499</u>	<u>103,499</u>
Ending balance	<u>\$ 446,128</u>	<u>\$ 446,128</u>
Amount of total gains for the year attributable to the change in unrealized losses relating to assets still held at the reporting date	<u>\$ 103,499</u>	<u>\$ 103,499</u>

#### Note E - Endowment Fund

Coastal Mountains Land Trust has endowment funds established for a number of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The funds are recorded at fair value and the principal recorded as net assets with donor restrictions. Earnings and losses on these funds are considered restricted or unrestricted depending on donor intentions and are recorded as such.

The State of Maine has adopted the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). In accordance with UPMIFA, Coastal Mountains Land Trust classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, and (4) any remaining portion of the donor-restricted endowment until such amounts are appropriated for expenditure by Coastal Mountains Land Trust in a manner consistent with the standard of prudence prescribed by UPMIFA.

## Notes to Financial Statements - Continued

### Coastal Mountains Land Trust

#### Note E - Endowment Fund - Continued

In accordance with UPMIFA, Coastal Mountains Land Trust considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Coastal Mountains Land Trust, and (7) the Coastal Mountains Land Trust's investment policies.

Coastal Mountains Land Trust has adopted an investment policy for endowment assets that attempts to provide a growing, predictable income stream for present and future programs of the Coastal Mountains Land Trust. Accordingly, funds held for long-term use will hold 70% equities and 30% fixed income; funds held for intermediate-term use will hold 50% equities and 50% fixed income; and funds held for short-term use will hold 30% equities and 70% fixed income. There is an allowable variance of plus or minus 5% on each investment group. At March 31, 2021, the asset mix was 75% equities and equity mutual funds, 25% fixed income securities and fixed income mutual funds. Investment performance is evaluated through comparison to relevant benchmarks and indices.

Coastal Mountains Land Trust has adopted a spending policy, in the absence of any restriction or contractual prohibition to the contrary, which allows for annual transfers from an endowment account at no more than 5% of the three-year average balance of an account. Any funds not withdrawn in a given year may be withdrawn at any time within the next three fiscal years. Timing of the transfers shall be at the discretion of the Executive Director.

Endowment net asset composition by type of fund is as follows at March 31, 2021:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$ -	\$ -	\$ -
Donor-restricted endowment funds	<u>191,289</u>	<u>624,739</u>	<u>816,028</u>
Total Funds	<u>\$ 191,289</u>	<u>\$ 624,739</u>	<u>\$ 816,028</u>

## Notes to Financial Statements - Continued

### Coastal Mountains Land Trust

#### Note E - Endowment Fund - Continued

Changes in endowment net assets for the year ended March 31, 2021 are as follows:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 3,210	\$ 619,739	\$ 622,949
Contributions received	-	5,000	5,000
Investment return:			
Investment income, net	36,665	-	36,665
Realized and unrealized gains (losses)	<u>196,174</u>	<u>-</u>	<u>196,174</u>
Total investment return	232,839	-	232,840
Appropriation of endowment assets for expenditure	<u>(44,760)</u>	<u>-</u>	<u>(44,760)</u>
Endowment net assets, end of year	<u>\$ 191,289</u>	<u>\$ 624,739</u>	<u>\$ 816,028</u>

The internal reporting funds for endowment net assets for the year ended March 31, 2021 are as follows:

	<u>Original Gift</u>	Fair Value of <u>Assets</u>	Appreciation <u>(Deficiency)</u>
Fernald's Neck Preserve Endowment	\$ 550,000	\$ 713,471	\$ 163,471
McLellan-Poor Preserve Endowment	22,000	33,331	11,331
Land Trust Endowment	<u>52,739</u>	<u>69,226</u>	<u>16,487</u>
Total endowment funds	<u>\$ 624,739</u>	<u>\$ 816,028</u>	<u>\$ 191,289</u>

## Notes to Financial Statements - Continued

### Coastal Mountains Land Trust

#### Note F - Property and Equipment

Property and equipment consisted of the following as of March 31:

	<u>2021</u>	<u>2020</u>
Land	\$ 43,083	\$ 43,083
Buildings and improvements	862,175	862,175
Furniture and equipment	126,240	119,790
Preserve improvements	95,300	70,607
Easement improvements	<u>923,898</u>	<u>333,223</u>
	2,050,696	1,428,878
Less accumulated depreciation	<u>511,279</u>	<u>470,669</u>
	<u>\$ 1,539,417</u>	<u>\$ 958,209</u>

#### Note G - Property

The property of Coastal Mountains Land Trust consists of 5,781 acres of land in western Penobscot Bay owned in fee simple and received at various times from various donors and sellers. If donated, such properties are recorded at fair values as of the date donated, as determined by an independent appraisal. If purchased, the properties are recorded at the cost of acquisition.

