

SQUAM LAKES CONSERVATION SOCIETY

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2021 and 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Squam Lakes Conservation Society
Holderness, New Hampshire

Opinion

We have audited the accompanying financial statements of Squam Lakes Conservation Society (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and the related statements of activities and changes in net assets, cash flows and functional expenses for the year 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 Squam Lakes Conservation Society as of December 31, 2021 and the statements of activities and changes in its net assets, cash flows and functional expenses for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audit 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 Squam Lakes Conservation Society and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 these 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.

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, including omissions, are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

Exercise professional judgement 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 Squam Lakes Conservation Society's internal control. Accordingly, no such opinion is expressed.

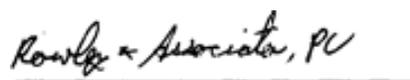
Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Squam Lakes Conservation Society'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.

Report on Summarized Comparative Information

We have previously audited Squam Lakes Conservation Society's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 1, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Rowley & Associates, P.C.
Concord, New Hampshire
May 25, 2022

SQUAM LAKES CONSERVATION SOCIETY
STATEMENTS OF FINANCIAL POSITION

December 31, 2021 with Comparative
 Totals for December 31, 2020

ASSETS	Net Assets Without Donor Restriction	Net Assets With Donor Restriction	2021 Total	2020 Total
CURRENT ASSETS				
Cash and cash equivalents	\$ 285,271	\$ -	\$ 285,271	\$ 255,488
Investments	1,206,473	4,826,975	6,033,448	4,164,523
Note receivable, less than one year	7,500	-	7,500	7,500
Deposit on land	-	-	-	10,000
Pledges receivable	-	1,020,420	1,020,420	-
Prepaid expenses	1,937	-	1,937	9,830
Total Current Assets	<u>1,501,181</u>	<u>5,847,395</u>	<u>7,348,576</u>	<u>4,447,341</u>
PROPERTY AND EQUIPMENT				
Land	-	6,464,701	6,464,701	6,270,776
Leasehold improvements	29,573	-	29,573	29,573
Equipment	81,401	-	81,401	80,097
	<u>110,974</u>	<u>6,464,701</u>	<u>6,575,675</u>	<u>6,380,446</u>
Less accumulated depreciation	<u>95,272</u>	<u>-</u>	<u>95,272</u>	<u>92,466</u>
	<u>15,702</u>	<u>6,464,701</u>	<u>6,480,403</u>	<u>6,287,980</u>
LONG-TERM ASSETS				
Conservation easements	-	116	116	113
Other investment	60,000	-	60,000	60,000
Investments, Endowment	-	2,125,886	2,125,886	1,934,195
Note receivable, long term portion	55,625	-	55,625	63,125
	<u>115,625</u>	<u>2,126,002</u>	<u>2,241,627</u>	<u>2,057,433</u>
Total Assets	<u>1,632,508</u>	<u>14,438,098</u>	<u>16,070,606</u>	<u>12,792,754</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable and accrued expenses	7,273	-	7,273	11,038
Agency Funds	24,539	-	24,539	23,763
Total Current Liabilities	<u>31,812</u>	<u>-</u>	<u>31,812</u>	<u>34,801</u>
NET ASSETS				
Without donor restriction	1,600,696	-	1,600,696	1,376,895
With donor restriction	-	14,438,098	14,438,098	11,381,058
	<u>1,600,696</u>	<u>14,438,098</u>	<u>16,038,794</u>	<u>12,757,953</u>
Total Liabilities and Net Assets	<u>\$ 1,632,508</u>	<u>\$ 14,438,098</u>	<u>\$ 16,070,606</u>	<u>\$ 12,792,754</u>

See Independent Auditors' Report and Notes to Financial Statements

SQUAM LAKES CONSERVATION SOCIETY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2021 with Comparative

