

HARFORD LAND TRUST, INC.

AUDITED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

HARFORD LAND TRUST, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Harford Land Trust, Inc.
Bel Air, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of Harford Land Trust, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Harford Land Trust, Inc. as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2021, on our consideration of Harford Land Trust, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Harford Land Trust, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Harford Land Trust, Inc.'s internal control over financial reporting and compliance.

Weyrich, Cronin & Serra, LLC

August 24, 2021
Bel Air, MD

HARFORD LAND TRUST, INC.Statements of Financial Position
December 31, 2020 and 2019ASSETS

	<u>2020</u>	<u>2019</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 98,446	\$ 310,006
Accounts receivable	43,849	- 0 -
Total Current Assets	<u>142,295</u>	<u>310,006</u>
PROPERTY AND EQUIPMENT - AT COST:		
Land	2,597,513	2,597,513
Computers and equipment	4,426	4,426
Less: accumulated depreciation	<u>(4,426)</u>	<u>(4,426)</u>
	<u>2,597,513</u>	<u>2,597,513</u>
OTHER ASSETS:		
Investments	<u>1,294,746</u>	<u>1,114,230</u>
	<u>\$ 4,034,554</u>	<u>\$ 4,021,749</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable and accrued expenses	<u>\$ 8,258</u>	<u>\$ 2,236</u>
Total Current Liabilities	<u>8,258</u>	<u>2,236</u>
NET ASSETS:		
Without donor restrictions		
Operating	564,704	485,091
Board designated	<u>3,037,537</u>	<u>2,956,332</u>
	3,602,241	3,441,423
With donor restrictions	<u>424,055</u>	<u>578,090</u>
Total Net Assets	<u>4,026,296</u>	<u>4,019,513</u>
	<u>\$ 4,034,554</u>	<u>\$ 4,021,749</u>

See accompanying notes to financial statements

HARFORD LAND TRUST, INC.

Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Campaign income	\$ 100	\$ - 0 -	\$ 100	\$ 1,200	\$ - 0 -	\$ 1,200
Fundraising income - net of expense (2020 \$5,251 and 2019 \$19,149)	41,642	- 0 -	41,642	61,327	- 0 -	61,327
Grants	887,687	- 0 -	887,687	1,306,195	125,028	1,431,223
Donations	12,517	- 0 -	12,517	23,286	83,600	106,886
In-kind income	12,508	- 0 -	12,508	11,103	- 0 -	11,103
Fall and spring appeals	3,388	- 0 -	3,388	7,888	- 0 -	7,888
Membership contributions	16,705	- 0 -	16,705	11,025	- 0 -	11,025
Memorial gifts	1,455	- 0 -	1,455	2,460	- 0 -	2,460
Investment income (loss), net	121,709	- 0 -	121,709	116,940	(1,431)	115,509
Other income	2,295	- 0 -	2,295	1,805	- 0 -	1,805
Loss on sale of land	- 0 -	- 0 -	- 0 -	(126,042)	- 0 -	(126,042)
Net assets released from restrictions	154,035	(154,035)	- 0 -	143,735	(143,735)	- 0 -
Total support and revenue	1,254,041	(154,035)	1,100,006	1,560,922	63,462	1,624,384
EXPENSES:						
Program services:						
Land projects	917,466	- 0 -	917,466	1,268,645	- 0 -	1,268,645
Land management	49,178	- 0 -	49,178	156,855	- 0 -	156,855
Outreach	109,168	- 0 -	109,168	60,817	- 0 -	60,817
Total program services	1,075,812	- 0 -	1,075,812	1,486,317	- 0 -	1,486,317
Management and general	10,094	- 0 -	10,094	11,878	- 0 -	11,878
Fundraising	7,317	- 0 -	7,317	4,086	- 0 -	4,086
	1,093,223	- 0 -	1,093,223	1,502,281	- 0 -	1,502,281
CHANGE IN NET ASSETS	160,818	(154,035)	6,783	58,641	63,462	122,103
NET ASSETS AT BEGINNING	3,441,423	578,090	4,019,513	3,382,782	514,628	3,897,410
NET ASSETS AT END OF YEAR	\$ 3,602,241	\$ 424,055	\$ 4,026,296	\$ 3,441,423	\$ 578,090	\$ 4,019,513

See accompanying notes to financial statements

HARFORD LAND TRUST, INC.