Many properties acquired by Coastal Mountains Land Trust are later encumbered by conservation easements or declarations of trust which legally restrict the uses the land can be put to. Such encumbrances impair the market value of the property. Consequently all such properties have been written down to the estimated market value following the recording of the encumbrance.

During the year ended March 31, 2021, Coastal Mountains Land Trust purchased one fee simple property and received one fee simple donation (See Note S for related party donation).

The balance of the property account is comprised of the following as of March 31:

	<u>2021</u>	<u>2020</u>
Unimpaired value of permanently conserved property	\$ 13,668,028	\$ 13,591,675
Unimpaired value of unrestricted property	<u>13,318,539</u>	<u>13,318,539</u>
	26,986,567	26,910,214
Impairment reduction of permanently conserved property	13,007,160	12,934,624
Impairment reduction of unrestricted property	<u>12,381,682</u>	<u>12,381,682</u>
Less total impairment reductions	<u>25,388,842</u>	<u>25,316,306</u>
	<u>\$ 1,597,725</u>	<u>\$ 1,593,908</u>

## Notes to Financial Statements - Continued

### Coastal Mountains Land Trust

#### Note H - Pledges Receivable

Pledges receivable are as follows at March 31:

	<u>2021</u>	<u>2020</u>
Receivable due in less than one year	\$ 49,833	\$ 80,334
Receivable due in one to five years	28,000	25,333
Less allowance for doubtful accounts	<u>-</u>	<u>-</u>
	<u>\$ 77,833</u>	<u>\$ 105,667</u>

#### Note I - Line of Credit

Coastal Mountains Land Trust maintains a line of credit with a bank in the amount of \$100,000, which renews annually. Interest is payable at 2.75% and the credit line is collateralized by real estate. At March 31, 2021 and 2020, advances on the line of credit were \$0.

#### Note J - Notes Payable

During the year ended March 31, 2020, Coastal Mountains Land Trust obtained \$150,000 in short-term financing for the Beech Hill expansion. The note is payable in one installment of \$150,000, with interest at 0% if paid when note is due. After maturity date, interest accrues at 10%. The payment on the note was due on October 31, 2020, and was paid thereon. The note was secured by cash held at a local bank.

Long-term debt consists of the following at March 31:

	<u>2021</u>	<u>2020</u>
Note payable, secured by real estate, simple interest at 3%, due in monthly installments of \$1,350 through August 25, 2021.	\$ 6,750	\$ 22,950
Less current portion	<u>6,750</u>	<u>16,200</u>
Long-term portion	<u>\$ -</u>	<u>\$ 6,750</u>

## Notes to Financial Statements - Continued

### Coastal Mountains Land Trust

#### Note K - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at March 31:

	<u>2021</u>	<u>2020</u>
<i>Subject to expenditure for specified purpose:</i>		
Future Purchases of Conservation Land		
Fernald's Neck Acquisition Reserve	\$ 409,955	\$ 322,226
Ducktrap River Watershed	1,353	4,650
Meadow Brook / Hurds Pond	16,384	46,668
Morgan / Hurds Pond	97,966	98,666
Bald and Ragged Mountains	771,893	841,649
Beech Hill Expansion	8,953	-
Mt. Tuck Region of Interest	<u>22,116</u>	<u>-</u>
	1,328,620	1,313,859
Stewardship of Conservation Land		
Grants	3,500	3,500
Beech Hill Preserve 100 <sup>th</sup> Anniversary Capital Campaign	17,836	27,761
Conservation Lands Defense	229,396	224,896
Mount Percival Preserve Stewardship	12,695	12,695
Long Cove / Headwaters Preserves Stewardship	6,541	7,995
Land Trust Stewardship Reserve	337,319	334,819
Howe Hill Farm Stewardship	49,460	46,038
Beech Hill Preserve Stewardship	280,000	281,759
Pendleton Stewardship	50,379	50,376
RunBelfast	<u>440</u>	<u>975</u>
	987,566	990,814
Beneficial Interest in Split-Interest Agreements		
Split-interest agreements	446,128	342,629
<i>Not subject to appropriation or expenditure:</i>		
Property for conservation	660,869	657,051
Fernald's Neck Preserve Endowment	550,000	550,000
Land Trust Endowment	52,739	47,739
McLellan-Poor Preserve Endowment	<u>22,000</u>	<u>22,000</u>
	<u>1,285,608</u>	<u>1,276,790</u>
Total net assets with donor restrictions	<u>\$ 4,047,922</u>	<u>\$ 3,924,092</u>