Totals for Year Ended December 31, 2020

	<u>Net Assets Without Donor Restriction</u>	<u>Net Assets With Donor Restriction</u>	<u>2021 Total</u>	<u>2020 Total</u>
Revenue and gains and other support:				
Contributions	\$ 507,189	\$ 1,069,790	\$ 1,576,979	\$ 550,080
Interest income	112	-	112	814
Merchandise sales, net expense of \$4,993 and \$0	(3,530)	-	(3,530)	291
Total revenues, gains and other support	<u>503,771</u>	<u>1,069,790</u>	<u>1,573,561</u>	<u>551,185</u>
Net Asset Transfers				
Land acquired with donor restricted funds	(193,125)	193,125	-	-
Easements acquired with donor restricted funds	(3)	3	-	-
Net assets released from donor imposed restrictions	359,116	(359,116)	-	-
Total net asset transfers	<u>165,988</u>	<u>(165,988)</u>	<u>-</u>	<u>-</u>
Expenses:				
Program Service expenses	301,853	-	301,853	314,391
General and administration	142,368	-	142,368	104,408
Fundraising	65,020	-	65,020	59,542
Total Expenses	<u>509,241</u>	<u>-</u>	<u>509,241</u>	<u>478,341</u>
Operating increase (decrease) in net assets	<u>160,518</u>	<u>903,802</u>	<u>1,064,320</u>	<u>72,844</u>
Investment Gain				
Dividend income	19,923	114,786	134,709	95,351
Net realized gain on sale of investments	30,220	174,108	204,328	100,719
Unrealized gain on investments	13,140	75,702	88,842	158,840
Total investment gain	<u>63,283</u>	<u>364,596</u>	<u>427,879</u>	<u>354,910</u>
Projects				
Projects contributions, cash	-	1,900,253	1,900,253	446,151
Project (expense)	-	(111,611)	(111,611)	(62,292)
Projects net income	<u>-</u>	<u>1,788,642</u>	<u>1,788,642</u>	<u>383,859</u>
Net increase in net assets	223,801	3,057,040	3,280,841	811,613
Net Assets, beginning of year	<u>1,376,895</u>	<u>11,381,058</u>	<u>12,757,953</u>	<u>11,946,340</u>
Net Assets, end of year	<u>\$ 1,600,696</u>	<u>\$ 14,438,098</u>	<u>\$ 16,038,794</u>	<u>\$ 12,757,953</u>

See Independent Auditors' Report and Notes to Financial Statements

SQUAM LAKES CONSERVATION SOCIETY
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2021
With Comparative Totals For the Year Ended December 31, 2020

	Total Program Services	Management and General	Fundraising	2021 Total	2020 Total
Salaries	\$ 204,094	\$ 74,296	\$ 52,384	\$ 330,774	\$ 307,703
Employee Benefits	21,051	8,523	6,855	36,429	22,323
Payroll Taxes	17,093	6,242	4,515	27,850	24,058
Professional Fees	25,753	1,164	-	26,917	38,039
Supplies	1,036	6,144	54	7,234	8,334
Communications	-	3,989	-	3,989	2,579
Postage & Shipping	1,636	1,063	-	2,699	2,959
Occupancy (Rent)	8,664	1,074	1,212	10,950	10,950
Town Tax	-	4,124	-	4,124	6,051
Depreciation	2,806	-	-	2,806	3,038
Equipment Maint. & Supply	-	6,719	-	6,719	3,746
Filing Fees	21	-	-	21	100
Printing & Publications	646	11,153	-	11,799	10,912
Accounting	-	8,506	-	8,506	10,416
Bank fees	1,897	316	-	2,213	1,962
Conferences and Meetings	1,453	810	-	2,263	2,457
Membership Dues	2,900	-	-	2,900	2,632
Insurance	10,551	6,145	-	16,696	17,314
Americorps expense	2,000	2,085	-	4,085	2,400
Miscellaneous	252	15	-	267	368
	<u>\$ 301,853</u>	<u>\$ 142,368</u>	<u>\$ 65,020</u>	<u>\$ 509,241</u>	<u>\$ 478,341</u>

