

DELAWARE HIGHLANDS CONSERVANCY  
FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018

DELAWARE HIGHLANDS CONSERVANCY  
INDEX TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Delaware Highlands Conservancy

We have audited the accompanying financial statements of Delaware Highlands Conservancy (a Pennsylvania nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

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

The Conservancy's 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Delaware Highlands Conservancy as of December 31, 2018, 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.

### **Emphasis of Matter**

As discussed in Note 15 to the financial statements, Delaware Highlands Conservancy adopted Accounting Standards Update 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, during the year ended December 31, 2018. Our opinion is not modified with respect to this matter.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Schedules I and II are presented for purposes of additional analysis and are not required parts of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### **Report on Summarized Comparative Information**

We have previously audited Delaware Highlands Conservancy's 2017 financial statements, and our report dated June 14, 2018, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Ginader, Jones & Co., LLP**

GINADER, JONES & CO., LLP  
Archbald, Pennsylvania  
July 8, 2019

DELAWARE HIGHLANDS CONSERVANCY  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2018  
(WITH SUMMARIZED INFORMATION AS OF DECEMBER 31, 2017)

	2018		2017	
	Without Donor Restrictions	With Donor Restrictions	TOTAL	TOTAL
<u>ASSETS</u>				
<u>CURRENT ASSETS</u>				
Cash and Cash Equivalents	\$ 73,019	\$ 23,280	\$ 96,299	\$ 155,997
Marketable Securities	1,015,718	168,868	1,184,586	1,208,620
Accounts Receivable	74,039	-	74,039	106,816
Prepaid Expenses	13,402	-	13,402	8,695
<u>TOTAL CURRENT ASSETS</u>	<u>1,176,178</u>	<u>192,148</u>	<u>1,368,326</u>	<u>1,480,128</u>
<u>PROPERTY AND EQUIPMENT</u>				
Office Equipment and Website	56,538	-	56,538	50,840
Less: Accumulated Depreciation	34,125	-	34,125	26,584
<u>NET PROPERTY AND EQUIPMENT</u>	<u>22,413</u>	<u>-</u>	<u>22,413</u>	<u>24,256</u>
<u>OTHER ASSETS</u>				
Properties Held for Resale	-	-	-	99,900
<u>TOTAL ASSETS</u>	<u>\$ 1,198,591</u>	<u>\$ 192,148</u>	<u>\$ 1,390,739</u>	<u>\$ 1,604,284</u>
<u>LIABILITIES AND NET ASSETS</u>				
<u>CURRENT LIABILITIES</u>				
Accounts Payable	\$ 8,105	\$ -	\$ 8,105	\$ 22,253
Payroll Taxes Payable	6,000	-	6,000	3,910
Loan Payable	113,700	-	113,700	113,700
<u>TOTAL CURRENT LIABILITIES</u>	<u>127,805</u>	<u>-</u>	<u>127,805</u>	<u>139,863</u>
<u>NET ASSETS</u>	<u>1,070,786</u>	<u>192,148</u>	<u>1,262,934</u>	<u>1,464,421</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 1,198,591</u>	<u>\$ 192,148</u>	<u>\$ 1,390,739</u>	<u>\$ 1,604,284</u>

The accompanying notes and independent auditor's report are integral parts of these financial statements.

DELAWARE HIGHLANDS CONSERVANCY  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2018  
(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017)

