

# **FINANCIAL MANAGEMENT FOR LAND TRUSTS**

**Gathering Waters – Wisconsin Land Trust Conference  
Onalaska, WI  
March 8 2018**

# FINANCIAL MANAGEMENT FOR LAND TRUSTS

Gathering Waters – Wisconsin Land Trust Conference  
March 8, 2018

## Presenter

**Dana Chabot CPA**

[dana@chabotcpa.com](mailto:dana@chabotcpa.com)

Dana Chabot is a CPA who has provided financial management services to land trusts and other nonprofit organizations throughout the Midwest for the past 13 years. He has long worked with Gathering Waters: Wisconsin's Alliance for Land Trusts as their financial manager, where he compiles financial statements for their board and management, prepares annual and long-term budgets, and monitors compliance with internal controls.

Prior forming his own firm, Dana worked for five years for a CPA firm that audits nonprofit organizations and taught political philosophy for over ten years at Indiana University and the University of Minnesota.

## SEMINAR OBJECTIVES, CONTENTS, AND AGENDA

1. Introductions; Description of changes in Accreditation Commission requirements and GAAP for not-for-profit organizations 1:00 – 1:20

2. Know Your Funds 1:20 – 2:00

*Donor restricted*

*Board designated*

*General operating*

*Endowment funds:*

- *“True,” “term,” and “quasi-endowments”*

3. Financial Statement Literacy: understanding the balance sheet 2:00 – 2:45

*Relationship between assets, liabilities, and net assets*

*How the balance sheet presents the funds described above*

*Effect of sample transactions on the balance sheet*

*Where to find “reserves available for general operations”*

4. Model Financial Statements –Door County Land Trust 3:00 – 3:30

- *Classified balance sheet*
- *The three components of “profit and loss:”*
  - General operations*
  - Endowment and investment activity*
  - Land and easement acquisition*
- *Sources and uses of restricted funds*

5. Making Financial Information Available to the General Public 3:30 – 4:00

- *Annual reports*
- *Form 990*
- *Audited and reviewed financial statements*

**FINANCIAL MANAGEMENT FOR LAND TRUSTS**

**Gathering Waters – Wisconsin Land Trust Conference  
March 8, 2018**

<b>FOREVER LAND TRUST</b>			
STATEMENT OF FINANCIAL POSITION			Otherwise called "balance sheet"
December 31, 2017			Snapshot at a specific point of time
		<b>Dec. 31, 2017</b>	
<b>ASSETS</b>			Assets = things the land trust owns
CASH - checking and money market accounts		\$ 35,150	
<b>Total assets</b>		<b>35,150</b>	
<b>LIABILITIES</b>			Liabilities = amounts owed to outside parties
Accounts payable		\$ 4,550	Owed to vendors and contractors
Accrued payroll and taxes		2,375	Owed to employees (wages not yet paid)
Loans payable		9,500	Owed to lenders, as in a mortgage
<b>Total liabilities</b>		<b>16,425</b>	
<b>NET ASSETS</b>			Net assets (or reserves) = assets minus liabilities
With donor restrictions			
Temporarily		-	
Permanently		-	
<b>Total with donor restrictions</b>		<b>-</b>	
Without donor restrictions			
		18,725	
<b>Total net assets</b>		<b>\$ 18,725</b>	

## FINANCIAL MANAGEMENT FOR LAND TRUSTS

### Gathering Waters – Wisconsin Land Trust Conference March 8, 2018

FOREVER LAND TRUST					
STATEMENT OF FINANCIAL POSITION					
December 31, 2017					
			TRANSACTIONS		
			Restricted		
			Permanently	Temporarily	
<b>ASSETS</b>		Dec. 31, 2017			
CASH - checking and money market accounts		\$ 57,650			
UNCONDITIONAL PROMISES TO GIVE		200,000	1	Restricted for easement monitoring at Loon Lake	\$ -      \$ 15,000
			2	Gift to Forever Fund	35,000      -
			3	Unrestricted gift	-      7,500
PROPERTY AND EQUIPMENT			4	Unusually Beautiful Prairie maintenance	-      -
Land held for conservation		500,000	5	Second and third years of 3-year pledge	-      200,000
Office equipment		4,250	6	Indefinite pledge	-      -
			7	Inclusion in donor's will	-      -
Total property and equipment		504,250	8	Land held for conservation	-      -
OTHER ASSETS				Totals	\$ 35,000      \$ 222,500
Brokerage Account - Forever Fund		35,000			
<b>Total assets</b>		<b>796,900</b>			
<b>LIABILITIES</b>					
Accounts payable		\$ 4,550			
Accrued payroll and taxes		2,375			
Loans payable		9,500			
<b>Total liabilities</b>		<b>16,425</b>			
<b>NET ASSETS</b>					
With donor restrictions					
Temporarily		222,500			
Permenantly		35,000			
Total with donor restrictions		257,500			
Unrestricted					
Invested in land		500,000			
Available for operations		22,975			
<b>Total net assets</b>		<b>\$ 780,475</b>			

