

**HARFORD LAND TRUST, INC.**

AUDITED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

# HARFORD LAND TRUST, INC.

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## Independent Auditors' Report

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

### **Opinion**

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, 2021 and 2020, 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.

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, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

### **Responsibilities of Management for the Financial Statements**

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

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

Independent Auditors' Report (continued)

**Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Harford Land Trust, Inc.'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 Harford Land Trust, Inc.'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.

*Wojcik, Cronin & Serra, LLC*

Hunt Valley, Maryland  
August 22, 2022

**HARFORD LAND TRUST, INC.**Statements of Financial Position  
December 31, 2021 and 2020ASSETS

	<u>2021</u>	<u>2020</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 124,793	\$ 98,446
Restricted cash	323,878	- 0 -
Accounts receivable	31,842	43,849
	<u>480,513</u>	<u>142,295</u>
Total Current Assets		
PROPERTY AND EQUIPMENT - AT COST:		
Land	1,969,524	2,597,513
Computers, furniture and equipment	20,740	4,426
Less: accumulated depreciation	(691)	(4,426)
	<u>1,989,573</u>	<u>2,597,513</u>
OTHER ASSETS:		
Investments	1,425,146	1,294,746
TOTAL ASSETS	<u>\$ 3,895,232</u>	<u>\$ 4,034,554</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 16,880	\$ 8,258
	<u>16,880</u>	<u>8,258</u>
Total Current Liabilities		
NET ASSETS:		
Without donor restrictions		
Operating	564,291	564,704
Board designated	2,513,168	3,037,537
	<u>3,077,459</u>	<u>3,602,241</u>
With donor restrictions	800,893	424,055
	<u>3,878,352</u>	<u>4,026,296</u>
Total Net Assets		
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,895,232</u>	<u>\$ 4,034,554</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, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE:</b>						
Campaign income	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ 100	\$ - 0 -	\$ 100
Fundraising income - net of expense (2021 \$22,893 and 2020 \$5,251)	38,015	- 0 -	38,015	41,642	- 0 -	41,642
Grants	197,107	32,919	230,026	887,687	- 0 -	887,687
Donations	33,007	8,000	41,007	12,517	- 0 -	12,517
In-kind income	16,684	- 0 -	16,684	12,508	- 0 -	12,508
Fall and spring appeals	7,892	- 0 -	7,892	3,388	- 0 -	3,388
Membership contributions	21,461	- 0 -	21,461	16,705	- 0 -	16,705
Memorial gifts	5,013	- 0 -	5,013	1,455	- 0 -	1,455
Investment income - net	46,663	84,015	130,678	121,709	- 0 -	121,709
Other income	11,433	- 0 -	11,433	2,295	- 0 -	2,295
Loss on sale of land	(272,584)	- 0 -	(272,584)	- 0 -	- 0 -	- 0 -
Transfer of net assets to restrictions	(323,878)	323,878	- 0 -	- 0 -	- 0 -	- 0 -
Net assets released from restrictions	71,974	(71,974)	- 0 -	154,035	(154,035)	- 0 -
<b>Total Support and Revenue</b>	<b>(147,213)</b>	<b>376,838</b>	<b>229,625</b>	<b>1,254,041</b>	<b>(154,035)</b>	<b>1,100,006</b>
<b>EXPENSES:</b>						
Program services:						
Land projects	155,990	- 0 -	155,990	917,466	- 0 -	917,466
Land management	78,806	- 0 -	78,806	49,178	- 0 -	49,178
Outreach	106,859	- 0 -	106,859	109,168	- 0 -	109,168
<b>Total Program Services</b>	<b>341,655</b>	<b>- 0 -</b>	<b>341,655</b>	<b>1,075,812</b>	<b>- 0 -</b>	<b>1,075,812</b>
Supporting services:						
Management and general	17,429	- 0 -	17,429	10,094	- 0 -	10,094
Fundraising	18,485	- 0 -	18,485	7,317	- 0 -	7,317
<b>Total Expenses</b>	<b>377,569</b>	<b>- 0 -</b>	<b>377,569</b>	<b>1,093,223</b>	<b>- 0 -</b>	<b>1,093,223</b>
<b>CHANGE IN NET ASSETS</b>	<b>(524,782)</b>	<b>376,838</b>	<b>(147,944)</b>	<b>160,818</b>	<b>(154,035)</b>	<b>6,783</b>
<b>NET ASSETS AT BEGINNING</b>	<b>3,602,241</b>	<b>424,055</b>	<b>4,026,296</b>	<b>3,441,423</b>	<b>578,090</b>	<b>4,019,513</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 3,077,459</b>	<b>\$ 800,893</b>	<b>\$ 3,878,352</b>	<b>\$ 3,602,241</b>	<b>\$ 424,055</b>	<b>\$ 4,026,296</b>