	2 0 1 8		2 0 1 7	
	Without Donor Restrictions	With Donor Restrictions	TOTAL	TOTAL
<b><u>REVENUES AND GAINS</u></b>				
Contributions	\$ 213,180	\$ 135	\$ 213,315	\$ 190,444
Grants	-	190,569	190,569	203,181
Education Programs	74,260	-	74,260	74,793
Donated Services	51,437	-	51,437	46,120
Special Events	49,048	-	49,048	44,239
Land Protection	20,758	-	20,758	1,668
Consulting Services	-	-	-	5,720
Investment Return, Net	(9,407)	-	(9,407)	36,376
Net Assets Released from Restrictions:				
Satisfaction of program restrictions	292,117	(292,117)	-	-
<b><u>TOTAL REVENUES AND GAINS</u></b>	<b><u>691,393</u></b>	<b><u>(101,413)</u></b>	<b><u>589,980</u></b>	<b><u>602,541</u></b>
<b><u>EXPENSES</u></b>				
Program Expenses	663,569	-	663,569	589,668
Management and General	84,291	-	84,291	72,794
Fund Raising	34,872	-	34,872	30,620
Total Expenses	782,732	-	782,732	693,082
Loss on Real Estate Properties	8,735	-	8,735	11,566
<b><u>TOTAL EXPENSES AND LOSSES</u></b>	<b><u>791,467</u></b>	<b><u>-</u></b>	<b><u>791,467</u></b>	<b><u>704,648</u></b>
<b><u>DECREASE IN NET ASSETS</u></b>	<b><u>(100,074)</u></b>	<b><u>(101,413)</u></b>	<b><u>(201,487)</u></b>	<b><u>(102,107)</u></b>
Net Assets, Beginning of Year	1,170,860	293,561	1,464,421	1,566,528
<b><u>NET ASSETS, END OF YEAR</u></b>	<b><u>\$ 1,070,786</u></b>	<b><u>\$ 192,148</u></b>	<b><u>\$ 1,262,934</u></b>	<b><u>\$ 1,464,421</u></b>

The accompanying notes and independent auditor's report are integral parts of these financial statements.

DELAWARE HIGHLANDS CONSERVANCY  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2018  
(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017)

	2018	2017
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Decrease in Net Assets	\$ (201,487)	\$ (102,107)
Adjustments:		
Depreciation	7,541	5,959
(Gain) Loss on Securities	33,680	(17,833)
Loss on Real Estate Properties	8,735	11,566
Changes In:		
Accounts Receivable	32,777	20,826
Prepaid Expenses	(4,707)	(1,390)
Accounts Payable	(14,148)	15,935
Payroll Taxes Payable	2,090	(1,826)
<b><u>Net Cash Used in Operating Activities</u></b>	<b>(135,519)</b>	<b>(68,870)</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Proceeds from Sale of Securities	236,312	244,078
Net Proceeds from Sale of Properties	91,165	-
Purchase of Marketable Securities	(245,958)	(159,088)
Purchase of Property and Equipment	(5,698)	(13,024)
<b><u>Net Cash Provided by Investing Activities</u></b>	<b>75,821</b>	<b>71,966</b>
<b><u>NET CHANGE IN CASH AND EQUIVALENTS</u></b>	<b>(59,698)</b>	<b>3,096</b>
Cash and Cash Equivalents, Beginning	155,997	152,901
<b><u>CASH AND CASH EQUIVALENTS, ENDING</u></b>	<b>\$ 96,299</b>	<b>\$ 155,997</b>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Interest Payments	\$ -	\$ -
Income Taxes Paid	\$ -	\$ -

The accompanying notes and independent auditor's report are integral parts of these financial statements.

DELAWARE HIGHLANDS CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018

**NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization and Nature of Operations

Delaware Highlands Conservancy is a not-for-profit corporation whose mission is to conserve lands that define the upper Delaware River region, to protect its ecology, to sustain its outdoor traditions, and to promote the well-being of its people. The Conservancy negotiates conservation easements on behalf of landowners and various holding agencies and other organizations who operate in this region. The Conservancy's support comes primarily from contributions, grants, and public education programs.

Basis of Presentation

The Conservancy has prepared the accompanying financial statements on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles (GAAP) and with the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*.

Based on the existence or absence of donor-imposed restrictions, the Conservancy classifies resources into two categories: without donor restrictions and with donor restrictions.

*Net assets without donor restrictions* - Net assets that are free of donor-imposed restrictions. All revenues, gains, and losses that are not restricted by donors are included in this classification. All expenses are reported as decreases in net assets without donor restrictions.

*Net assets with donor restrictions* - Net assets that are subject to donor-imposed restrictions that will be met either by actions of the Conservancy or the passage of time. Generally, the donors' imposed restrictions of these assets permit the Conservancy to use all or part of the income earned on related investments only for certain general or specific purposes. Expirations of donor restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions in the Statement of Activities. Contributions, including unconditional promises to give, are recognized as revenue in the period received.

Contributions which impose restrictions that are met in the same fiscal year they are received are reported as increases in net assets without donor restrictions. Operating results (change in net assets without restrictions from operating activity) in the Statement of Activities reflect all transactions that change net assets without donor restrictions.