See Independent Auditors' Report and Notes to Financial Statements

SQUAM LAKES CONSERVATION SOCIETY
STATEMENTS OF CASH FLOWS

Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 3,280,841	\$ 811,613
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,806	3,038
Note receivable payments applied to rent	7,500	7,500
Non-cash contributions of land and easements	-	(3)
Decrease in value of property held for resale	-	-
Realized (gain) on investments	(204,328)	(100,719)
Unrealized (gain) on investments	(88,842)	(158,840)
(Increase) decrease in operating assets:		
Deposit on land	-	(10,000)
Pledges receivable	(1,020,420)	-
Prepaid expenses	7,893	(8,774)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(3,765)	5,802
Agency funds	776	(40,059)
	<u>1,982,461</u>	<u>509,558</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of land	(183,925)	(393,127)
Purchase of equipment	(1,304)	-
Purchase of easements	(3)	(1)
Proceeds from sale of investments	902,475	492,147
Purchase of investments	(2,669,921)	(697,652)
	<u>(1,952,678)</u>	<u>(598,633)</u>
Net cash (used) by investing activities		
	<u>(1,952,678)</u>	<u>(598,633)</u>
Net increase (decrease) in cash and cash equivalents	29,783	(89,075)
Cash and cash equivalents, beginning of year	<u>255,488</u>	<u>344,563</u>
Cash and cash equivalents, end of year	<u>\$ 285,271</u>	<u>\$ 255,488</u>

See Independent Auditor's Report and Notes to Financial Statements

SQUAM LAKES CONSERVATION SOCIETY**STATEMENTS OF CASH FLOWS**

Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
NON CASH INVESTING ACTIVITIES		
Total value of land aquired	\$ 193,925	\$ 393,127
Less deposit paid in prior year	(10,000)	-
Cash paid for purchase of land	<u>\$ 183,925</u>	<u>\$ 393,127</u>
Total easements aquired	\$ 3	\$ 4
Non-cash donation of easements	-	(3)
Purchase of easements	<u>3</u>	<u>1</u>
Note receivable payments applied to rent	<u>\$ 7,500</u>	<u>\$ 7,500</u>

See Independent Auditor's Report and Notes to Financial Statements

SQUAM LAKES CONSERVATION SOCIETY
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2021 and 2020

NOTE 1 - NATURE OF ORGANIZATION

The Squam Lakes Conservation Society (“SLCS”) is a New Hampshire-based nonprofit land preservation and conservation organization dedicated to the protection of the natural environment for the benefit of all present and future residents and visitors to the Squam Lakes Region. It achieves the long-term protection of land by seeking, holding, and monitoring conservation easements and by acquiring land. In addition, SLCS communicates its objectives and regularly provides educational programs to the community. Its activities are accomplished in cooperation with state and local authorities, businesses, conservation organizations, residents, landowners and visitors. The organization is supported primarily through donor contributions and grants.

SLCS envisions a unique region of islands, shorefront, back lands and mountains, wherein a harmony between the natural environment and people is preserved forever.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Organization maintains its accounting records on the accrual basis of accounting whereby revenues are recorded when earned and expenses are recorded when the obligation is incurred. The Organization reports 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 – These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Net Assets with Donor Restrictions – These net assets result from gifts of cash and other assets that may be temporarily or permanently restricted. Temporarily restricted assets are released from restriction when a stipulated time restriction ends or the purpose of the restriction is accomplished.

Basis of Accounting: The financial statements of SLCS have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Estimates and assumptions

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results may differ from these estimates.

SQUAM LAKES CONSERVATION SOCIETY
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2021 and 2020

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional and Cost Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on estimates that are based on their relationship to those activities. Those expenses include payroll and payroll related expenses and occupancy costs. Occupancy costs are allocated based on square footage. Payroll and payroll related expenses are based on estimates of time and effort. Other cost allocations are based on the relationship between the expenditure and the activities benefited.

Capitalization policy

Expenditures for additions, renewals and betterments of property and equipment, unless of relatively minor amount, are capitalized and recorded at cost. Maintenance and repairs are expensed as incurred. Upon retirement or sale, the cost of the assets disposed of and the related accumulated depreciation are removed from the accounts and any gain or loss is included in other income in the period the asset is disposed.

Depreciation is computed using the straight-line method over the following useful lives:

	<u>Years</u>
Land	None
Leasehold improvements	20- 39
Equipment	5 – 7

Depreciation expense was \$2,806 and \$3,038 for the years ended December 31, 2021 and 2020, respectively.

Investments

Investments are stated at fair-market value. The net realized and unrealized gains (losses) on investments are reflected in the statement of activities.

