

North Salem Open Land Foundation, Inc.

**Financial Statements
December 31, 2022**

North Salem Open Land Foundation, Inc.

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To the Board of Trustees of
North Salem Open Land Foundation, Inc.:

Independent Auditor's Report

I have audited the accompanying financial statements of North Salem Open Land Foundation, Inc. which comprise the statement of financial position as of December 31, 2022 and the related statements of activities, functional expenses, and cash flows for the year 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.

Auditor's Responsibility

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

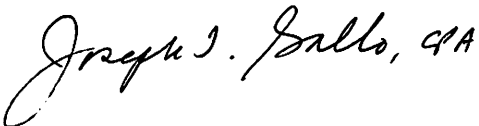
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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, I 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.

Board of Trustees
North Salem Open Land Foundation, Inc.
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I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of North Salem Open Land Foundation, Inc. as of December 31, 2022 and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Joseph T. Gallo, CPA". The signature is written in a cursive style with a large, looping initial "J".

Joseph T. Gallo
October 31, 2023

North Salem Open Land Foundation, Inc.

Statement of Financial Position December 31, 2022

Assets

Cash and cash equivalents	\$ 102,685
Investments	6,360,144
Prepaid expenses and other	11,373
Property and equipment, net	1,119,878
Land held for conservation	11,383,207

Total assets	18,977,287
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Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	1,000
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Total liabilities	1,000
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Net Assets

Without donor restrictions	
Operating	6,189,302
Board designated	283,900
Investment in property and equipment	1,119,878
Land held for conservation	11,383,207

Total net assets without donor restrictions	18,976,287
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Total net assets	18,976,287
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Total liabilities and net assets	18,977,287
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See accompanying notes to financial statements.

North Salem Open Land Foundation, Inc.

Statement of Activities Year Ended December 31, 2022

Operating Support and Revenue	
Contributions and grants	\$ 239,527
Contributions from special event, net of direct donor benefits of \$10,717	38,543
Total operating support and revenue	278,070
Operating Expenses	
Program Services	313,694
Management and general	97,574
Fundraising	12,418
Total operating expenses	423,686
Change in net assets from operations	(145,616)
Non-operating	
Interest and dividend income	87,003
Realized gain on sale of investments	944,640
Unrealized depreciation of investments	(1,396,319)
Change in net assets from non-operating activity	(364,676)
Change in net assets	(510,292)
Net Assets, beginning of year	19,486,579
Net Assets, end of year	18,976,287

See accompanying notes to financial statements.

North Salem Open Land Foundation, Inc.

Statement of Functional Expenses Year Ended December 31, 2022

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 136,668	\$ 36,424	\$ 8,401	\$ 181,493
Payroll taxes and fringe benefits	12,271	3,067	-	15,338
Land preservation expenses	28,749	-	-	28,749
Special projects	8,789	-	-	8,789
Property taxes	6,918	-	-	6,918
Consultants and professional fees	1,742	8,119	1,000	10,861
Printing and communications	1,731	-	2,797	4,528
Occupancy and utilities	10,085	4,322	-	14,407
Insurance	15,014	19,621	-	34,635
Dues and subscriptions	3,800	775	-	4,575
Office expenses	4,657	1,164	-	5,821
Information technology	4,788	1,198	-	5,986
Payroll processing	-	2,293	-	2,293
Meetings and travel	3,064	3,157	220	6,441
Member events	9,509	-	-	9,509
Repairs and maintenance	35,811	8,953	-	44,764
Bank charges and investment fees	-	633	-	633
Staff education	1,869	-	-	1,869
Depreciation	28,229	7,848	-	36,077
Total expenses	313,694	97,574	12,418	423,686

See accompanying notes to financial statements.

North Salem Open Land Foundation, Inc.