See accompanying notes to financial statements

## HARFORD LAND TRUST, INC.

### Statement of Functional Expenses For the Year Ended December 31, 2021

	Program Services			Supporting Services				Total
	Land - Projects	Land - Management	Outreach	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 59,631	\$ 42,581	\$ 51,494	\$ 153,706	\$ 9,910	\$ 7,157	\$ 17,067	\$ 170,773
Payroll taxes	4,500	3,128	3,791	11,419	1,264	542	1,806	13,225
Retirement benefits	1,133	284	284	1,701	94	94	188	1,889
Health insurance	2,625	2,450	2,801	7,876	522	351	873	8,749
	<u>67,889</u>	<u>48,443</u>	<u>58,370</u>	<u>174,702</u>	<u>11,790</u>	<u>8,144</u>	<u>19,934</u>	<u>194,636</u>
ACUB project expense	41,437	4,574	- 0 -	46,011	- 0 -	- 0 -	- 0 -	46,011
Advertising and promotion	108	101	2,982	3,191	21	14	35	3,226
Annual meeting expense	- 0 -	- 0 -	114	114	- 0 -	- 0 -	- 0 -	114
Bank charges and credit card fees	- 0 -	- 0 -	- 0 -	- 0 -	612	612	1,224	1,224
Charitable contributions	- 0 -	- 0 -	1,000	1,000	- 0 -	- 0 -	- 0 -	1,000
Computer expense	492	460	988	1,940	98	66	164	2,104
Contract labor	276	258	6,133	6,667	55	5,875	5,930	12,597
Conferences and seminars	482	449	514	1,445	96	64	160	1,605
Dues	600	560	965	2,125	120	80	200	2,325
Fundraising	- 0 -	- 0 -	343	343	168	1,095	1,263	1,606
Insurance - general	1,598	1,492	1,705	4,795	320	213	533	5,328
Insurance - workers' compensation	483	452	516	1,451	96	65	161	1,612
Meetings	- 0 -	- 0 -	91	91	- 0 -	- 0 -	- 0 -	91
Miscellaneous expense	6,783	264	302	7,349	56	38	94	7,443
Moving expense	4,151	3,874	4,428	12,453	830	553	1,383	13,836
Office rent	5,382	3,599	4,236	13,217	754	522	1,276	14,493
Office supplies	739	692	844	2,275	161	98	259	2,534
Outreach	- 0 -	- 0 -	9,650	9,650	- 0 -	- 0 -	- 0 -	9,650
Payroll service	152	141	162	455	30	20	50	505
Postage	121	122	869	1,112	21	14	35	1,147
Printing expense	108	109	4,538	4,755	- 0 -	- 0 -	- 0 -	4,755
Professional fees	23,822	8,192	7,075	39,089	1,327	884	2,211	41,300
Project development	- 0 -	2,352	- 0 -	2,352	- 0 -	- 0 -	- 0 -	2,352
Tax - state registration	60	56	64	180	12	8	20	200
Telephone	530	494	565	1,589	106	71	177	1,766
Terraform conservations insurance	- 0 -	1,798	- 0 -	1,798	- 0 -	- 0 -	- 0 -	1,798
Utilities	777	324	405	1,506	65	49	114	1,620
	<u>155,990</u>	<u>78,806</u>	<u>106,859</u>	<u>341,655</u>	<u>16,738</u>	<u>18,485</u>	<u>35,223</u>	<u>376,878</u>
Total expenses before depreciation								
Depreciation	- 0 -	- 0 -	- 0 -	- 0 -	691	- 0 -	691	691
	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>691</u>	<u>- 0 -</u>	<u>691</u>	<u>691</u>
Total Expenses	<u>\$ 155,990</u>	<u>\$ 78,806</u>	<u>\$ 106,859</u>	<u>\$ 341,655</u>	<u>\$ 17,429</u>	<u>\$ 18,485</u>	<u>\$ 35,914</u>	<u>\$ 377,569</u>