Income taxes: The Organization has been notified by the Internal Revenue Service that it is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is further classified as an organization that is not a private foundation under Section 509(a)(3) of the Code. The most significant tax positions of the Organization are its assertion that it is exempt from income taxes and its determination of whether any amounts are subject to unrelated business tax (UBIT). The Organization follows the guidance of Accounting Standards Codification (ASC) 740, Accounting for Income Taxes, related to uncertain income taxes, which prescribes a threshold of more likely than not for recognition as well as recognition of tax positions taken or expected to be taken in a tax return. All significant tax positions have been considered by management. It has been determined that it is more likely than not that all tax positions would be sustained upon examination by taxing authorities. Accordingly, no provision for income taxes has been recorded.

SQUAM LAKES CONSERVATION SOCIETY
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2021 and 2020

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pledges receivable and allowance for doubtful accounts

Pledges receivable are comprised of amounts due from donors. The Organization considers pledges receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been established. If pledges become uncollectible, they will be charged to operations when that determination is made. Collections on accounts previously written off are included in revenue as received.

Contributions received are recorded as increase in net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. When restrictions expire (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 statement of activities as net assets released from restrictions. In the absence of donor restrictions to the contrary, restrictions on contributions of property or equipment or on assets restricted to acquiring property or equipment expire when the property or equipment is placed in service.

Donations of long-lived assets

The SLCS records donations of services and materials which increase long-lived assets at their fair values and recognizes these revenues as increases in net assets.

Cash and cash equivalents

For purposes of reporting cash flows, SLCS considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents, excluding amounts the use of which is limited by Board designation or restriction. At December 31, 2021 and 2020 the SLCS had no cash equivalents.

Concentration of Credit Risk: The Organization maintains cash balances in several accounts at a local bank. These accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At various times throughout the year, the Organization may have cash balances at the financial institution that exceed the insured amount. Management does not believe this concentration of cash results in a high level of risk for the Organization. At December 31, 2021 and 2020 the Organization had \$0 in uninsured cash balances, respectively.

Comparative Financial Information: The financial statements include certain prior-year summarized comparative information in total but not by net asset class. 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 Organization's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

SQUAM LAKES CONSERVATION SOCIETY
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2021 and 2020

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments: The carrying value of cash and cash equivalents, pledges receivable, notes receivable, deposits on land, prepaid expenses, accounts payable and accrued expenses are stated at carrying cost at December 31, 2021 and 2020, which approximates fair value due to the relatively short maturity of these instruments. Other financial instruments held at year end are investments and other investments which are stated at fair value.

Newly Adopted Accounting Pronouncements

In the year ended December 31, 2021 the Organization adopted Financial Accounting Standards Board Accounting Standards Update (ASU) 2018-08, Not-for-Profit Entities (Topic 958)—Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The FASB issued this ASU to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. Analysis of the provision of these standards resulted in no significant changes in the way the Organization recognizes revenue and, therefore, no changes to the previously issued audited financial statements (presented in these financial statements as comparative financial information) were required on a retrospective basis. The adoption of this ASU did not have a significant impact on the financial statements.

Recent Accounting Pronouncements

In February, 2016, the FASB issued ASU 2016-02, Leases (Topic 842). Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than twelve months. Consistent with current GAAP, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. However, unlike current GAAP—which requires only capital leases to be recognized on the statement of financial position—the new ASU will require both types of leases to be recognized on the statement of financial position. This standard is effective for annual reporting periods beginning after December 15, 2021.

Reclassifications - Certain financial statement and note information from the prior year financial statements has been reclassified to conform with current year presentation format.

Subsequent Event: Management has evaluated subsequent events through May 25, 2022, the date on which the financial statements were available to be issued to determine if any are of such significance to require disclosure. There were no events matching this criterion during this period.