Statement of Cash Flows Year Ended December 31, 2022

Cash Flows From Operations

Change in net assets	\$ (510,292)
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Adjustments to reconcile change in net assets
to net cash provided by operating activities:

Depreciation	36,077
Unrealized depreciation of investments	1,396,319
Realized gain on investments	(944,640)

Increase in prepaid expenses and other	(3,222)
Decrease in accounts payable and accrued expenses	(21,000)

Net cash used in operating activities	(46,758)
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Cash Flows From Investing Activities

Proceeds from the sale of marketable securities	3,573,567
Purchases of marketable securities	(3,576,742)

Net cash used in investing activities	(3,175)
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Decrease in cash	(49,933)
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Cash and cash equivalents, beginning of year	152,618
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Cash and cash equivalents, end of year	102,685
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See accompanying notes to financial statements.

North Salem Open Land Foundation, Inc.

Notes to Financial Statements December 31, 2022

1. Organization

North Salem Open Land Foundation, Inc. (NSOLF) was established in 1974 as a nonprofit corporation under the laws of the State of New York. Its primary mission is dedicated to preserving the character and natural beauty of the Town of North Salem, NY and the area around it by establishing land areas free from exploitation, development, and deterioration and by maintaining the environmental and ecological integrity of the area.

2. Summary of Significant Accounting Policies

Use of Estimates -

The financial statements have been prepared in conformity with accounting principles generally accepted in the United State of America ("U.S. GAAP"), which 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 revenue and expenses during the reporting period. Actual results could differ from these estimates.

Financial Statement Presentation -

Net assets, revenues, gains and losses are classified based on the existence or absence of donor imposed restrictions. The net assets of NSOLF and the changes therein are classified and reported as net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions

Operating - net assets represent resources that are not subject to donor-imposed restrictions and amounts can be spent at the discretion of NSOLF for general operations.

Board-Designated - NSOLF's board-designated funds are presented as unrestricted as no donor restrictions on the use of these net assets exists. The same is for investment in property and equipment and land held for conservation.

Net assets with donor restrictions

Purpose/Time Restricted - consists of net assets where the resources are subject to the requirements of the New York Prudent Management of Institutional Funds Act ("NYPMIFA") and the use of which has been restricted by donors to specific purposes and/or passage of time. Net assets released from restrictions represent the passage of time, satisfaction of the restricted purposes and/or explicit appropriation action by the members of the board.

Cash and Cash Equivalents -

For financial reporting purposes, NSOLF considers all highly liquid debt instruments with a maturity of three months or less at the time of purchase to be cash equivalents, except for those cash equivalents held as part of NSOLF's investment portfolio.

North Salem Open Land Foundation, Inc.

Notes to Financial Statements (continued)
December 31, 2022

2. Summary of Significant Accounting Policies (continued)

Contributions and Pledges Receivable -

Contributions to NSOLF are recorded as revenue upon the receipt of an unconditional pledge or the receipt of cash or other assets. Contributions are considered available for unrestricted use unless the donors restrict the use thereof, either on a temporary or permanent basis.

Investments -

Investments are valued at fair value.

Interest and dividend income, as well as realized gains or losses and unrealized appreciation or depreciation in investment value, are recognized as unrestricted, temporarily restricted and permanently restricted, in accordance with donor intent.

Land Held for Conservation -

NSOLF records land at cost, if purchased, or at fair value at the date of donation if received as a gift. Fair value is usually determined by independent appraisal. Conservation easements are real property rights and are not reflected in the Financial Statements either as assets or liabilities. The acquisition costs and other costs associated with conservation easements are expensed in the period incurred.

Property, Equipment and Depreciation -

Property and equipment are reported at cost at the date of acquisition or at their fair market values, if donated. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis.

Volunteer and Other Donated Services and Goods -

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period the services are provided.

NSOLF has many volunteers, including members of the Board of Trustees, who have made significant contributions of time in furtherance of NSOLF's policies and programs. Such contributed services do not meet the criteria for recognition of contributed services contained in U.S. GAAP and, accordingly, are not reflected in the accompanying financial statements.