See accompanying notes to financial statements

**HARFORD LAND TRUST, INC.**

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

	Program Services			Total Program Services	Supporting Services			Total
	Land - Projects	Land - Management	Outreach		Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 39,228	\$ 23,245	\$ 48,266	\$ 110,739	\$ 6,009	\$ 3,441	\$ 9,450	\$ 120,189
Payroll taxes	2,931	1,659	3,473	8,063	438	263	701	8,764
Retirement benefits	871	401	573	1,845	100	60	160	2,005
	<u>43,030</u>	<u>25,305</u>	<u>52,312</u>	<u>120,647</u>	<u>6,547</u>	<u>3,764</u>	<u>10,311</u>	<u>130,958</u>
ACUB project expense	\$ 835,962	\$ 8,182	\$ 1,890	\$ 846,034	- 0 -	- 0 -	- 0 -	\$ 846,034
Advertising & promotion	- 0 -	- 0 -	497	497	- 0 -	- 0 -	- 0 -	497
Annual meeting expense	- 0 -	- 0 -	817	817	- 0 -	- 0 -	- 0 -	817
Bank charges & credit card fees	- 153 -	- 153 -	272	578	377	137	514	1,092
Charitable contributions	- 0 -	- 0 -	14,634	14,634	- 0 -	- 0 -	- 0 -	14,634
Computer expense	547	1,097	1,124	2,768	259	164	423	3,191
Conferences & seminars	1,243	1,243	2,089	4,575	249	149	398	4,973
Contract labor	- 0 -	- 0 -	9,910	9,910	- 0 -	1,000	1,000	10,910
Dues	438	438	1,058	1,934	88	53	141	2,075
Fundraising	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	673	673	673
Insurance - general	897	897	1,506	3,300	179	108	287	3,587
Insurance - workers' compensation	164	164	276	604	33	20	53	657
Meetings	- 0 -	23	120	143	- 0 -	- 0 -	- 0 -	143
Miscellaneous expense	- 0 -	- 0 -	- 0 -	- 0 -	125	- 0 -	125	125
Office maintenance & trash collection				- 0 -			-	-
Office rent	3,481	1,451	1,813	6,745	290	218	508	7,253
Office supplies	289	289	1,322	1,900	58	35	93	1,993
Outreach	- 0 -	- 0 -	569	569	- 0 -	- 0 -	- 0 -	569
Payroll service	108	108	179	395	72	13	85	480
Postage	260	242	1,030	1,532	49	30	79	1,611
Printing expense	- 0 -	-	4,754	4,754	- 0 -	- 0 -	- 0 -	4,754
Professional fees	29,231	6,752	11,343	47,326	1,350	810	2,160	49,486
Project development	- 0 -	8	- 0 -	8	- 0 -	- 0 -	- 0 -	8
Tax - state registration	- 0 -	- 0 -	- 0 -	- 0 -	200	- 0 -	200	200
Telephone	680	680	1,142	2,502	136	82	218	2,720
Terraform conservations insurance	- 0 -	1,736	- 0 -	1,736	- 0 -	- 0 -	- 0 -	1,736
Utilities	983	410	511	1,904	82	61	143	2,047
<b>Total Expenses</b>	<u>\$ 917,466</u>	<u>\$ 49,178</u>	<u>\$ 109,168</u>	<u>\$ 1,075,812</u>	<u>\$ 10,094</u>	<u>\$ 7,317</u>	<u>\$ 17,411</u>	<u>\$ 1,093,223</u>