SQUAM LAKES CONSERVATION SOCIETY
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2021 and 2020

NOTE 3 – INVESTMENTS AND INVESTMENTS, ENDOWMENT

Investments are presented in the financial statements at fair market value. Investments at December 31 are composed of the following:

	<u>2021</u>		<u>2020</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Stock equities	\$ 258,674	\$ 279,233	\$ 273,069	\$ 377,016
US Government bonds	1,042,157	1,042,157	1,212,938	1,212,938
Marketable equity securities	2,047,276	2,721,364	1,889,172	2,395,119
Corporate bonds	1,961,455	1,971,077	1,973,078	1,998,343
Money Market	2,133,147	2,133,147	105,342	105,342
Cash	<u>12,356</u>	<u>12,356</u>	<u>9,960</u>	<u>9,960</u>
Subtotal	7,455,065	8,159,334	5,463,559	6,098,718
Less amounts included in cash	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total investments and investments, endowment	<u>\$7,455,065</u>	<u>\$8,159,334</u>	<u>\$5,463,559</u>	<u>\$6,098,718</u>

FASB Accounting Standards Codification Topic 820-10 *Fair Value Measurements* defines fair value, requires expanded disclosures about fair value measurements, and establishes a three-level hierarchy for fair value measurements based on the observable inputs to the valuation of an asset or liability at the measurement date. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It prioritizes the inputs to the valuation techniques used to measure fair value by giving the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurement).

Under Topic 820-10, the three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included in Level 1 that are either directly or indirectly observable for the assets or liabilities.

Level 3 inputs are unobservable inputs for the assets or liabilities.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

All investments are measured at Level 1. Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets.

SQUAM LAKES CONSERVATION SOCIETY
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2021 and 2020

NOTE 3 – INVESTMENTS AND INVESTMENTS, ENDOWMENT (Continued)

The Organization maintains individual and pooled investments containing both restricted and unrestricted funds. Investment income, gains, losses, and management fees of any pool are allocated to accounts based on each account’s pro-rata share (on dollar and time basis) in the pool. Investments in marketable equity securities and marketable debt securities are carried at fair market value determined by “quoted market prices” per unit (share) as of the balance sheet date. All other investments are stated at cost. Donated investments are recorded at the “fair market value” as of the date of receipt. Investment interest and dividend income on restricted accounts is added to, or deducted from, the appropriate account.

Investment Return Objectives

Projects funds are available, with approval of a Board majority vote, to be used in acquisition of conservation land or easements. The W. Barnes Legal Defense funds are available, with approval of a Board majority vote, to be used in defending conservation land or easements. The investment committee has the authority to invest in cash or cash equivalents, marketable securities or bonds in proportions determined at their discretion.

Investments

SLCS maintains investments for various purposes. The composition of donor restricted investments and the changes in net assets as of December 31, 2021 and 2020 are as follows:

	Net Assets Without Donor Restriction	Net Assets With Donor Restriction	Total
Balance December 31, 2019	\$ 564,851	\$ 5,068,803	\$ 5,633,654
Contributions	356,279	308,489	664,768
(Withdrawals)	-	(554,614)	(554,614)
Net investment gain	58,099	296,811	354,910
Release from Restriction and Designation transfers	19,320	(19,320)	-
Balance December 31, 2020	<u>998,549</u>	<u>5,100,169</u>	<u>6,098,718</u>
Contributions	121,131	1,829,133	1,950,264
(Withdrawals)	-	(317,527)	(317,527)
Net investment gain	63,283	364,596	427,879
Release from Restriction and Designation transfers	23,510	(23,510)	-
Balance December 31, 2021	<u>\$ 1,206,473</u>	<u>\$ 6,952,861</u>	<u>\$ 8,159,334</u>

SQUAM LAKES CONSERVATION SOCIETY
NOTES TO FINANCIAL STATEMENTS
 Years Ended December 31, 2021 and 2020

NOTE 3 – INVESTMENTS AND INVESTMENTS, ENDOWMENT (Continued)

Spending Policy

The spending policy of the dedicated funds allows for a fraction of the funds to be released from restriction on an annual basis. At the end of each year, the quarterly value of the invested dedicated funds for the past 12 quarters is computed. The average of those 12 quarters is the basis for calculating the 4% “release from restriction,” which is added to the Board Fund and is available for the general operating expenses as part of the annual operating budget as approved by the Board of Directors.

