The Delaware Highlands Conservancy is a land trust entering its twelfth year of working with landowners and other conservation organizations to conserve the natural and cultural heritage of the Upper Delaware River region. We are still a predominantly volunteer organization, relying on active Board members and numerous volunteers to run our programs, work with landowners and monitor the easements we hold. Our employees in 2005 consisted of our full-time Executive Director, Sue Currier; our part-time Alliance to Keep Pike Green education coordinator, Ann Marie Drake; and a land protection summer intern, Kelly Beliveau. In 2006 we will add a full-time land protection specialist to help meet the demand from landowners who wish to protect their properties in our four county area. Our small office in Hawley is overflowing with files and people working on various projects. Thanks to the PPL Environmental Center, we are able to hold our Board meetings and other large meetings there. 2005 saw tremendous accomplishments, thanks to a dedicated team, increased demand from landowners in the region, and our members support.

LAND CONSERVATION

Land Preservation Agreements: Four new properties (1,376 acres) were placed under conservation easement this year, bringing our total easement holdings 4,953 acres. An additional two thousand acres are protected by other conservation programs with our support and direction. With over fifty properties in various stages of consideration, we are making strong progress towards our goal of 10,000 acres in 2007. As the official sponsor of the Forest Legacy Program for Pike County, we secured $2.3 million in federal funding (out of $64 million awarded nationwide) to help protect three properties in Pike County which represent 2,500 acres of working forested land. Since this grant is not enough to fully fund acquisition of the easements, a comprehensive grant application was submitted to the State of Pennsylvania to secure matching funds.

Proactive outreach: Working with other conservation organizations in 2005 we began to identify properties throughout the region that by their prime location, scenic value or exceptional conservation attributes are a priority for protection.

PARTNERSHIPS

As a member of the Alliance to Keep Pike Green we are proud of the educational work we completed throughout the county. In November, voters passed a Pike County $10 million dollar scenic and rural character bond referendum in support of planning and open space protection.

As a founding member of the Pike Conservation Partnership, which strives to share information and coordinate conservation efforts, we were awarded the NEPA Partnership Award.
Working with the Ag and Markets Board, Sullivan Planning Office and Cornell Cooperative Extension we are providing support for open space and farmland preservation in Sullivan County.

Other Partners: We continue our participation in the Upper Delaware Visioning Committee and the Route 97 Scenic Byway Committee as well as Earth Day, River Fest, Eagle Fest, Black Bear Film Festival, Promised Land State Park 100th year Anniversary and more.

EDUCATION

Over twenty interesting and informative events were held during 2005 – from our most successful Meadow Party ever, to educational programs, to canoe trips and hikes, to a ribbon-cutting ceremony at Lacawac.

Formal legal integration of the Butterfly Barn into the conservancy is underway in order to facilitate grant applications under the umbrella of our 501(c) 3 as well as providing additional structure and support for Barbara Yeaman and Ed Wesely in expansion of educational outreach.

In the third year of the Delaware Highlands – Yeaman Scholarship program, $1,000 scholarships were awarded to Joseph Winski, Jr. of Sullivan West and Ryan Miller of Honesdale High School.

DEVELOPMENT AND FUNDRAISING

Over 300 people celebrated at our 9th Meadow Party. Henkelman Real Estate and Dime Bank co-sponsored the event. Alice’s Wonderland and Ecce Bed and Breakfast donated raffle prizes. The River Reporter provided advertising support. Over 60 restaurants and individuals donated food for our buffet and silent auction.

We received an grant from the New York Land Trust Alliance to increase membership and to support a capital campaign for funding conservation easement and land acquisition in New York State.

Foundation support: We received a substantial grant from the Katherine R. Dodge Foundation. The Villaume Foundation provided funds for a summer intern for our work in Wayne County.

PEOPLE

New Board member: Scott VanGorder, Honesdale businessman

Volunteers: Attorney Tony Waldron continues to provide substantial hours of pro-bono legal support. Dave Soete provided photographic coverage for our events.

Staff and Board Training: Carson Helfrich, Barbara Yeaman and Sue Currier attended Land Trust Alliance educational events. Cindy Wildermuth and Sue Currier attended the LTA Rally.
2005 FINANCIAL SUMMARY – UNAUDITED

<table>
<thead>
<tr>
<th>OPERATING INCOME *</th>
<th>OPERATING EXPENSES *</th>
<th>TOTAL ASSETS 12/31/05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donations</td>
<td>50,847</td>
<td>58,824</td>
</tr>
<tr>
<td>Trade Lands Sold</td>
<td>56,493</td>
<td>17,928</td>
</tr>
<tr>
<td>Other Income</td>
<td>3,891</td>
<td>Cash</td>
</tr>
<tr>
<td>Membership</td>
<td>25,380</td>
<td>Operating Reserve</td>
</tr>
<tr>
<td>Fundraising Events</td>
<td>6,637</td>
<td>124,847</td>
</tr>
<tr>
<td>Total Income</td>
<td>$144,443</td>
<td>$76,752</td>
</tr>
</tbody>
</table>

*Restricted donations and dividends not included

PO Box 218, Hawley, PA 18428  
PO Box 219, Narrowsburg, NY 12764
telephone 570- 226-3164  
fax 570-226-3164  
www.delaurelhighlands.org  
email: info@delaurelhighlands.org

2005 Financial Summary – Unaudited (audited financial statements available after May 15, 2006)