DELAWARE HIGHLANDS CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018

**NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Conservancy considers all highly liquid investments purchased with a maturity of three (3) months or less to be cash and cash equivalents. Cash restricted for educational scholarships was \$23,280 at December 31, 2018.

Accounts Receivable

Accounts receivable and unconditional promises to give are stated at the amount the Conservancy expects to collect from outstanding balances. Management believes that all accounts receivable are fully collectible based upon an analysis of outstanding accounts. Accordingly, no allowance for doubtful accounts has been provided. Uncollectible accounts are charged to expense after all collection remedies have been exhausted.

Marketable Securities

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position.

Property and Equipment

Property and equipment are recorded at cost, or if donated, at the approximate fair value at the date of donation. Significant additions and renewals are capitalized. Payments for maintenance, repairs, and minor renewals are charged to operations as incurred. Depreciation is computed using the straight-line method over estimated useful lives of the assets, which range from five to seven years. Depreciation expense for 2018 was \$7,541.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses, depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

DELAWARE HIGHLANDS CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018

**NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Easements

Easements are restrictions placed on the development of certain parcels of real estate and are held in perpetuity by the Conservancy. The Conservancy expenses property easements when paid, and uses the zero value approach to value easements for financial statements purposes.

Donated Services, Materials, and Facilities

The Conservancy receives donated services from a variety of volunteers including legal, accounting, and website design services. Amounts recognized in the accompanying statement of activities have met the criteria for recognition of such volunteer effort under generally accepted accounting principles. The Conservancy also receives and records donated materials and facilities for certain events.

Functional Classification of Expenses

The Conservancy's primary program is land protection and conservation. The costs of providing the Conservancy's various programs and supporting services have been summarized on a functional basis in the statement of activities. Natural expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques such as time and effort, and square footage.

Income Taxes

The Conservancy qualifies as a tax-exempt, not-for-profit Corporation under Section 501C (3) of the Internal Revenue Code. The Association files an annual information return with the Internal Revenue Service (IRS) (Form 990) and with the following states: Connecticut, New Jersey, New York, and Pennsylvania. No provision for federal or state income taxes has been recorded. The Conservancy has not been informed of any tax examinations by the IRS or the various state authorities.

DELAWARE HIGHLANDS CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018

**NOTE 2 - FINANCIAL ASSETS AND LIQUIDITY RESOURCES**

As of December 31, 2018, financial assets and liquidity resources available within one year for general expenditures, such as operating expenses, scheduled principal payments on debt, and capital addition costs not financed with debt, were as follows:

	2018
Cash and Cash Equivalents	\$ 96,299
Marketable Securities	1,184,586
Accounts Receivable	74,039
Financial Assets at year-end	1,354,924
Less: those unavailable for expenditure within one year, due to:	
Donor-restricted to eagle habitat costs	150,000
Donor-restricted to educational scholarships	42,148
<u>Financial assets available to meet general expenditure within 1 year</u>	<u>\$ 1,162,776</u>

**NOTE 3 - MARKETABLE SECURITIES AND FAIR VALUE MEASUREMENTS**

Marketable securities as of December 31, 2018 are summarized as follows:

	Cost	Fair Value
Money Market Funds	211,943	211,943
Common Stock	230,977	247,499
Mutual Funds	563,787	556,276
Mutual Funds, With Donor Restrictions	173,424	168,868
<u>TOTAL MARKETABLE SECURITIES</u>	<u>\$ 1,180,131</u>	<u>\$ 1,184,586</u>

Financial instruments that potentially subject the Conservancy to concentrations of credit risk consist principally of marketable securities. All marketable securities are held with either The Vanguard Group or Merrill Lynch, both of which are international investment companies.

The Fair Value Measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

DELAWARE HIGHLANDS CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018

**NOTE 3 - MARKETABLE SECURITIES AND FAIR VALUE MEASUREMENTS (Continued)**

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for the identical assets or liabilities in active markets that the Conservancy has the ability to access.

Level 2

Inputs to the valuation methodology include (a) quoted prices for similar assets or liabilities in active markets; (b) quoted prices for identical or similar assets or liabilities in inactive markets; (c) inputs other than quoted prices that are observable for the asset or liability; or (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes on the methodologies used at December 31, 2018.

