

## **Financial Statements**



**March 31, 2023**

**Contents**

**Coastal Mountains Land Trust**

**March 31, 2023**

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## **Independent Auditors' Report**

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

### **Opinion**

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, 2023, and the related statements of activities, functional expenses, and cash flows for the year 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 Coastal Mountains Land Trust as of March 31, 2023, 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.

### **Basis for Opinion**

We conducted our audit 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 Coastal Mountains Land Trust and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 these 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 statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Coastal Mountains 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 auditor's 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, including omissions, 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.

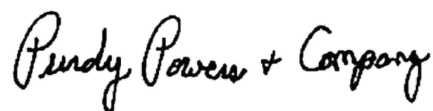
In performing an audit in accordance with generally accepted auditing standards, we:

- 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.
- 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 purposes of expressing an opinion on the effectiveness of Coastal Mountains 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 Coastal Mountains 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.

## **Report on Summarized Comparative Information**

We have previously audited the Coastal Mountains Land Trust's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 1, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Professional Association

**Portland, Maine**  
**September 28, 2023**

## Statement of Financial Position

### Coastal Mountains Land Trust

As of March 31, 2023

(with comparative totals for March 31, 2022)

	<u>2023</u>	<u>2022</u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 470,344	\$ 417,873
Investments	138,778	177,086
Current portion of pledges receivable	79,109	104,223
Deposits	7,098	16,511
Prepaid expenses	6,893	7,602
	<hr/>	<hr/>
<b>Total Current Assets</b>	702,222	723,295
<b>Property and Equipment</b> , net of accumulated depreciation	2,083,201	2,018,294
<b>Other Assets</b>		
Cash restricted by donors for property acquisition	290,789	197,819
Pledges receivable, net of current portion	50,000	22,000
Investments restricted by board	1,002,441	1,302,234
Investments restricted by donors	2,860,754	2,818,773
Split-interest agreements	529,473	560,655
Conserved fee title property	1,651,728	1,640,874
	<hr/>	<hr/>
<b>Total Other Assets</b>	6,385,185	6,542,355
	<hr/>	<hr/>
<b>Total Assets</b>	\$ 9,170,608	\$ 9,283,944
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 31,291	\$ 18,366
Short-term notes payable	-	100,000
	<hr/>	<hr/>
<b>Total Current Liabilities</b>	31,291	118,366
<b>Net Assets</b>		
Without donor restrictions	4,739,930	4,880,814
With donor restrictions	4,399,387	4,284,764
	<hr/>	<hr/>
<b>Total Net Assets</b>	9,139,317	9,165,578
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<b>Total Liabilities and Net Assets</b>	\$ 9,170,608	\$ 9,283,944

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

## Statement of Activities

### Coastal Mountains Land Trust

For the Year Ended March 31, 2023  
(with comparative totals for March 31, 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>Revenues</b>				
Contributions and support	\$ 660,880	\$ 390,904	\$ 1,051,784	\$ 1,229,641
Special events	9,007	-	9,007	1,449
Grants and contracts	194,109	100,867	294,976	233,598
Miscellaneous income	2,892	-	2,892	-
Investment income	7,283	63,162	70,445	60,883
Contributions of property	-	109,223	109,223	550,965
Contributed nonfinancial assets	11,263	-	11,263	14,097
Net assets released from restrictions	378,431	(378,431)	-	-
<b>Total Revenues</b>	<u>1,263,865</u>	<u>285,725</u>	<u>1,549,590</u>	<u>2,090,633</u>
<b>Expenses</b>				
Program services				
Land acquisition	145,222	-	145,222	143,364
Impairment of land	206,227	-	206,227	819,816
Purchase of easement	-	-	-	84,420
Outreach	143,423	-	143,423	114,917
Stewardship	278,186	-	278,186	223,692
Supporting services				
General administrative	258,994	-	258,994	157,676
Fundraising	162,970	-	162,970	119,724
<b>Total Expenses</b>	<u>1,195,022</u>	<u>-</u>	<u>1,195,022</u>	<u>1,663,609</u>
<b>Revenues Over Expenses</b>	68,843	285,725	354,568	427,024
Loss on disposal of property	(3,334)	-	(3,334)	-
Change in value of split interest agreements	-	(31,182)	(31,182)	114,527
Net realized and unrealized gain (loss) on investments	(206,393)	(139,920)	(346,313)	163,091
	<u>(209,727)</u>	<u>(171,102)</u>	<u>(380,829)</u>	<u>277,618</u>
<b>Increase (Decrease) in Net Assets</b>	(140,884)	114,623	(26,261)	704,642
Net asset at beginning of year	4,880,814	4,284,764	9,165,578	8,460,936
<b>Net Assets at End of Year</b>	<u>\$ 4,739,930</u>	<u>\$ 4,399,387</u>	<u>\$ 9,139,317</u>	<u>\$ 9,165,578</u>