Statement of Functional Expenses
For the Year Ended December 31, 2020

	Program Services				Management and General	Fundraising	Total
	Land - Projects	Land - Management	Outreach	Total Program Services			
Wages	\$ 39,228	\$ 23,245	\$ 48,266	\$ 110,739	\$ 6,009	\$ 3,441	\$ 120,189
ACUB project expense	835,962	8,182	1,890	846,034	- 0 -	- 0 -	846,034
Advertising & promotion	- 0 -	- 0 -	497	497	- 0 -	- 0 -	497
Annual meeting expense	- 0 -	- 0 -	817	817	- 0 -	- 0 -	817
Bank charges & credit card fees	153	153	272	578	377	137	1,092
Charitable contributions	- 0 -	- 0 -	14,634	14,634	- 0 -	- 0 -	14,634
Computer expense	547	1,097	1,124	2,768	259	164	3,191
Contract labor	- 0 -	- 0 -	9,910	9,910	- 0 -	1,000	10,910
Conferences & seminars	1,243	1,243	2,089	4,575	249	149	4,973
Dues	438	438	1,058	1,934	88	53	2,075
Fundraising	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	673	673
Insurance - general	897	897	1,506	3,300	179	108	3,587
Insurance - workers' compensation	164	164	276	604	33	20	657
Meetings	- 0 -	23	120	143	- 0 -	- 0 -	143
Miscellaneous expense	- 0 -	- 0 -	- 0 -	- 0 -	125	- 0 -	125
Office rent	3,481	1,451	1,813	6,745	290	218	7,253
Office supplies	289	289	1,322	1,900	58	35	1,993
Outreach	- 0 -	- 0 -	569	569	- 0 -	- 0 -	569
Payroll service	108	108	179	395	72	13	480
Payroll taxes	2,931	1,659	3,473	8,063	438	263	8,764
Postage	260	242	1,030	1,532	49	30	1,611
Printing expense	- 0 -	- 0 -	4,754	4,754	- 0 -	- 0 -	4,754
Professional fees	29,231	6,752	11,343	47,326	1,350	810	49,486
Project development	- 0 -	8	- 0 -	8	- 0 -	- 0 -	8
Retirement benefits	871	401	573	1,845	100	60	2,005
Tax - state registration	- 0 -	- 0 -	- 0 -	- 0 -	200	- 0 -	200
Telephone	680	680	1,142	2,502	136	82	2,720
Terraform conservations insurance	- 0 -	1,736	- 0 -	1,736	- 0 -	- 0 -	1,736
Utilities	983	410	511	1,904	82	61	2,047
Total Expenses	\$ 917,466	\$ 49,178	\$ 109,168	\$ 1,075,812	\$ 10,094	\$ 7,317	\$ 1,093,223

See accompanying notes to financial statements

HARFORD LAND TRUST, INC.

Statement of Functional Expenses
For the Year Ended December 31, 2019

	Program Services			Total Program Services	Management and General	Fundraising	Total
	Land - Projects	Land - Management	Outreach				
Wages	\$ 24,320	\$ 22,419	\$ 34,085	\$ 80,824	\$ 4,723	\$ 2,073	\$ 87,620
ACUB project expense	1,213,694	114,312	1,814	1,329,820	225	135	1,330,180
Advertising & promotion	- 0 -	- 0 -	623	623	- 0 -	- 0 -	623
Annual meeting expense	131	131	198	460	26	16	502
Bank charges & credit card fees	100	- 0 -	426	526	425	- 0 -	951
Charitable contributions	- 0 -	- 0 -	1,000	1,000	- 0 -	- 0 -	1,000
Computer expense	1,233	1,233	1,526	3,992	182	110	4,284
Conferences & seminars	1,446	864	1,451	3,761	198	103	4,062
Dues	625	625	900	2,150	- 0 -	- 0 -	2,150
Fundraising	- 0 -	- 0 -	210	210	17	594	821
Insurance - general	1,753	3,489	2,944	8,186	351	210	8,747
Insurance - workers' compensation	157	157	263	577	31	18	626
Meetings	- 0 -	- 0 -	60	60	- 0 -	- 0 -	60
Miscellaneous expense	20	20	36	76	81	3	160
Office maintenance & trash collection	9	9	15	33	2	1	36
Office rent	3,024	1,260	1,575	5,859	252	189	6,300
Office supplies	399	594	781	1,774	175	48	1,997
Outreach	- 0 -	- 0 -	100	100	- 0 -	- 0 -	100
Payroll service	108	108	181	397	21	12	430
Payroll taxes	1,860	1,715	2,621	6,196	361	159	6,716
Postage	139	140	1,188	1,467	26	15	1,508
Printing expense	- 0 -	- 0 -	3,764	3,764	- 0 -	16	3,780
Professional fees	17,569	3,289	3,016	23,874	4,510	210	28,594
Project development	- 0 -	5,222	- 0 -	5,222	- 0 -	- 0 -	5,222
Retirement benefits	668	382	707	1,757	95	57	1,909
Tax - state registration	50	50	84	184	10	6	200
Telephone	476	476	799	1,751	95	57	1,903
Utilities	864	360	450	1,674	72	54	1,800
Total Expenses	\$ 1,268,645	\$ 156,855	\$ 60,817	\$ 1,486,317	\$ 11,878	\$ 4,086	\$ 1,502,281