See accompanying notes to financial statements



**HARFORD LAND TRUST, INC.**Statements of Cash Flows  
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (147,944)	\$ 6,783
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Unrealized and realized gain on investments	(64,250)	(73,957)
Depreciation	691	- 0 -
Paycheck protection program funds utilized	(24,000)	(15,900)
Loss on sale of land	272,584	- 0 -
(Increase) decrease in current assets:		
Accounts receivable	12,007	(43,849)
Increase (decrease) in current liabilities:		
Accounts payable and accrued expenses	<u>8,622</u>	<u>6,022</u>
 Net cash provided by (used in) operating activities	<u>57,710</u>	<u>(120,901)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investments	\$ 262,892	\$ - 0 -
Purchase of investments	(329,042)	(106,559)
Purchase of property and equipment	(20,740)	- 0 -
Proceeds from sale of land	<u>355,405</u>	<u>- 0 -</u>
 Net cash provided by (used in) investing activities	<u>268,515</u>	<u>(106,559)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from paycheck protection program loan	<u>24,000</u>	<u>15,900</u>
 Net cash provided by financing activities	<u>24,000</u>	<u>15,900</u>
 <b>NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>	 350,225	 (211,560)
 <b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF YEAR</b>	 <u>98,446</u>	 <u>310,006</u>
 <b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR</b>	 <u>\$ 448,671</u>	 <u>\$ 98,446</u>
 <b>SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING ACTIVITIES:</b>		
Forgiveness of debt obligation - PPP loan	\$ 24,000	\$ 15,900

See accompanying notes to financial statements

## **HARFORD LAND TRUST, INC.**

Notes to the Financial Statements  
December 31, 2021 and 2020

### 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 landowners 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, payables, and other assets and 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, 2021 and 2020

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

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.

Restricted cash – Consists of funds with donor restrictions held for future land conservation projects and land stewardship.

Accounts Receivable - Accounts receivable consists of reimbursements under grant agreements and miscellaneous receivables. Accounts receivable are uncollateralized obligations and are stated at the invoice amount. The Organization provides an allowance for doubtful accounts, as needed, for amounts deemed uncollectible based on historical experience and management's analysis of accounts receivable. As of December 31, 2021 and 2020, management believes that accounts receivable are fully collectible and no allowance is considered necessary.

Investments – Investments in money market funds and marketable securities with readily determinable fair values are reported at their fair value based on quoted prices in active markets (Level 1 measurements). Realized and unrealized gains and losses are recorded in the period in which they occur and are included in the statements of activities and changes in net assets as changes in net assets without donor restrictions unless their use is restricted by explicit donor-imposed stipulations or by law. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

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.

## HARFORD LAND TRUST, INC.

Notes to the Financial Statements  
December 31, 2021 and 2020

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

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>
Furniture and fixtures	5
Computers and equipment	5 – 6

Paycheck Protection Program Loan - The Organization followed Financial Accounting Standards Board Topic 958-605, Revenue Recognition for Not-for-Profit Entities in accounting for its Paycheck Protection Program (PPP) Loan. The loan was effectively accounted for as a conditional grant (see Note 5).

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.

## HARFORD LAND TRUST, INC.

Notes to the Financial Statements  
December 31, 2021 and 2020

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

The Organization benefits from several different revenue streams. The disaggregation of revenue for the years ended December 31, 2021 and 2020 is included in the chart below.

Revenue Type	Timing of Revenue Recognition	2021	2020
Campaign to preserve land	Upon receipt	\$ - 0 -	\$ 100
Fundraising income, net of expense	Date of event	38,015	41,642
Grants			
ACUB grants	As expenditures incurred	91,698	786,325
Other grants	Upon receipt	138,328	101,362
Donations	Upon receipt	41,007	12,517
In-kind income	Upon receipt	16,684	12,508
Fall and Spring Appeals	Upon receipt	7,892	3,388
Membership contributions	Upon receipt	21,461	16,705
Memorial gifts	Upon receipt	5,013	1,455
Investment income-net	Period earned	130,678	121,709
Other income	Point in time	11,433	2,295
Loss on sale of land	Point in time	(272,584)	- 0 -
		<u>\$ 229,625</u>	<u>\$ 1,100,006</u>

**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, 2021 and 2020 were \$16,684 and \$12,508, respectively.

**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.

**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 2018.

## HARFORD LAND TRUST, INC.

### Notes to the Financial Statements December 31, 2021 and 2020

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

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, 2021 and 2020 was \$3,226 and \$497, respectively.