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

## Statement of Functional Expenses

### Coastal Mountains Land Trust

As of March 31, 2023  
(with comparative totals for March 31, 2022)

	2023							2022
	Program Services			Total Program	Management & General	Fundraising	Total	Total
	Land Acquisition	Outreach	Stewardship					
Expenses:								
Salaries	\$ 89,998	\$ 80,525	\$ 146,821	\$ 317,344	\$ 67,604	\$ 104,208	\$ 489,156	\$ 379,065
Payroll taxes	6,602	5,907	10,771	23,280	3,822	7,644	34,746	27,695
Benefits	9,010	8,012	14,669	31,691	3,900	10,394	45,985	35,823
Advertising	-	382	-	382	-	-	382	3,054
Community engagement	-	12,550	-	12,550	440	-	12,990	10,263
Fees	1,888	5,287	1,126	8,301	4,598	7,804	20,703	21,027
Insurance	16,084	4,535	21,509	42,128	1,807	4,500	48,435	42,675
Property management expenses	10,375	1,056	62,539	73,970	4,900	3,332	82,202	61,055
Newsletter	-	6,396	-	6,396	3,504	4,649	14,549	13,491
Office expenses	650	5,325	1,733	7,708	21,312	867	29,887	19,276
Postage and delivery	842	1,556	1,124	3,522	515	1,389	5,426	4,448
Printing and publications	1,132	2,354	3,017	6,503	505	2,507	9,515	7,873
Professional fees	1,396	162	1,934	3,492	21,341	81	24,914	22,715
Real estate taxes	331	-	4,959	5,290	1,046	-	6,336	4,513
Repairs and maintenance	800	267	800	1,867	432	5,892	8,191	5,925
Telephone and internet	1,317	329	1,316	2,962	-	329	3,291	3,152
Travel and entertainment	2,369	5,909	2,367	10,645	2,301	7,448	20,394	23,192
Utilities	1,503	397	1,664	3,564	1,914	188	5,666	3,245
Vehicle	-	-	1,837	1,837	987	-	2,824	1,480
Impairment of land	206,227	-	-	206,227	-	-	206,227	819,816
Purchase of easement	-	-	-	-	-	-	-	84,420
Development and donor recognition	925	2,474	-	3,399	2,082	1,738	7,219	8,265
Depreciation expense	-	-	-	-	115,984	-	115,984	60,997
Interest expense	-	-	-	-	-	-	-	144
Total expenses	<u>\$ 351,449</u>	<u>\$ 143,423</u>	<u>\$ 278,186</u>	<u>\$ 773,058</u>	<u>\$ 258,994</u>	<u>\$ 162,970</u>	<u>\$ 1,195,022</u>	<u>\$ 1,663,609</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, 2023  
(with comparative totals for March 31, 2022)

	<u>2023</u>	<u>2022</u>
<b>Operating Activities</b>		
Increase (Decrease) in net assets	\$ (26,261)	\$ 704,642
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	115,984	60,997
Impairment reductions	206,227	819,816
Non-cash contribution of property	(109,223)	(550,965)
Investment (gains) losses	346,313	(163,091)
Change in value of split-interest agreements	31,182	(114,527)
(Increase) decrease in operating assets:		
Pledges receivable	(2,886)	(48,390)
Deposits	9,413	(8,611)
Prepaid expenses	709	2,427
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	12,925	10,989
<b>Net Cash Provided by Operating Activities</b>	<u>584,383</u>	<u>713,287</u>
<b>Investing Activities</b>		
Purchase of property and equipment	(180,891)	(539,874)
Purchase of conservation property	(107,858)	(312,000)
Proceeds from sales of investments	1,113,966	926,789
Purchase of investments	(1,164,159)	(908,795)
<b>Net Cash Used by Investing Activities</b>	<u>(338,942)</u>	<u>(833,880)</u>
<b>Financing Activities</b>		
Principal payments on long-term note payable	-	(6,750)
Proceeds from short-term note payable	-	100,000
Principal payment on short-term note payable	(100,000)	-
<b>Net Cash Provided (Used) by Financing Activities</b>	<u>(100,000)</u>	<u>93,250</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	145,441	(27,343)
Cash and cash equivalents at beginning of year	<u>615,692</u>	<u>643,035</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 761,133</u>	<u>\$ 615,692</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, 2023  
(with comparative totals for March 31, 2022)

	<u>2023</u>	<u>2022</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid during the year for interest	\$ <u>-</u>	\$ <u>144</u>
Cash and cash equivalents	\$ 470,344	\$ 417,873
Cash restricted by donors for property acquisition	<u>290,789</u>	<u>197,819</u>
	<u>\$ 761,133</u>	<u>\$ 615,692</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 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 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 Accounting Standards Codification (“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.