*Money Market Funds, Common Stock, and Mutual Funds:* Valued using quoted prices in active markets for identical assets.

The following table sets forth by level, within the fair value hierarchy, the Conservancy's investments at fair value as of December 31, 2018.

	<u>Fair Value</u>	<u>Level 1</u>
Money Market Funds	\$ 211,943	\$ 211,943
Common Stock	247,499	247,499
Mutual Funds	<u>725,144</u>	<u>725,144</u>
<u>Total Assets at Fair Value</u>	<u>\$ 1,184,586</u>	<u>\$ 1,184,586</u>

The carrying amounts of other assets and liabilities, including cash, accounts receivable, prepaid expenses, accounts payable, and accrued payroll taxes approximate their fair market value due to the short term maturities of these instruments.

DELAWARE HIGHLANDS CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018

**NOTE 3 - MARKETABLE SECURITIES AND FAIR VALUE MEASUREMENTS (Continued)**

The following schedule summarizes the investment return and classification in the statement of activities for the year ended December 31, 2018:

Dividends and Interest	\$ 27,131
Net Realized and Unrealized Loss on Investments	<u>(33,680)</u>
Subtotal	(6,549)
Investment Expenses	<u>(2,858)</u>
Total Investment Return, Net	<u><u>\$ (9,407)</u></u>

**NOTE 4 - PROPERTIES HELD FOR RESALE**

At December 31, 2017, the Conservancy owned and held two properties totaling 32 acres. The properties were located in Sullivan County, New York, and were reflected at their combined fair value of \$99,900. The Conservancy's management determined the properties were held for resale.

During 2018, the Conservancy sold the properties in separate transactions. The Conservancy received combined net proceeds from the sales of \$91,165, and recognized a combined net loss of \$8,735 on these transactions.

**NOTE 5 - LOAN PAYABLE**

During December, 2016, the Conservancy received \$113,700 in loan proceeds from the Open Space Institute Land Trust, Inc. (OSI). The purpose of the loan is to pay for transaction costs in support of the Conservancy's efforts to acquire conservation easements totaling over 2,000 acres in Monroe County, Pennsylvania. The loan matures November 1, 2019, and is payable upon receipt of public and private funds, with no set repayment schedule. The loan is unsecured and has no set interest rate.

The Conservancy is the potential beneficiary of special conditions included in the loan agreement. First, OSI will forgive 100% of the loan balance should the Conservancy place formal conservation easements on the subject properties by the end of the loan term. Otherwise, OSI will forgive 90% of the loan balance if conservation easements are not placed on the properties by the end of the loan term.

DELAWARE HIGHLANDS CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018

**NOTE 6 - BOARD DESIGNATED NET ASSETS**

The Conservancy's Board of Directors has designated certain net assets without donor restrictions as available for specific purposes at December 31, 2018. The Board's designations are as follows:

Monitoring of Easements	\$ 613,260
Legal Defense of Easements	340,609
Land Protection	61,847
<u>TOTAL BOARD DESIGNATED NET ASSETS</u>	<u>\$ 1,015,716</u>

**NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS**

These net assets are comprised of the following:

Eagle Habitat (marketable securities)	\$ 150,000
Educational Scholarships (cash of \$23,280 plus securities)	42,148
<u>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</u>	<u>\$ 192,148</u>

**NOTE 8 - NET ASSETS RELEASED FROM RESTRICTIONS**

During 2018, net assets were released from donor restrictions by incurring expenses that satisfied the restricted purposes, by the passage of time, or by occurrence of other events satisfying restrictions specified by donors, as follows:

Purpose Restrictions Accomplished:

Grant awards	\$ 229,030
Disposition of property held for resale	60,000
Educational and scholarships	3,087
<u>Total Net Assets Released from Restrictions</u>	<u>\$ 292,117</u>

**NOTE 9 - DONATED SERVICES AND MATERIALS**

These revenues for 2018 are comprised of the following:

Legal Fees, Land Protection	\$ 43,200
Accounting, Program	7,350
Website Design and Videography, Education	887
<u>TOTAL</u>	<u>\$ 51,437</u>

DELAWARE HIGHLANDS CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018

**NOTE 10 - RETIREMENT PLAN**

The Conservancy has established a retirement savings plan to provide post-employment benefits to its employees. All employees who meet age and service requirements are eligible to participate in the plan. Each participant may contribute a percentage of his/her annual compensation to the plan, subject to annual limits established by the Internal Revenue Service. The Conservancy may make discretionary matching contributions to the plan, as determined by management. During 2018, the Conservancy made retirement plan contributions of \$19,302.