Investments, Endowment

The Investments, Endowment consist of five funds that were restricted in perpetuity by donors. The activity in the Investments, Endowment for the year ended December 31 was:

	<u>2021</u>	<u>2020</u>
Balance at beginning of year	\$ 1,934,195	\$ 1,671,732
Contributions	33,000	156,732
Net investment gain	220,207	161,732
Release from restriction in accordance with spending policy	<u>(61,515)</u>	<u>(56,001)</u>
Balance at end of year	<u>\$ 2,125,886</u>	<u>\$ 1,934,195</u>

NOTE 4 – OTHER INVESTMENT

During the year ended December 31, 2016 the Organization was the recipient of a non-cash contribution of 20 shares of Common Stock in Rockywold-Deephaven Camp Incorporated valued at \$60,000. Based on the most recent share transfer records, estimated market value was \$60,000 as of December 31, 2021 and 2020, respectively.

NOTE 5 – AGENCY FUNDS

The Organization is acting as an Intermediary on behalf of the White Oak Pond Watershed Association (WOPWA). Funds have been contributed to the organization with donor specification that these funds be distributed to WOPWA. The Organization has no variance power over the funds specifically identified as contributions to these organizations. Funds contributed to Squam Lakes Conservation Society specifically for distribution to WOPWA are recorded as a liability in the accompanying statement of financial position in accordance with FASB ASC 958-605-25. Agency fund balances as of December 31, were:

	<u>2021</u>	<u>2020</u>
WOPWA	<u>\$ 24,539</u>	<u>\$ 23,763</u>

SQUAM LAKES CONSERVATION SOCIETY
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2021 and 2020

NOTE 6 – FAIR VALUE MEASUREMENTS

In accordance with FASB ASC 820, *Fair Value Measurements and Disclosures*, the Organization is required to disclose certain information about its financial assets and liabilities. Fair values of assets measured on a recurring basis at December 31 were as follows:

		Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant other Observable Inputs (Level 2)
<u>2021</u>	<u>Fair Value</u>		
Investments	\$8,159,334	\$8,159,334	\$ -
Note receivable	63,125	-	63,125
Other investment	<u>60,000</u>	<u>-</u>	<u>60,000</u>
	<u>\$8,282,459</u>	<u>\$8,159,334</u>	<u>\$ 123,125</u>
<u>2020</u>			
Investments	\$6,098,718	\$6,098,718	\$ -
Note receivable	70,625	-	70,625
Other investment	<u>60,000</u>	<u>-</u>	<u>60,000</u>
	<u>\$6,229,343</u>	<u>\$6,098,718</u>	<u>\$ 130,625</u>

Fair values for investments were determined by reference to quoted market prices and other relevant information generated by market transactions. The fair market value of pledges and notes receivable and other investments were estimated at the present value of expected future cash flows.

NOTE 7 – COMMITMENTS AND CONTINGENCIES

The Organization holds conservation easements and holds title to properties and is committed to bringing any and all actions necessary to bring remedy.

A summary of the above is as follows:

	Number of Properties	Number of Acres
Conservation easements	116	5,437
Fee Simple	25	1,064
Easement Reverter	4	2,707
Title Reverter	2	208
Deed Restriction and other	<u>1</u>	<u>0</u>
Total	<u>148</u>	<u>9,416</u>

SQUAM LAKES CONSERVATION SOCIETY
NOTES TO FINANCIAL STATEMENTS
 Years Ended December 31, 2021 and 2020

NOTE 8 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization's primary source of support is contributions. Most of that support is held for the purpose of supporting the Organization's budget. The Organization also raises funds to complete conservation projects which are held for the purpose of acquiring current and future conservation properties. The Organization has the following financial assets that could readily be made available within one year to fund expenses without limitations:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 285,271	\$ 255,488
Investments, operating	<u>1,206,473</u>	<u>998,549</u>
	1,491,744	1,254,037
Less amount required to be held		
For others - Agency funds	<u>(24,539)</u>	<u>(23,763)</u>
	<u>\$1,467,205</u>	<u>\$1,230,274</u>

NOTE 9 – BOARD DESIGNATED NET ASSETS

Included in net assets without donor restriction are assets which have been designated by the Board of Directors for the support of the Society's conservation activities. These funds are held in investments and amounted to the following as of December 31:

	<u>2021</u>	<u>2020</u>
Stewardship fund	\$537,173	\$371,830
Memorial funds	274,190	250,369
Board operations fund	<u>394,943</u>	<u>376,304</u>
	<u>\$1,206,306</u>	<u>\$998,503</u>

SQUAM LAKES CONSERVATION SOCIETY
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Years Ended December 31, 2021 and 2020

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS

	<u>2021</u>	<u>2020</u>
Net assets subject to expenditure for specific purpose		
Bennett Education Fund	\$ 77,165	\$ 71,363
Barnes Legal Defense	358,892	326,095
Stewardship Fund	485,528	418,553
Deposit on land	-	10,000
Agency Funds	24,539	23,763
Land & Easement Projects	4,901,271	2,326,200
SUBTOTAL	<u>5,847,395</u>	<u>3,175,974</u>
Net assets subject to restriction in perpetuity		
Investments, Endowment		
Grady Land Monitoring Fund	515,127	476,393
Coolidge Stewardship Fund	69,983	64,721
Stewardship Endowment Fund	486,558	418,131
SLCS Endowment Fund	962,351	889,990
EG Barry Memorial Fund	91,867	84,960
Total Investments, Endowment	<u>2,125,886</u>	<u>1,934,195</u>
Conservation Land	6,464,701	6,270,776
Conservation Easements	116	113
SUBTOTAL	<u>8,590,703</u>	<u>8,205,084</u>
Total net assets subject to donor restriction	<u>\$14,438,098</u>	<u>\$ 11,381,058</u>

NOTE 11 – RENTAL AGREEMENT AND NOTE RECEIVABLE

The Organization made improvements to occupancy space that it rents from Squam Lakes Association (SLA). On May 23rd, 2010 an agreement between the Organization and SLA calls for gross rent payable to SLA in monthly amounts of \$912. The agreement also references a note payable by SLA to the Organization with an original principal balance of \$150,000 with monthly payments due of \$625 for twenty years and zero percent interest.

SLA credits rents due from the Organization resulting in net rent due of \$287 per month.

Future minimum notes receivable as of December 31:

2022	\$ 7,500
2023	7,500
2024	7,500
2025	7,500
2026	7,500
Thereafter	<u>25,625</u>
	<u>\$ 63,125</u>

SQUAM LAKES CONSERVATION SOCIETY
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2021 and 2020

NOTE 12 – RETIREMENT PLAN

The Organization has a 403(b)-retirement plan available to eligible employees. The Organization will match employee’s contributions up to 3% after one full year of employment, 5% after three full years, and up to 7% after five full years. Matching contributions were made to employee accounts during the years ended December 31, 2021 and 2020 amounted to \$15,609 and \$15,382, respectively.

NOTE 13– COMPENSATED ABSENCES

Employees of the Organization are entitled to paid vacation depending on job classification, length of services and other factors. Employees must use their vacation time each calendar year or forfeit that time. There was no accrued vacation earned, but unpaid as of December 31, 2021 and 2020.

NOTE 14 –PROJECTS

Projects consist of land purchases or conservation easement activities. Projects that occurred during the years ended December 31, 2021 and 2020 were:

2021 Land Acquisitions

SLCS purchased three parcels of land:	
Curry Place, .25 acres	\$ 25
West Squam Ridgeway, 148 acres	191,860
Wallace Marsh, 18 acres	<u>2,040</u>
Total land acquisition	<u>\$193,925</u>

2021 Easement Acquisitions

SLCS also received three easements through donation, totaling 3.75 acres. No appraisal was done to assign a value to these easements.

2020 Land Acquisitions

SLCS purchased two parcels of land:	
Tompkins Preserve, 82 acres	\$181,600
Michaels Preserve, 13 acres	<u>211,527</u>
Total land acquisition	<u>\$393,127</u>

2020 Easement Acquisitions

SLCS purchased a 79-acre easement for \$50,000. SLCS also received three easements through donation, totaling 33 acres. No appraisal was done to assign a value to these easements.

NOTE 15 – RISKS AND UNCERTAINTIES: COVID-19

As a result of the spread of the Covid-19 coronavirus, economic uncertainties have arisen which may negatively impact future financial performance. The potential impact of these uncertainties is unknown and cannot be estimated at the present time.