## FINANCIAL MANAGEMENT FOR LAND TRUSTS

### Gathering Waters – Wisconsin Land Trust Conference March 8, 2018

FOREVER LAND TRUST					
STATEMENT OF FINANCIAL POSITION					
December 31, 2017					
		TRANSACTIONS			
		Board		Restricted	
		Designated	Permanently	Temporarily	
<b>ASSETS</b>	<b>Dec. 31, 2017</b>				
CASH - checking and money market accounts	\$ 7,650				
UNCONDITIONAL PROMISES TO GIVE	200,000	1 Restricted for easement monitoring at Round Lake	\$ -	\$ 15,000	
		2 Gift to Forever Fund	35,000		
		3 Unrestricted gift	-	7,500	
PROPERTY AND EQUIPMENT		4 Lady Gaga Prairie maintenance	-	-	
Land held for conservation	500,000	5 Second and third years of 3-year pledge	-	200,000	
Office equipment	4,250	6 Indefinite pledge	-	-	
		7 Inclusion in donor's will	-	-	
Total property and equipment	504,250	8 Land held for conservation	-	-	
OTHER ASSETS		Totals	\$ 35,000	\$ 222,500	
Brokerage Account	149,000	1 For easement monitoring	-	-	36,000
Beneficial interest in agency endowment fund	230,000	2 For legal defense	-	-	28,000
<b>Total assets</b>	<b>1,090,900</b>	3 Lovely Endowment Fund	50,000	-	-
		4 Bequest - set up community foundation fund	230,000	-	-
<b>LIABILITIES</b>		Totals	\$ 280,000	\$ 35,000	\$ 286,500
Accounts payable	\$ 4,550				
Accrued payroll and taxes	2,375				
Loans payable	9,500				
<b>Total liabilities</b>	<b>16,425</b>				
<b>NET ASSETS</b>					
With donor restrictions					
Temporarily	286,500				
Permanently	35,000				
Total with donor restrictions	321,500				
Without donor restrictions					
Invested in land	500,000				
Board designated	280,000				
Undesignated	(27,025)				
<b>Total net assets</b>	<b>\$ 1,074,475</b>				

# FINANCIAL MANAGEMENT FOR LAND TRUSTS

## Gathering Waters – Wisconsin Land Trust Conference March 8, 2018

### TIPS FOR READING AND UNDERSTANDING FINANCIAL STATEMENTS

#### Statement of Operating Revenue and Expenses

1. *(Fiduciary)* How diverse are the land trust's sources of funding? Review the components of revenue. Is the land trust dependent primarily on a single source of funding, or does it derive revenue from a variety of grants, memberships, contributors, fundraisers, fee-for-service activities, and investment income?
2. *(Fiduciary)* How do actual revenue and expenses compare to the amount budgeted at the beginning of the year? Use the annual budget as a yardstick to measure management's ability to plan accurately, and to follow its plan.
3. *(Strategic)* Is the land trust spending a sufficient amount to advance the mission of the organization? Compare the amounts spent on various land trust program activities (acquisition, land management, community engagement) with the amounts spent on administration and fundraising. (As a rule of thumb, at least 75% of total expenses should be program.)
4. *(Fiduciary)* Does management appear to be doing a good job of controlling costs? Compare actual to budgeted expenses. Are there significant variances? If so, can management explain them?
5. *(Fiduciary and Strategic)* Profit is not always a dirty word. Is your land trust managing discretionary revenue sources wisely, and saving some of what it brings in? If your land trust does not have sufficient unrestricted net assets, try to budget for saving part of your income each year until you have built up a sufficient reserve.