**NOTE 11 - OPERATING LEASES**

The Conservancy utilizes operating space in Hawley, PA under a rent-free agreement. The fair market value of this donated space has not been determined.

The Conservancy leases operating space in Bethel, NY for a term of five (5) years. Under this agreement, the Conservancy pays annual rent of \$6,000 per year, plus insurance and utilities. The lease agreement terminates on February 28, 2022.

Future minimum rentals payable by the Conservancy are as follows: 2019 through 2021 - \$6,000 per year; 2022 - \$1,000

**NOTE 12 - COMPENSATED ABSENCES**

No amounts for compensated absences, such as vacation and sick time, have been accrued since the amount cannot be reasonably estimated. Management believes that it will continue to be able to fund any such absences with current revenues.

**NOTE 13 - PRIOR YEAR SUMMARIZED COMPARATIVE INFORMATION**

The financial statements include certain prior-year summarized comparative information in total but not by resource category or natural expense category. 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 Conservancy's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

**NOTE 14 – SUBSEQUENT EVENTS**

Subsequent events were evaluated through July 8, 2019, which is the date the financial statements were available to be issued.

DELAWARE HIGHLANDS CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018

**NOTE 15 - NOT-FOR-PROFIT FINANCIAL STATEMENT PRESENTATION**

During 2018, the Conservancy adopted ASU No. 2016-14 - *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. Main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service; and recognition of underwater endowment funds as a reduction in net assets with donor restrictions.

The guidance also enhances disclosures for board designated amounts, composition of net assets without donor restrictions, liquidity, and expenses by both their natural and functional classification. A recap of the net asset classifications driven by the adoption of ASU 2016-14 as of December 31, 2018 follows:

Net Assets Classifications	ASU 2016-14 Classifications		
	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
As previously presented:			
Unrestricted	\$ 411,209	\$ -	\$ 411,209
Temporarily Restricted	-	1,053,212	1,053,212
Net Assets, as previously presented	411,209	1,053,212	1,464,421
Reclassifications to implement ASU 2016-14:			
Internally designated securities	804,751	(804,751)	-
Donor gifts to scholarship funds	(45,100)	45,100	-
Net Assets, as reclassified	\$ 1,170,860	\$ 293,561	\$ 1,464,421



DELAWARE HIGHLANDS CONSERVANCY  
SCHEDULE I - FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2018  
(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017)

	2018				2017
	Program	General	Fund Raising	TOTAL	
<b><u>EXPENSES</u></b>					
Salaries	\$ 271,738	\$ 34,925	\$ 17,917	\$ 324,580	\$ 324,948
Land Protection	80,441	-	-	80,441	71,148
Outreach and Education	63,786	-	-	63,786	60,574
Grant, OSI	55,000	-	-	55,000	-
Donated Services	44,087	7,350	-	51,437	46,120
Employee Benefits	37,083	4,766	2,445	44,294	40,190
Conservation	42,755	-	-	42,755	21,891
Payroll Taxes	22,613	2,906	1,491	27,010	27,083
Office Supplies	6,630	7,518	2,609	16,757	18,971
Insurance	1,842	10,953	-	12,795	12,648
Auto and Travel	10,762	-	-	10,762	13,389
Professional Fees	931	7,030	2,207	10,168	10,903
Depreciation	3,770	3,771	-	7,541	5,959
Promotions	-	-	7,150	7,150	5,818
Telephone and Internet	4,723	1,337	1,053	7,113	8,204
Rent	4,800	1,200	-	6,000	6,000
Staff Training	4,851	-	-	4,851	3,652
Dues and Memberships	4,090	-	-	4,090	5,760
Property Taxes	1,667	1,667	-	3,334	6,956
Scholar Awards	2,000	-	-	2,000	2,000
Charity Filing	-	625	-	625	625
Postage	-	243	-	243	243
<b><u>TOTAL EXPENSES</u></b>	<b><u>\$ 663,569</u></b>	<b><u>\$ 84,291</u></b>	<b><u>\$ 34,872</u></b>	<b><u>\$ 782,732</u></b>	<b><u>\$ 693,082</u></b>

See accompanying notes and independent auditor's report.