#### 2. Cash and Restricted Cash

The following table provides a reconciliation of cash and restricted cash reported within the statements of financial position that sum to the total of the same such amounts in the statements of cash flows.

	2021	2020
Cash and cash equivalents	\$ 124,793	\$ 98,446
Restricted cash	323,878	- 0 -
Total cash and restricted cash	<u>\$ 448,671</u>	<u>\$ 98,446</u>

#### 3. Investments and Fair Value Measurements

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, 2021 or 2020.

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.

**HARFORD LAND TRUST, INC.**

Notes to the Financial Statements  
December 31, 2021 and 2020

3. Fair Value of Investments (continued)

The following table presents assets measured at fair value by classification within the fair value hierarchy as of December 31:

	2021		
	Fair Value Measurements at the End of the Reporting Period Using:		
	Cost	Quoted prices in Active Markets for Identical Assets (Level 1)	Unrealized Gain
Money market funds	\$ 72,689	\$ 72,689	\$ - 0 -
Mutual funds	1,180,521	1,352,457	171,936
	<u>\$ 1,253,210</u>	<u>\$ 1,425,146</u>	<u>\$ 171,936</u>
	2020		
	Fair Value Measurements at the End of the Reporting Period Using:		
	Cost	Quoted prices in Active Markets for Identical Assets (Level 1)	Unrealized Gain
Money market funds	\$ 97,329	\$ 97,329	\$ - 0 -
Mutual funds	1,052,140	1,197,417	145,277
	<u>\$ 1,149,469</u>	<u>\$ 1,294,746</u>	<u>\$ 145,277</u>

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

	2021	2020
Interest and dividend income	\$ 79,743	\$ 57,781
Unrealized gains	26,659	73,957
Realized gains	37,591	- 0 -
Investment expenses	<u>(13,315)</u>	<u>(10,029)</u>
Total	<u>\$ 130,678</u>	<u>\$ 121,709</u>

## HARFORD LAND TRUST, INC.

Notes to the Financial Statements  
December 31, 2021 and 2020

### 4. Land

The Organization owned the following parcels of land as of December 31, 2021 and 2020:

	2021	2020
Harford Hospice Property	\$ 92,166	\$ 92,166
James R. Kelly Property	83,109	83,109
Kosczielski Property	105,211	105,211
Otter Creek Woods	68,114	68,114
Riverwalk II	971,454	971,454
Rodgers Property	32,090	32,090
Stewart Property	107,536	107,536
Terra Firma Property	369,464	369,464
Ward Property	140,380	140,380
Welzenbach Property	- 0 -	627,989
	<u>\$ 1,969,524</u>	<u>\$ 2,597,513</u>

Total acreage owned by the Organization as of December 31, 2021 and 2020 was 299 and 347 acres, respectively. Other parcels under conservation restrictions held by the Organization total 1,632 acres. The Organization does not hold title to these properties but is a party to these conservation easements.

### 5. Paycheck Protection Program

In May 2020, the Organization applied for and received a \$15,900 loan under the Paycheck Protection Program (PPP). The PPP loan was for a term of two years and bore interest at a fixed rate of 1% per annum. The Organization has accounted for the loan as a conditional grant and has satisfied the criteria for recognition of the income. This loan qualified for forgiveness after 24 weeks if all criteria are met. Total income of \$15,900 has been included in grants revenue. In January 2021, the Organization applied for and received full forgiveness in the amount of \$15,900.