#### Statement of Sources and Uses of Funds for Land Acquisition

6. *(Compliance)* Have restrictions on funds for acquisition been satisfied? Grant and contribution income should only appear on a statement of operating revenue and expenses under the following conditions:
  - No restrictions exist (grants and contributions are unrestricted by the donor); or
  - All restrictions have been satisfied
  - Multi-year grants: only the amount received in the current year shows as operating revenue

Grants and contributions for acquisition should be shown separately from operating activity.

#### Balance Sheet (Statement of Financial Position)

1. *(Fiduciary and Strategic)* Is there enough cash? "Liquid assets" include cash and other assets—like *receivables* (what other people owe you) and marketable investments (stocks and bonds)—that are readily convertible to cash. Compare liquid assets with "current liabilities" (debts you must pay soon). If liquid assets exceed current liabilities, you're solvent; if not, you need to worry about how you will pay your bills when they come due.
2. *(Fiduciary)* Are our assets overstated? Review the things that the balance sheet says you own. Do the amounts appear reasonable? Are some of them obsolete? If your land trust's receivables are large, ask to see a list of them. If many of them have been on the books for a long time (over 180 days), they may not be worth the ink it took to print the list.
3. *(Fiduciary)* Are recorded liabilities understated? Ask the person who is responsible for your land trust's books what's been done to make sure that all liabilities have been put on the books.

## FINANCIAL MANAGEMENT FOR LAND TRUSTS

### Gathering Waters – Wisconsin Land Trust Conference March 8, 2018

4. (*Fiduciary and Strategic*) Does the land trust have sufficient net assets, or reserves, that are available for operations? To determine this, ask how many months' expenses your land trust could cover without any additional revenue. (As a rule of thumb, consider 6 or more months' expenses in reserve a desirable goal.)
5. (*Strategic and Compliance*) Have funds been set aside for managing and defending easements? The net assets section of the balance sheet should identify the "earmarks" or designations on funds that have been set aside (designated by the board, or restricted by donors) for specific purposes.

#### Glossary of Accounting Terminology

- A. *Statement of Financial Position* (or *Balance Sheet*): a snapshot of the organization's financial condition at a particular moment in time

Assets: things that the organization owns

- *Cash*: checking, savings, money market accounts, and certificates of deposit that are easily converted to cash.
- *Promises to give*: contributions or donations that have been promised as of the balance sheet date.
- *Property and equipment*: Computers, furniture, etc. that are used in the conduct of operations and will last longer than 1 year.
- *Land held for conservation*: owned by the land trust and held for conservation purposes.
- *Endowment funds*: assets held by the organization or another party, and that are not available for use by the organization; earnings on the funds may be distributed for use by the organization.
- *Donor restricted*: assets that must be retained and used for purposes specified by donors, commonly:
  - For land acquisition
  - For land improvement projects
  - For easement monitoring

Liabilities: what the organization owes to others.

- *Accounts payable*: amounts owed to vendors and grantees
- *Payroll liabilities*: unpaid wages and benefits

*Net Assets (reserves or equity)*: Assets that are left over after subtracting what is owed to others.

- *With donor restrictions*: reserves that must be used for the purpose specified by the donor
  - *Permanently restricted*: endowment funds, the principal of which should not normally be used.
- *Without donor restrictions*: reserves that are available for use at the organization's discretion.
  - *Board designated*: unrestricted reserves that have been earmarked by the Board for specific purposes (e.g., for easement monitoring)

- B. *Statement of Activities* (or *statement of revenue and expenses*): a moving picture, showing the sources of the organization's revenue and the uses to which it is put over a period of time

Revenue

- *Unrestricted*: support in the form of contributions, grants, and fees.
- *Restricted*: support in the form of contributions that can only be used to fund certain activities

*Expenses*: activities of the organization funded by its revenue sources. When the organization incurs expenses for which *restricted contributions* may be used, then these contributions are *released from restriction* and are reported as *unrestricted revenue*. Restricted and unrestricted contributions should NEVER be commingled, as this creates confusion and the possibility of duplicate recording of revenue.

**FINANCIAL MANAGEMENT FOR LAND TRUSTS**

**Gathering Waters – Wisconsin Land Trust Conference  
March 8, 2018**

**Sample Footnote – Describing Financial Resources Available to Meet Current Cash Needs**

*Effective for years beginning after December 15, 2017*

The following reflects Not-for-Profit Entity A's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Amounts not available include amounts set aside for long term investing in the quasi-endowment that could be drawn upon if the governing board approves that action. However, amounts already appropriated from either the donor-restricted endowment or quasi-endowment for general expenditure within one year of the balance sheet date have not been subtracted as unavailable.