## Notes to Financial Statements - Continued

### Coastal Mountains Land Trust

#### Note L - Board Designated Net Assets

Board designated net assets (which are included in net assets without restrictions) consist of the following at March 31:

	<u>2021</u>	<u>2020</u>
General Acquisitions BDF	\$ 31,788	\$ 34,514
Bald and Ragged Mountains BDF	294,978	200,000
General Stewardship BDF	23,440	815
Land Trust Operating Reserve BDF	266,280	201,969
Land Trust Stewardship Reserve BDF	325,948	163,418
Mt. Tuck Region of Interest BDF	30,000	-
Beech Hill Preserve BDF	92,563	-
Beech Hill Expansion BDF	8,093	-
Howe Hill Farm BDF	17,708	-
Pendleton BDF	39,282	-
Conservation Lands Defense BDF	<u>267,555</u>	<u>147,064</u>
	<u>\$ 1,397,635</u>	<u>\$ 747,780</u>

#### Note M - Paycheck Protection Program Loan

During the year ended March 31, 2021, Coastal Mountains Land Trust received a loan through the U.S. SBA (Small Business Administration) Paycheck Protection Program (PPP), established as part of the 2020 CARES Act. The \$83,800 promissory note was to be forgiven if the loan was used for payroll, rent, mortgage interest, or utilities incurred over the twenty four week period starting from the day the funds were received from the lender (with at least 60% of the loan being used for payroll). In addition, Coastal Mountains Land Trust needed to maintain staffing and 75% of salaries as assessed individually, subject to certain exemptions. For any portion of the loan not forgiven, principal and interest payments were to begin on the seven month anniversary of execution of the note, with interest at a rate of 1% and principal in an amount so that the remaining loan balance fully amortized by the maturity date of April 8, 2022.

During the year ended March 31, 2021, Coastal Mountains Land Trust received notification of forgiveness from the SBA. Accordingly, Coastal Mountains Land Trust has recognized \$83,800 as revenue on the accompanying Statement of Activities for the year ended March 31, 2021.

## Notes to Financial Statements - Continued

### Coastal Mountains Land Trust

#### Note N - Liquidity and Availability

Financial assets consist of the Coastal Mountains Land Trust's cash and cash equivalents, investments, pledges receivable, and grants receivable. The following reflects Coastal Mountains Land Trust's financial assets as of March 31, 2021, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the date of the Statement of Financial Position.

Financial assets available to meet cash needs for general expenditures within one year consists of the following at March 31:

	<u>2021</u>	<u>2020</u>
Financial assets, at year-end	\$ 4,873,864	\$ 4,033,564
Less those unavailable for general expenditures within one year, due to:		
<i>Contractual or donor-imposed restrictions:</i>		
Restricted by donor with time or purpose restrictions	(2,940,925)	(2,924,412)
<i>Board designations:</i>		
Restricted by Board with time or purpose restrictions	<u>(1,397,635)</u>	<u>(747,780)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 535,304</u>	<u>\$ 361,372</u>

Coastal Mountains Land Trust's financial assets available to meet cash needs for general expenditures within one year represents funding for ongoing operational requirements and planned increases in program expenditures in 2022.

Coastal Mountains Land Trust is substantially supported by contributions from donations solicited and contributions received. Coastal Mountains Land Trust actively manages its cash flow to ensure funds are available for general expenditures, liabilities, and other obligations as they come due. Although Coastal Mountains Land Trust does not intend to spend the board designated funds listed above, amounts from these funds can be appropriated if necessary. As more fully described in Note I, Coastal Mountains Land Trust also has availability under the line of credit of \$100,000, should an unanticipated liquidity need be identified.