See accompanying notes to financial statements

HARFORD LAND TRUST, INC.Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 6,783	\$ 122,103
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Unrealized and realized gain on investments	(73,957)	(69,415)
Loss on sale of land	- 0 -	126,042
(Increase) decrease in current assets:		
Accounts receivable	(43,849)	48,092
Increase (decrease) in current liabilities:		
Accounts payable and accrued expenses	<u>6,022</u>	<u>(72,239)</u>
Net cash provided by (used in) operating activities	<u>(105,001)</u>	<u>154,583</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(106,559)	(610,658)
Proceeds from sale of land	<u>- 0 -</u>	<u>84,081</u>
Net cash used in investing activities	<u>(106,559)</u>	<u>(526,577)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(211,560)	(371,994)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>310,006</u>	<u>682,000</u>
TOTAL CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 98,446</u>	<u>\$ 310,006</u>

See accompanying notes to financial statements

HARFORD LAND TRUST, INC.

Notes to the Financial Statements
December 31, 2020 and 2019

1. Organization and Summary of Significant Accounting Policies

Nature of Operations - The Harford Land Trust, Inc. (the Organization) is a nonprofit organization established under the laws of Maryland in 1991. The purpose of the Organization is to protect and preserve, in a natural state, significant tracts of land in Harford County. Activities include providing technical assistance to land owners wishing to keep property undeveloped through conservation easements, buying and holding threatened lands until they can be transferred to conservation minded ownership, and fostering an increased public awareness of the County's natural resources.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets, liabilities and disclosures at the date of the financial statements and certain reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Basis of Accounting - The accompanying financial statements are presented in accordance with the accrual basis of accounting and, accordingly, reflect receivables, other assets, payables, and other liabilities. As such, revenue is recognized when earned and expenditures when incurred.

Financial Statement Presentation - The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions represent the portion of net assets that is not subject to donor-imposed restrictions. Such net assets are available for use at the discretion of management and/or the Board of Trustees for general operating purposes. The Board of Trustees may designate a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion.

- Operating – Represents resources available for support of operations.
- Board Designated – The Organization's Board of Trustees has designated certain amounts to be used for specific operational purposes.

Net assets with donor restrictions represent the portion of net assets that is subject to donor-imposed restrictions. Such restrictions may specify a purpose for which, or time in which, resources can be used. Some net assets with donor restrictions include stipulations that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board-approved spending policy.

HARFORD LAND TRUST, INC.

Notes to the Financial Statements
December 31, 2020 and 2019

1. Organization and Summary of Significant Accounting Policies (continued)

Revenue Recognition – Contributions and grants are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. These amounts are recorded at fair value at the date of the contribution. All contributions are considered available for the Organization’s general programs unless specifically restricted by donors. Amounts received that are restricted for future period or specific purposes by donors are reported as restricted support and increase net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions. Contributions and grants are recorded as revenues without donor restrictions if the restrictions on the use of these funds are satisfied in the same year as the contribution is received. Investment income that is limited to specific uses by donor restrictions is reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as the income is recognized.

Annual memberships are recognized as contribution revenue, as the Organization does not provide any benefits or services in exchange for the membership.