Financial assets at year end	\$234,410
Restricted by donor with time or purpose restrictions	( 11,940)
Subject to appropriation and satisfaction of donor restrictions	(174,700)
Investments held in annuity trust	( 4,500)
Quasi-endowment fund, primarily for long-term investing	( 36,600)
Amounts set aside for liquidity reserve	<u>( 1,300)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,370</u>

Not-for-Profit Entity A is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, Not-for-Profit Entity A must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of Not-for-Profit Entity A'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. In addition, Not-for-Profit Entity A invests cash in excess of daily requirements in short-term investments. Occasionally, the board designates a portion of any operating surplus to its liquidity reserve, which was \$1,300 as of June 30, 20X1. There is a fund established by the governing board that may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities. In the event of an unanticipated liquidity need, Not-for-Profit Entity A also could draw upon \$10,000 of available lines of credit (as further discussed in Note XX) or its quasi-endowment fund.



**FINANCIAL MANAGEMENT FOR LAND TRUSTS**

**Gathering Waters – Wisconsin Land Trust Conference  
March 8, 2018**

**DOOR COUNTY LAND TRUST  
BALANCE SHEET  
December 31, 2017 and 2016**

	December 31, 2017			Dec 31, 2016
<b>ASSETS</b>	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>	<b>Unrestricted</b>
<b>Current Assets</b>				
Cash				
For general operations	\$ 687,244	\$ 1,405	\$ 688,649	\$ 683,367
For projects	-	553,007	553,007	-
For land acquisition	211,168	24,259	235,427	221,168
For legal defense	201,946	5,895	207,841	181,753
<b>Total cash</b>	<b>1,100,358</b>	<b>584,566</b>	<b>1,684,924</b>	<b>1,086,288</b>
Pledges and receivables	55,440	68,452	123,892	93,330
Prepaid expenses and deposits	28,026	-	28,026	19,635
<b>Total current assets</b>	<b>1,183,824</b>	<b>653,018</b>	<b>1,836,842</b>	<b>1,199,253</b>
<b>Property and equipment</b>				
For operations	208,622	-	208,622	217,649
Land held for conservation	4,510,200	21,047,010	25,557,210	4,510,200
<b>Investments</b>				
Endowment	2,181,284	908,069	3,089,353	1,730,914
Land acquisition fund (at DCCF)	51,195	-	51,195	44,330
<b>Total assets</b>	<b>\$ 8,135,125</b>	<b>\$ 22,608,097</b>	<b>\$ 30,743,222</b>	<b>\$ 7,702,346</b>
<b>LESS: LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 42,074	\$ -	\$ 42,074	\$ 32,710
Endowment note	50,930	-	50,930	58,807
<b>Total liabilities</b>	<b>\$ 93,004</b>	<b>\$ -</b>	<b>\$ 93,004</b>	<b>\$ 91,517</b>
<b>NET ASSETS</b>				
Invested in conservation land	-	21,047,010	21,047,010	-
Invested in land, building, and equipment	4,718,822	-	4,718,822	4,727,849
Restricted for Chambers Is and other projects	-	621,459	621,459	-
Land acquisition fund	282,363	24,259	306,622	265,498
Legal defense fund	206,946	5,895	212,841	193,353
Endowment				
Not subject to right of withdrawal	383,974	909,474	1,293,448	-
Board designated - subject to right of withdrawal	1,821,803	-	1,821,803	1,778,507
Undesignated bequests	-	-	-	-
<b>Available for operations (Note 2)</b>	<b>628,213</b>	<b>-</b>	<b>628,213</b>	<b>645,622</b>
<b>Total net assets</b>	<b>\$ 8,042,121</b>	<b>\$ 22,608,097</b>	<b>\$ 30,650,218</b>	<b>\$ 7,610,829</b>

**Note 2:** the change in "net assets available for operations" of (\$17,400) is due mainly to the deficit from operations of (\$17,100)

## FINANCIAL MANAGEMENT FOR LAND TRUSTS

### Gathering Waters – Wisconsin Land Trust Conference March 8, 2018

DOOR COUNTY LAND TRUST  
STATEMENT OF OPERATING REVENUE AND EXPENSES – ACTUAL COMPARED TO BUDGET  
Year ended December 31, 2017