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.

For the year ended March 31, 2023 and 2022, Coastal Mountains Land Trust had no revenue subject to ASC 606.

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. At March 31, 2023, Coastal Mountains Land Trust’s uninsured and uncollateralized cash balances totaled \$105,395. 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, 2023 and 2022.

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, 2023 and 2022.

##### **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, 2023 and 2022 was \$115,984 and \$60,997, respectively.

##### **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.

## Notes to Financial Statements - Continued

### Coastal Mountains Land Trust

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

##### 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. See Note M.

##### 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.

##### 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, 2022, from which the summarized information was derived.

## Notes to Financial Statements - Continued

### Coastal Mountains Land Trust

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

##### New Accounting Pronouncements

On April 1, 2022, the Organization adopted Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842), and all subsequent amendments (collectively, “ASC 842” or “Topic 842”). The core principle of Topic 842 is that a lessee should recognize a right-of-use (“ROU”) asset and a related lease liability on the balance sheet for most leases. The Organization adopted ASC 842 using the transition alternative provided by ASU 2018-11 *Leases (Topic 842) - Targeted Improvements*, under which an entity initially applies ASC 842 to all leases existing at the adoption date, and comparative periods are presented in the financial statements under the legacy lease guidance of ASC 840. Under the transition alternative, all relevant transition disclosures are provided as of the beginning of the period of adoption (April 1, 2022) rather than at the beginning of the earliest period presented.

The Organization has evaluated the applicability of ASC 842 and has determined that there are no such lease agreements.

In September 2020, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2020-07, *Presentation and Disclosures of Not-for-Profit Entities for Contributed Nonfinancial Assets*, which is intended to increase transparency of contributed nonfinancial assets for not-for profit entities. The Update requires enhancement to presentation and disclosure of these contributed assets.

#### Note B - Investments

Investments are composed of:

	<u>2023</u>	<u>2022</u>
Investments - unrestricted	\$ 138,778	\$ 177,086
Investments restricted by Board	1,002,441	1,302,234
Investments restricted by donors for stewardship	195,409	46,022
Investments restricted by donors for property acquisition	943,109	1,103,894
Investments restricted by donors for reserves and land defense	1,087,497	1,039,118
Investments restricted by donors, not subject to appropriation or expenditure	<u>634,739</u>	<u>629,739</u>
	<u>\$ 4,001,973</u>	<u>\$ 4,298,093</u>

## Notes to Financial Statements - Continued

### Coastal Mountains Land Trust

#### Note B - Investments - Continued

Investments consist of various securities and are stated at fair value as of March 31, 2023 and 2022 as follows:

	<u>2023</u>	<u>2022</u>
Money market funds	\$ 54,268	\$ 20,992
Equity mutual funds and ETFs	2,011,868	1,558,396
Equity securities	<u>1,935,837</u>	<u>2,718,705</u>
	<u>\$ 4,001,973</u>	<u>\$ 4,298,093</u>

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

	<u>2023</u>	<u>2022</u>
Interest and dividend income	\$ 70,445	\$ 60,883
Net realized and unrealized gains (losses) on investments	<u>(346,313)</u>	<u>163,091</u>
	<u>\$ (275,868)</u>	<u>\$ 223,974</u>

#### 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 6 years and 30 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 (9 years), the appraised value of the property, an appreciation rate of 2.85%, and a discount rate of 6.85%.

## Notes to Financial Statements - Continued

### Coastal Mountains Land Trust

#### Note C - Split-Interest Agreements - Continued

At March 31, 2023 and 2022, Coastal Mountains Land Trust's interest in these three split-interest agreements was valued at \$529,473, and \$560,655, 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.

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.



## Notes to Financial Statements - Continued

### Coastal Mountains Land Trust

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

The following summarizes fair values of certain financial instruments by levels within the fair value hierarchy at March 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money market funds	\$ 54,268	\$ -	\$ -	\$ 54,268
Equity mutual funds and ETFs	2,011,868	-	-	2,011,868
Equity securities	<u>1,935,837</u>	<u>-</u>	<u>-</u>	<u>1,935,837</u>
Total investments	<u>\$ 4,001,973</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,001,973</u>
Split-Interest Agreements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 529,473</u>	<u>\$ 529,473</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.

#### Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

	<u>Split-Interest Agreements</u>	<u>Total</u>
Beginning balance	\$ 560,655	\$ 560,655
Total losses (realized/unrealized) recognized in the statement of activities	<u>(31,182)</u>	<u>(31,182)</u>
Ending balance	<u>\$ 529,473</u>	<u>\$ 529,473</u>
Amount of total losses for the year attributable to the change in unrealized losses relating to assets still held at the reporting date	<u>\$ 31,182</u>	<u>\$ 31,182</u>

## Notes to Financial Statements - Continued

### Coastal Mountains Land Trust

#### 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.

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. 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.

## Notes to Financial Statements - Continued

### Coastal Mountains Land Trust

#### Note E - Endowment Fund - Continued

Endowment net asset composition by type of fund is as follows at March 31, 2023:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$ -	\$ -	\$ -
Donor-restricted endowment funds	<u>14,940</u>	<u>718,548</u>	<u>733,488</u>
Total Funds	<u>\$ 14,940</u>	<u>\$ 718,548</u>	<u>\$ 733,488</u>

Changes in endowment net assets for the year ended March 31, 2023 are as follows:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 17,831	\$ 821,174	\$ 839,005
Contributions received	-	5,000	5,000
Investment return:			
Investment income, net	4,662	44,334	48,996
Realized and unrealized gains (losses)	<u>(9,153)</u>	<u>(95,587)</u>	<u>(104,740)</u>
Total investment return	(4,491)	(51,253)	(55,744)
Appropriation of endowment assets for expenditure	<u>(3,400)</u>	<u>(51,373)</u>	<u>(54,773)</u>
Endowment net assets, end of year	<u>\$ 9,940</u>	<u>\$ 723,548</u>	<u>\$ 733,488</u>

The internal reporting funds for endowment net assets for the year ended March 31, 2023 are as follows:

	<u>Original Gift</u>	Fair Value of <u>Assets</u>	Appreciation <u>(Deficiency)</u>
Fernald's Neck Preserve Endowment	\$ 550,000	\$ 630,774	\$ 80,774
McLellan-Poor Preserve Endowment	22,000	30,035	8,035
Land Trust Endowment	<u>62,739</u>	<u>72,679</u>	<u>9,940</u>
Total endowment funds	<u>\$ 634,739</u>	<u>\$ 733,488</u>	<u>\$ 98,749</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>2023</u>	<u>2022</u>
Land	\$ 43,083	\$ 43,083
Buildings and improvements	994,684	933,656
Furniture and equipment	244,837	164,024
Preserve improvements	169,279	149,506
Easement improvements	<u>1,319,577</u>	<u>1,300,300</u>
	2,771,460	2,590,569
Less accumulated depreciation	<u>688,259</u>	<u>572,275</u>
	<u>\$ 2,083,201</u>	<u>\$ 2,018,294</u>

#### Note G - Property

The property of Coastal Mountains Land Trust consists of 6,506 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, 2023, Coastal Mountains Land Trust purchased three fee simple properties (one of these was a bargain sale purchase) and received three fee simple donations.

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

	<u>2023</u>	<u>2022</u>
Unimpaired value of permanently conserved property	\$ 14,748,076	\$ 14,530,993
Unimpaired value of unrestricted property	<u>13,318,537</u>	<u>13,318,539</u>
	28,066,613	27,849,532
Impairment reduction of permanently conserved property	14,033,205	13,826,976
Impairment reduction of unrestricted property	<u>12,381,680</u>	<u>12,381,682</u>
Less total impairment reductions	<u>26,414,885</u>	<u>26,208,658</u>
	<u>\$ 1,651,728</u>	<u>\$ 1,640,874</u>

## Notes to Financial Statements - Continued

### Coastal Mountains Land Trust

#### Note H - Pledges Receivable

Pledges receivable are as follows at March 31:

	<u>2023</u>	<u>2022</u>
Receivable due in less than one year	\$ 79,109	\$ 104,223
Receivable due in one to five years	50,000	22,000
Less allowance for doubtful accounts	-	-
	<u>\$ 129,109</u>	<u>\$ 126,233</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 is available on demand. Interest is payable at 2.75% and the credit line is collateralized by real estate. At March 31, 2023 and 2022, advances on the line of credit were \$0.