Due to ongoing disruption as a result of the COVID-19 pandemic, in January 2021 the Organization applied for the Paycheck Protection Program Loan (Round 2) from the Small Business Administration in the amount of \$24,000. The Organization has accounted for the loan as a conditional grant and has satisfied the criteria for recognition of the income. In August 2021, the Organization applied for and received full forgiveness in the amount of \$24,000. Total income of \$24,000 has been included in grants revenue.



## HARFORD LAND TRUST, INC.

Notes to the Financial Statements  
December 31, 2021 and 2020

### 6. Board Designated Net Assets

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

	<u>2021</u>	<u>2020</u>
Hegeman Land Fund	\$ 543,644	\$ 439,910
Land conservation	1,969,524	2,597,513
Land monitoring/management	- 0 -	114
	<u>\$ 2,513,168</u>	<u>\$ 3,037,537</u>

### 7. Net Assets with Temporary Donor Restrictions

Net assets with temporary donor restrictions at December 31, 2021 and 2020 represent the following:

	<u>2021</u>	<u>2020</u>
Purpose restrictions, available for spending:		
ACUB	\$ 652,828	\$ 236,628
BGE Green Grant	- 0 -	3,100
CBT Grant	14,800	- 0 -
Hegeman Land Fund	78,751	100,727
James Run Stewardship	54,514	83,600
	<u>\$ 800,893</u>	<u>\$ 424,055</u>

During the year ended December 31, 2021, the Organization sold property and received proceeds from the sale of \$321,948. Under the terms and conditions of the Organization's agreement with the U.S. Army, proceeds and earnings thereon are to remain restricted for stewardship and defense. As such, the Organization has transferred to net assets with donor restrictions \$323,878 for the year ended December 31, 2021.

Net assets with temporarily donor restrictions were released by incurring expenses satisfying the purpose restrictions specified by donors as follows during the years December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
ACUB	\$ 9,812	\$ 101,313
BGE Green Grant	3,100	1,900
CLWI Restricted Grant	- 0 -	10,000
Hegeman Land Fund	29,976	40,822
James Run Stewardship	29,086	- 0 -
	<u>\$ 71,974</u>	<u>\$ 154,035</u>

## HARFORD LAND TRUST, INC.

Notes to the Financial Statements  
December 31, 2021 and 2020

### 8. Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of December 31, 2021 and 2020, 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>2021</u>	<u>2020</u>
Financial assets at year end	\$ 1,905,659	\$ 1,437,041
Less those unavailable for general expenditures within one year, due to:		
Board designated	543,644	440,024
Restricted by donors with purpose or time restrictions	<u>800,893</u>	<u>424,055</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 561,122</u>	<u>\$ 572,962</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 \$543,644 and \$440,024 for the years ended December 31, 2021 and 2020, respectively.

### 9. Lease Obligation

During the year ended December 31, 2020, the Organization leased its administrative office under a month-to-month lease agreement. The lease fee was \$775 a month which includes utilities.

In July 2021, the Organization entered into a new three-year lease for office space. Monthly rent of \$1,750 is due beginning September 2021 with 4% annual escalation. Future minimum rent payments are as follows:

Year ending December 31,	2022	\$ 21,208
	2023	21,844
	2024	<u>14,856</u>
		<u>\$ 57,908</u>

Office lease expenses and utility expenses under both leases for the years ended December 31, 2021 and 2020 was \$16,113 and \$9,300 respectively.

## **HARFORD LAND TRUST, INC.**

### Notes to the Financial Statements December 31, 2021 and 2020

#### 10. 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, 2021 and 2020 were \$1,889 and \$2,005, respectively.

#### 11. Concentration of Income Sources

The Organization's total revenue and support from federal sources was 40% and 72% respectively for the years ended December 31, 2021 and 2020. A significant reduction in financing from the Federal Government could have an effect on the financial condition of the Organization.

#### 12. Concentrations of Credit and Market Risk

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.

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.

#### 13. 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, 2021, 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, 2021 totaled \$5,139,325.

## **HARFORD LAND TRUST, INC.**

Notes to the Financial Statements  
December 31, 2021 and 2020

### 14. 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 have 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.

### 15. Subsequent Events

Management has evaluated subsequent events through August 22, 2022, the date which the financial statements were available to be issued.