The Organization benefits from several different revenue streams. The disaggregation of revenue for the years ended December 31, 2020 and 2019 is included in the chart below.

Revenue Type	Timing of Revenue Recognition	2020	2019
Campaign to preserve land	Upon receipt	\$ 100	\$ 1,200
Fundraising income, net of expense	Date of event	41,642	61,327
Grants			
ACUB grants	As expenditures incurred	786,325	1,249,195
Other grants	Upon receipt	101,362	182,028
Donations	Upon receipt	12,517	106,886
In-kind donations	Upon receipt	12,508	11,103
Fall and Spring Appeals	Upon receipt	3,388	7,888
Membership contributions	Upon receipt	16,705	11,025
Memorial gifts	Upon receipt	1,455	2,460
Investment income (loss), net	Period earned	121,709	115,509
Other income	Point in time	2,295	1,805
Gain (loss) on sale of land	Point in time	- 0 -	(126,042)
		<u>\$ 1,100,006</u>	<u>\$ 1,624,384</u>

Cash and Cash Equivalents - For purposes of the statements of cash flows, the Organization considers all money market accounts and certificates of deposit with a maturity of three months or less to be cash equivalents. Excluded from cash equivalents are such amounts that represent funds that have been designated by the Board for investments.

HARFORD LAND TRUST, INC.

Notes to the Financial Statements
December 31, 2020 and 2019

1. Organization and Summary of Significant Accounting Policies (continued)

Accounts Receivable - Accounts receivable consists of reimbursements under grant agreements and miscellaneous receivables. Management believes that accounts receivable are fully collectible and no allowance is considered necessary as of December 31, 2020 and 2019.

Investments - Investments are reported at their fair value.

Land - Parcels of land purchased by the Organization are recorded at cost. Other parcels that are purchased at less than fair value or donated to the Organization are recognized at their appraised fair value at date of contribution. The Organization does not record the easements that they are a party to but bear no monetary value to the Organization.

Property and Equipment - Fixed assets are stated at cost, if purchased, or at fair value at the date of the gift, if donated. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Expenditures for maintenance and repairs are charged against operations. Renewals and betterments that materially extend the life of the assets are capitalized. The Organization's policy is to capitalize fixed asset expenditures greater than \$1,000 with useful lives of two or more years. The cost of property and equipment is depreciated over the estimated useful lives of the related assets using the straight-line method. The following represents the estimated useful lives:

<u>Category</u>	<u>Years</u>
Computers and equipment	5 - 6

Income Taxes - Harford Land Trust, Inc., a nonprofit organization operating under section 501(c)(3) of the Internal Revenue Code, is exempt from federal, state, and local income taxes. Accordingly, no provision for income taxes is included in the financial statements. The Organization is not a private foundation. The Organization is no longer subject to U.S. federal or state income tax examinations by tax authorities for years before 2017.

Donated Services - The Organization receives a significant amount of donated services from unpaid volunteers. Contributed professional services are recognized if the services received a) create or enhance long-lived assets, or b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated services for the years ended December 31, 2020 and 2019 were \$12,508 and \$11,103, respectively.

HARFORD LAND TRUST, INC.

Notes to the Financial Statements
December 31, 2020 and 2019

1. Organization and Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses - Expenses are presented by both function and natural classification in the statements of functional expense. Expenses that are directly identifiable with a particular function are charged to the program or supporting service benefited. Other expenses may benefit more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses that are allocated include wages and benefits, which are allocated on the basis of time and effort using employee time records. Other expenses are allocated based on management's estimate of time spent on each function when the costs were incurred.

Advertising - It is the Organization's policy to expense advertising production costs as incurred and advertising communication costs the first time the advertising takes place. Advertising and promotion expense for the years ended December 31, 2020 and 2019 was \$497 and \$623, respectively.

2. Fair Value of Investments

The Organization has determined the fair value of investments as follows at December 31:

	2020		
	Cost	Fair Value at Quoted Prices in Active Markets for Identical Assets (Level 1)	Unrealized Gain
Money market funds	\$ 97,329	\$ 97,329	\$ - 0 -
Mutual Funds	<u>1,052,140</u>	<u>1,197,417</u>	<u>145,277</u>
Total	<u>\$ 1,149,469</u>	<u>\$ 1,294,746</u>	<u>\$ 145,277</u>

	2019		
	Cost	Fair Value at Quoted Prices in Active Markets for Identical Assets (Level 1)	Unrealized Gain
Money market funds	\$ 49,165	\$ 49,165	\$ - 0 -
Mutual Funds	<u>991,792</u>	<u>1,065,065</u>	<u>73,273</u>
Total	<u>\$ 1,040,957</u>	<u>\$ 1,114,230</u>	<u>\$ 73,273</u>

HARFORD LAND TRUST, INC.