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

Net assets with donor restrictions are restricted for the following purposes at March 31, 2023:

*Subject to expenditure for specified purpose:*

Future Purchases of Conservation Land	
General Acquisition	\$ 19,564
Fernald's Neck Acquisition Reserve	477,647
Bald & Ragged Mountains	530,874
Ducktrap River Watershed	11,568
Morgan / Hurds Pond	97,966
Waldo County Conservation	<u>96,280</u>
	1,233,899

## Notes to Financial Statements - Continued

### Coastal Mountains Land Trust

#### Note J - Net Assets with Donor Restrictions - Continued

Stewardship of Conservation Land	
Grants	\$ 3,500
McLellan-Poor Preserve Stewardship	8,035
Conservation Lands Defense	250,396
Mount Percival Preserve Stewardship	9,195
Long Cove / Headwaters Preserves Stewardship	8,645
Land Trust Stewardship Reserve	453,149
Howe Hill Farm Stewardship	53,356
Beech Hill Preserve Stewardship	366,536
Pendleton Stewardship	50,596
Learning Landscapes Stewardship	37,281
Goose River Trails	12,451
Piper Stream	5,600
Passy Headwaters	8,573
Mill Brook	2,716
Mount Tuck	<u>16,376</u>
	1,286,405
Beneficial Interest in Split-Interest Agreements	
Split-interest agreements	529,473
<i>Not subject to appropriation or expenditure:</i>	
Property for conservation	714,871
Fernald's Neck Preserve Endowment	550,000
Land Trust Endowment	62,739
McLellan-Poor Preserve Endowment	<u>22,000</u>
	<u>1,349,610</u>
Total net assets with donor restrictions	<u>\$ 4,399,387</u>

## Notes to Financial Statements - Continued

### Coastal Mountains Land Trust

#### Note K - Board Designated Net Assets

Board designated net assets (which are included in net assets without restrictions) consist of the following at March 31, 2023:

General Acquisitions	\$	3,141
Bald and Ragged Mountains		154,631
Bald and Ragged		188,124
General Stewardship		10,516
Land Trust Operating Reserve		267,944
Land Trust Stewardship Reserve		257,457
Beech Hill Preserve		55,951
Beech Hill Stewardship		12,698
Howe Hill Farm		16,581
Pendleton		25,342
Staffing Reserve		74,328
Office Fund		70,772
Conservation Lands Defense		<u>170,557</u>
	\$	<u>1,308,042</u>

#### Note L - Liquidity and Availability

Financial assets consist of the Coastal Mountains Land Trust's cash and cash equivalents, investments, and pledges receivable. The following reflects Coastal Mountains Land Trust's financial assets as of March 31, 2023 and 2022, 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.

## Notes to Financial Statements - Continued

### Coastal Mountains Land Trust

#### Note L - Liquidity and Availability - Continued

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

	<u>2023</u>	<u>2022</u>
Financial assets, at year-end	\$ 4,892,215	\$ 5,040,008
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	(3,155,043)	(3,020,092)
<i>Board designations:</i>		
Restricted by Board with time or purpose restrictions	<u>(1,308,042)</u>	<u>(1,538,830)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 429,130</u>	<u>\$ 481,086</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 2024.

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.

#### Note M - Contributed Nonfinancial Assets

For the year ended March 31, 2023, contributed nonfinancial assets recognized within the statement of activities included:

	<u>2023</u>
Land	\$ 109,223
Vehicles	7,307
Professional services	2,594
Other	<u>1,362</u>
	<u>\$ 120,486</u>



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

### **Coastal Mountains Land Trust**

#### **Note M - Contributed Nonfinancial Assets - Continued**

CMLT recognized contributed nonfinancial assets within revenue, including contributed land, vehicle, professional services and other items for the year ended March 31, 2023. Unless otherwise noted below, contributed nonfinancial assets did not have donor-imposed restrictions.

The contributed land will be used as conservation land. In valuing the contributed land, CMLT acquired appraisals of the land at the time of the donations. Land donated during the year has been included in net assets not subject to expenditure due to permanent easements or Declarations of Trust placed on the properties.

The contributed vehicle is a tractor that will be used for maintenance purposes on owned land. In valuing the contributed vehicle, CMLT used the estimated fair value at the date it was gifted.

Contributed professional services recognized comprise website design fees and landscaping services. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar services.

Other contributed items include supplies, machine rental and various utilities. Other contributed assets are valued and reported at the estimated fair value on the date they were gifted.

#### **Note N - Contingent Liability**

Coastal Mountains Land Trust holds 68 conservation easements covering 5,413 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 O - Concentrations**

A pledge from two donors comprised approximately 70% of Coastal Mountains Land Trust's pledges receivable for the year ended March 31, 2023.

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

### **Coastal Mountains Land Trust**

#### **Note P - 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 2020 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 Q - 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, 2023 and 2022 were approximately \$11,370 and \$6,696, respectively.

#### **Note R - Subsequent Events**

Management has evaluated subsequent events through September 28, 2023, 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.