## Notes to Financial Statements - Continued

### Coastal Mountains Land Trust

#### Note O - Revenue Recognition

##### Disaggregation of Revenue

The following table shows Coastal Mountains Land Trust contract revenue disaggregated according to product type/revenue stream and the timing of transfer of goods or services at March 31:

	<u>2021</u>	<u>2020</u>
<i>Revenue Recognized at a Point in Time</i>		
Other income: blueberry sales	\$ -	\$ 11,407
Total Revenue from Contracts with Customers	<u>\$ -</u>	<u>\$ 11,407</u>

##### Contract Assets and Contract Liabilities

In accordance with FASB ASC 606-10-50, Coastal Mountains Land Trust has considered the need to record contract assets and contract liabilities from contracts with its customers. No such balances exist as of March 31, 2021 and 2020.

##### Receivables

Coastal Mountains Land Trust has no accounts receivable from contracts with customers at March 31, 2021 and 2020.

##### Performance Obligations

Coastal Mountains Land Trust generates revenue at a point in time from the sale of blueberries.

There are no credit terms extended to customers. All payment are due at point of sale.

Management has determined that there are no significant warranties or return, refund, or discount obligations related to contracts with its customers.

Coastal Mountains Land Trust has no significant shipping and handling costs.

##### Transaction Price Allocated to Remaining Performance Obligations

Revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially satisfied) is estimated to be \$0 at March 31, 2021 and 2020.

##### Significant Judgments

Contract transaction price includes Coastal Mountains Land Trust judgment of variable consideration. Variable consideration is broadly defined and includes incentives, price concessions, rebates and refunds, as well as if the amount to be received is contingent on the occurrence of a future event. Based on available information, management must include an estimate of any variable consideration when determining the contract transaction price, using either the “expected value” or the “most likely amount” approach.

## **Notes to Financial Statements - Continued**

### **Coastal Mountains Land Trust**

#### **Note O - Revenue Recognition - Continued**

##### Financing Components

Coastal Mountains Land Trust contracts with customers contain no significant financing components.

#### **Note P - Contingent Liability**

Coastal Mountains Land Trust holds 67 conservation easements covering 5,258.48 acres. Coastal Mountains Land Trust is committed to monitoring these properties in order to ensure that the condition of the conservation easements is not violated. In the event that any violation of these easements is deemed to have occurred, Coastal Mountains Land Trust is committed to bringing any and all actions necessary to defend the easements. To mitigate the financial risk such a commitment brings, Coastal Mountains Land Trust has purchased conservation defense liability insurance through Terrafirma Risk Retention Group LLC, a mutual insurer created by the Land Trust Alliance. An estimate of the remaining potential liability cannot be made.

#### **Note Q - Concentrations**

A pledge from one donor comprised approximately 39% of Coastal Mountains Land Trust's pledges receivable for the year ended March 31, 2021.

#### **Note R - Income Taxes**

Coastal Mountains Land Trust qualifies as an organization exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and files a Form 990 tax return. Coastal Mountains Land Trust has adopted the provisions of FASB ASC 740, Income Taxes. With few exceptions, Coastal Mountains Land Trust is no longer subject to U.S. federal income tax examinations by tax authorities for fiscal years before 2018 due to the statute of limitations. Management of Coastal Mountains Land Trust believes it has no material uncertain tax positions and, accordingly it will not recognize any liability for unrecognized tax benefits.

#### **Note S - Retirement Plan**

Coastal Mountains Land Trust maintains a SIMPLE IRA plan which covers eligible employees. The plan calls for the Coastal Mountains Land Trust to contribute 3% of each eligible employee's annual salary. The Coastal Mountains Land Trust's contributions for the years ended March 31, 2021 and 2020 were approximately \$9,300 and \$9,000, respectively.

## **Notes to Financial Statements - Continued**

### **Coastal Mountains Land Trust**

#### **Note T - Related Party Transaction**

Coastal Mountains Land Trust had two properties with a total of 73.1 acres and a 23.3 acre easement donated by a Board Member in the year ended March 31, 2021. The properties had a combined value of \$76,354, before impairment.

#### **Note U - Subsequent Events**

Management has evaluated subsequent events through June 1, 2021, the date the financial statements were available to issue, and determined that any subsequent events that would require recognition have been considered in the preparation of the financial statements.