DELAWARE HIGHLANDS CONSERVANCY  
SCHEDULE II - EASEMENTS HELD  
AS OF DECEMBER 31, 2018

Name	County	Year	Acres	Name	County	Year	Acres
Willowemoc 1 and 2	Sullivan, NY	1995	179	Baldwin Hill V	Wayne, PA	2007	25
Butterfly Barn	Wayne, PA	1996	13	Hemlock I	Susquehanna, PA	2007	200
Journey's End Farm	Wayne, PA	1997	65	Hemlock II	Broome, NY	2007	98
Coxton Lake, Lots 1 - 6	Wayne, PA	1998	210	Perry Pond Brook	Sullivan, NY	2007	97
Twin Lakes 1	Pike, PA	1999	154	Stony Brook Farm	Pike, PA	2007	205
Mill Pond	Pike, PA	1999	574	River Road I and II	Wayne, PA	2008	13
Bone Pond	Wayne, PA	1999	96	Swan Lake	Sullivan, NY	2008	31
Hempstead Lake 1	Wayne, PA	2000	154	River Road III and IV	Wayne, PA	2008	10
Crooked Creek Farm	Wayne, PA	2001	312	Lackawaxen Ridge	Pike, PA	2008	300
Twin Lakes 2	Pike, PA	2001	3	Barn Bass Sanctuary	Wayne, PA	2008	98
Dwarfskill Preserve	Pike, PA	2001	364	Partridge Island	Delaware, NY	2008	83
Lake Lattimore	Pike, PA	2002	83	Egypt Creek	Pike, PA	2009	58
Sherwood House	Delaware, NY	2002	221	Stairway Ridge	Pike, PA	2009	708
Hempstead Lake 2	Wayne, PA	2003	39	Long Swamp	Pike, PA	2009	458
Green Valley	Pike, PA	2003	506	Holbert Creek Farm	Wayne, PA	2009	47
South Canaan Meadows	Wayne, PA	2004	35	Lemons Brook Farm	Sullivan, NY	2009	119
Westfall Marsh	Pike, PA	2004	107	Bait Pond	Pike, PA	2009	500
Spruce Lake Farm	Wayne, PA	2004	189	Mongaup Sanctuary	Sullivan, NY	2010	101
Carr Pond	Wayne, PA	2004	242	Lake Lattimore II and III	Pike, PA	2011	56
Lacawac Partner Ridge	Wayne, PA	2004	10	Sulphur Springs Farm	Sullivan, NY	2011	161
Penn Wood Forest	Pike, PA	2004	25	Lemons Brook Farm II	Sullivan, NY	2011	45
Bradley Woods	Pike, PA	2005	22	Windsor Woods II	Broome, NY	2012	33
Milford Aquifer	Pike, PA	2005	28	Beaver Run	Pike, PA	2012	854
Baldwin Hill I and II	Wayne, PA	2005	76	Mitchell Pond Brook	Sullivan, NY	2012	22
Windsor Woods	Broome, NY	2005	1,216	Rose Valley Forest	Sullivan, NY	2012	26
Crestmont Estate	Wayne, PA	2006	57	Turner Brook Preserve	Sullivan, NY	2012	36
Spring Brook	Pike, PA	2006	29	Smallwood Forest I and II	Sullivan, NY	2013	134
Baldwin Hill III	Wayne, PA	2006	112	Hornbecks Mill Falls	Pike, PA	2013	17
Birch Ridge	Sullivan, NY	2006	24	Alden Hill Forest	Wayne, PA	2013	86
Old Milford Turnpike	Pike, PA	2006	57	Silver Lake	Pike, PA	2016	65
La Anna	Pike/Monroe, PA	2006	1,234	Gorr Road Farm	Sullivan, NY	2016	315
Baldwin Hill IV	Wayne, PA	2007	23	Bone Ridge	Wayne, PA	2016	236
South Canaan Meadows II	Wayne, PA	2007	51	Tri-Angle Farm	Pike, PA	2017	50
La Anna II	Pike/Monroe, PA	2007	40	Mongaup River Forest	Sullivan, NY	2018	33
			<u>6,550</u>				<u>5,320</u>
Total							<u>11,870</u>