Income Tax Status -

NSOLF qualifies as a publicly supported tax-exempt organization under Sections 501(c)(3) and 509(a) of the Internal Revenue Code.

NSOLF recognizes the effect of tax positions only when they are more likely than not to be sustained. Management has determined that NSOLF had no uncertain tax positions that would require financial statement recognition or disclosure. NSOLF is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to December 31, 2019.

North Salem Open Land Foundation, Inc.

Notes to Financial Statements (continued)
December 31, 2022

2. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses -

NSOLF allocates its expenses on a functional basis among its program and support services. Expenses that can be specifically identified with a program or support service are allocated directly. Other expenses that are common to several functions are allocated based on estimates made by management.

Subsequent Events -

NSOLF evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure. The accompanying financial statements consider events through October 31, 2023, the date the financial statements were available to be issued.

Concentration of Credit Risk -

Financial instruments that potentially subject NSOLF to concentrations of credit risk consist principally of cash, temporary cash investments in accounts at financial institutions. At times, cash balances held at financial institutions were in excess of federally insured limits. NSOLF places its temporary cash investments with high credit quality financial institutions. Concentration of credit risk with respect to investments is reduced by diversification, professional management, and limited exposure to any single investment.

3. Liquidity and availability of financial assets

NSOLF's working capital and cash flows vary due to timing of payments received under grants and a concentration of contributions received near calendar year-end. As part of NSOLF's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The following reflects NSOLF's financial assets available for general expenditures that is, without donor restrictions limiting their use, within one year of December 31, 2022:

Cash and cash equivalents	\$ 102,685
Investments	6,360,144
Total financial assets	<u>6,462,829</u>
Less: Board designated net assets	<u>283,900</u>
Financial assets available for general expenditures within one year	<u>6,178,929</u>

North Salem Open Land Foundation, Inc.

Notes to Financial Statements (continued)
December 31, 2022

4. Investments and Investment Return

The summary of investments as of December 31, 2022 are as follows:

	Cost	Fair Value
Mutual Funds and exchange traded funds	\$ 1,095,657	\$ 1,070,210
Common stock	2,679,502	2,649,510
Corporate Bonds & Notes	520,901	516,520
U.S. Treasury Bills, Bonds & Notes	388,263	388,692
Cash and cash equivalents, at cost	1,735,212	1,735,212
Total investments	6,419,535	6,360,144

Investment return for the year ended December 31, 2022:

Interest and dividends	\$ 87,003
Realized gain	944,640
Unrealized appreciation	(1,396,319)
Net investment return	(364,676)

5. Property and Equipment

Property and equipment as of December 31, 2022 consists of the following:

Furniture and Equipment	\$ 19,532
Buildings	1,276,000
Total property and equipment	1,295,532
Less accumulated depreciation	175,654
Property and equipment, net	1,119,878

6. Land Held for Conservation and Conservation Easements

NSOLF accepts fee title to conservation properties that are held by NSOLF in furtherance of its mission. NSOLF may also purchase real property for the furtherance of its mission. Such acquired property is recorded at cost, if purchased, or at fair market value when donated. Land held for conservation was \$ 11,383,207 at December 31, 2022.

Conservation Easements

NSOLF accomplishes its land conservation objectives, in part, by accepting donations of interests in real property primarily in the form of conservation easements. Conservation easements are perpetual agreements between NSOLF and private landowners through whom the landowners agree to abide by certain restrictions designed to preserve the open space or conservation value of their land. These agreements are binding on all landowners. As of December 31, 2022 NSOLF had 14 conservation easements which cover approximately 500 acres of land.

7. Board Designated Net Assets

Board designated net assets consist of the following as of December 31, 2022:

Conservation Easement and Defense Fund	\$ 107,500
Fee Land Stewardship Fund	88,200
Fee Land Stewardship Reserve Fund	88,200
	283,900

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