Notes to the Financial Statements
December 31, 2020 and 2019

2. Fair Value of Investments (continued)

The fair value measurement accounting literature establishes a fair value hierarchy consisting of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2 inputs consist of observable inputs other than quoted prices for identical assets (Level 1); and Level 3 inputs are unobservable and have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

The Organization's investment policy does not permit the acquisition of Level 2 and 3 assets. Therefore, there were no transfers into or out of Level 2 and 3 for the years ended December 31, 2020 or 2019.

The following is a description of the valuation methodologies use for assets measured at fair value:

Level 1 Fair Value Measurements

Money market funds and mutual funds are valued at the closing price reported on the active market on which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following schedule summarizes the investment return in the statements of activities:

	<u>2020</u>	<u>2019</u>
Interest and dividend income	\$ 57,781	\$ 52,843
Net realized and unrealized gains (losses)	73,957	69,415
External and direct investment expenses	<u>(10,029)</u>	<u>(6,749)</u>
Total	<u>\$ 121,709</u>	<u>\$ 115,509</u>

HARFORD LAND TRUST, INC.

Notes to the Financial Statements
December 31, 2020 and 2019

3. Land

The Organization owned the following parcels of land as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
James R. Kelly Property	\$ 83,109	\$ 83,109
Otter Creek Woods	68,114	68,114
Rodgers Property	32,090	32,090
Ward Property	140,380	140,380
Welzenbach Property	627,989	627,989
Stewart Property	107,536	107,536
Terra Firma Property	369,464	369,464
Harford Hospice Property	92,166	92,166
Kosczielski Property	105,211	105,211
Riverwalk II	<u>971,454</u>	<u>971,454</u>
Total owned land	<u>\$ 2,597,513</u>	<u>\$ 2,597,513</u>

Total acreage owned by the Organization as of December 31, 2020 and 2019 was 347 acres. Other parcels under conservation restrictions held jointly with other organizations in Harford County total 1,392 acres. The Organization does not hold title to these properties but are a party to these conservation easements.

4. Retirement Program

The Organization sponsors a defined contribution pension plan covering substantially all employees. Contributions by employees are voluntary and are matched by the Organization up to 3% of total wages. Total contributions by the Organization during the years ended December 31, 2020 and 2019 were \$2,005 and \$1,909, respectively.

5. Board Designated Net Assets

The Board of Trustees has designated net assets without donor restrictions for the following projects at December 31:

	<u>2020</u>	<u>2019</u>
Land conservation	\$ 2,597,513	\$ 2,597,513
Hegeman Land Fund	439,910	346,319
Land monitoring/management	<u>114</u>	<u>12,500</u>
	<u>\$ 3,037,537</u>	<u>\$ 2,956,332</u>

HARFORD LAND TRUST, INC.

Notes to the Financial Statements
December 31, 2020 and 2019

6. Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31, are available for the following purposes:

	<u>2020</u>	<u>2019</u>
Hegeman Land Fund	\$ 100,727	\$ 141,549
ACUB land conservation	236,628	337,941
James Run Stewardship	83,600	83,600
CLWI Restricted Grant	- 0 -	10,000
BGE Green Grant	<u>3,100</u>	<u>5,000</u>
	<u>\$ 424,055</u>	<u>\$ 578,090</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows at December 31:

	<u>2020</u>	<u>2019</u>
ACUB land conservation	\$ 101,313	\$ 126,435
BGE Green Grant	1,900	- 0 -
CLWI Grant	10,000	- 0 -
Hegeman Land Fund	<u>40,822</u>	<u>17,300</u>
	<u>\$ 154,035</u>	<u>\$ 143,735</u>

7. Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of December 31, 2020 and 2019, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

	<u>2020</u>	<u>2019</u>
Financial assets at year end	\$ 1,437,041	\$ 1,424,236
Less those unavailable for general expenditures within one year, due to:		
Board designated	440,024	358,819
Restricted by donors with purpose or time restrictions	<u>424,055</u>	<u>578,090</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 572,962</u>	<u>\$ 487,327</u>

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Additionally, the Organization has Board Designated net assets without donor restrictions that, while the Organization does not intend to spend these for purposes other than those identified, the amounts could be made available for current operations, if necessary. The amount of Board Designated net assets available for current operations was \$440,024 and \$358,819 for the years ended December 31, 2020 and 2019, respectively.

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8. Lease

The Organization leases its administrative office under a month-to-month lease agreement. The lease fee is \$775 a month which includes utilities. Office lease expense and utility expense under this lease for the years ended December 31, 2020 and 2019 was \$9,300 and \$8,100, respectively.

9. Concentrations

The Organization's total revenue and support from federal sources was 72% and 77% respectively for the years ended December 31, 2020 and 2019. A significant reduction in financing from the Federal Government could have an effect on the financial condition of the Organization.

In the ordinary course of business, the Organization's cash and cash equivalents and investment balances may exceed the FDIC and SIPC insurance limits. The Organization continually reviews credit concentrations as part of its asset and liability management.

10. Risk and Uncertainties

The Organization may invest in various types of marketable securities. Marketable securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain marketable securities, it is possible that changes in the values of these securities may occur in the near term and that such change could materially affect the amounts reported in the statements of financial position.

11. Commitments

In May 2014, the Organization signed an agreement with Mission and Installation Contracting Command on behalf of U.S. Army Environmental Command. The purpose of this contract is to support and sustain the military testing and training missions of the Army by avoiding land use conflicts, encouraging conservation of natural resources on the private property adjacent to Aberdeen Proving Grounds and to enhance relationships with affected civilian communities. Through this agreement, the U.S. Army will assist the Organization in acquiring land and/or easements on the adjacent property. The total value of the original contract was up to \$4,300,000 with a term of five years from the date of signature. The contract was extended one year in 2019 and for another four years in 2020. An additional \$878,000 was added to the contract in 2019. The Organization will be responsible for covering 10% of the cost of properties acquired and will be soliciting funds from state and local governments as well as private organizations to assist with these costs. As of December 31, 2020, the Organization acquired seven properties under this agreement and preserved one property through a conservation easement. Total funds spent under the grant as of December 31, 2020 totaled \$5,093,314.

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12. Contingencies

The Organization participates in a federal award program. This program is subject to program compliance audits by the grantors or their representatives. Such audits could result in claims against the Organization for disallowed costs or noncompliance with restricted funds. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. Management expects such amounts, if any, will not be significant. Accordingly, no provision has been made for any liability that may arise from such audits

In March 2020, significant mitigation efforts began taking effect in the United States in an attempt to curtail the spread of the coronavirus (COVID-19) pandemic. Such efforts included travel restrictions, business disruptions, and event cancellations. Capital markets saw significant volatility in the wake of the pandemic and significant economic disruptions occurred throughout the country. In response, the Organization altered its operations and interactions with donors including working remotely where possible. Management continues to monitor the situation to reduce its impact on the Organization's operation and financial resources.

13. Paycheck Protection Program

In May 2020, the Organization applied for and received a \$15,900 loan under the Paycheck Protection Program (PPP). This loan qualified for forgiveness after 24 weeks if all criteria are met. As of December 31, 2020, the Organization had incurred \$15,900 of eligible expenses and has satisfied the criteria for recognition of the income. Total income of \$15,900 has been included in grants revenue.

14. Subsequent Events

In January 2021, the SBA forgave the first round of PPP funding to the Organization in the amount of \$15,900. Additionally, the Organization applied for and received a second PPP loan in the amount of \$24,000. The second PPP loan also qualifies for forgiveness after 24 weeks, if all criteria are met. Payments on this loan are deferred until the earlier of 1) sixteen months after the loan proceeds are disbursed, or 2) application for loan forgiveness is received within ten months after the end of the loan forgiveness covered period.

In March 2021, the organization sold the Welzenbach property for a total of \$339,448. Of this amount, only \$17,500 is unrestricted. The remaining \$321,948 is restricted for ACUB. The Organization recognized a loss on the sale of property in the amount of \$288,541.

Management has evaluated subsequent events through August 24, 2021, the date which the financial statements were available to be issued.