<i>General Operations</i>	Program and Operations			
	Quarter 4 Actual	January - December 2017		
		Actual	Budget	Variance
<b>Revenue</b>				
Memberships and contributions	\$ 446,623	\$ 809,290	\$ 802,184	\$ 7,106
Restricted grants - released from restriction	10,247	35,128	31,000	4,128
Outings and events	1,058	55,589	72,000	(16,411)
Interest income and endowment distribution	5,373	38,534	33,000	5,534
Sales and other	341	1,248	1,000	248
<b>Total revenue</b>	<b>463,642</b>	<b>939,789</b>	<b>939,184</b>	<b>605</b>
<b>Expenses</b>				
Personnel	158,564	617,485	619,801	(2,316)
Land acquisition	16,486	56,535	78,650	(22,115)
Events	426	36,405	37,900	(1,495)
Property taxes	2,016	9,516	10,000	(484)
Stewardship	16,017	32,594	26,600	5,994
General and administrative	49,131	204,371	196,574	7,797
<b>Total expenses</b>	<b>242,640</b>	<b>956,906</b>	<b>969,525</b>	<b>(12,619)</b>
<b>Surplus (deficit) from general operations</b>	<b>\$ 221,002</b>	<b>\$ (17,117)</b>	<b>\$ (30,341)</b>	<b>\$ 13,224</b>
<i>Undesignated bequests</i>	-	100,423	79,000	21,423
<i>Grant-funded invasives removal</i>				
Grants for contractor-led invasives removal	4,948	49,740	57,262	(7,522)
Contractor-led invasives removal	(2,700)	(49,740)	(57,262)	7,522
<b>Surplus (Deficit) from all operations</b>	<b>\$ 223,250</b>	<b>\$ 83,306</b>	<b>\$ 48,659</b>	<b>\$ 34,647</b>
<b>Endowment Fund</b>				
<b>Balance - beginning of year</b>		\$ 2,515,875		
Contributions to endowment		177,998		includes \$106,400 transfer of 2016 t
Distributions from endowment		(30,000)		
Endowment note interest payments received		3,986		
Investment earnings				
Interest and dividends		55,966		
Gains (losses)		383,906		
Fees		(16,973)		
<b>Balance - end of quarter</b>		<b>\$ 3,090,758</b>		includes \$1,405 not yet transfer
<b>Restricted Grants and Contributions</b>				
	<b>Released from</b>			
	<b>Restriction</b>	<b>Restricted</b>		<b>Net Change</b>
<b>Restricted Grants</b>				
TNC - for invasives removal	\$ (49,740)	\$ 49,740		\$ -
WI DNR - Stewardship Fund, for acquisitions costs	(31,682)	31,682		-
Others	(5,942)	24,431		18,489
<b>Total restricted grants</b>	<b>\$ (87,364)</b>	<b>\$ 105,853</b>		<b>\$ 18,489</b>

## FINANCIAL MANAGEMENT FOR LAND TRUSTS

### Gathering Waters – Wisconsin Land Trust Conference March 8, 2018

#### DOOR COUNTY LAND TRUST STATEMENT OF REVENUE AND EXPENSES – CURRENT vs. PRIOR YEAR Years ended December 31, 2017 and 2016

<b>General Operations</b>	<b>Program and Operations</b>			
	<b>Year to Date</b>			
	<b>2017</b>	<b>2016</b>	<b>Difference</b>	
<b>Revenue</b>				
Memberships and contributions	\$ 809,290	\$ 786,486	\$ 22,804	
Restricted grants - released from restriction	35,128	28,746	6,382	
Outings and events	55,589	70,857	(15,268)	
Investment income	38,534	12,423	26,111	
Sales and other	1,248	20,711	(19,463)	2016: forestry inc
<b>Total revenue</b>	<b>939,789</b>	<b>919,223</b>	<b>20,566</b>	
<b>Expenses</b>				
Personnel	617,485	586,090	31,395	
Land acquisition	56,535	71,870	(15,335)	
Events	36,405	36,912	(507)	
Property taxes	9,516	8,119	1,397	
Stewardship	32,594	29,419	3,175	
General and administrative	204,371	222,773	(18,402)	
ED search	-	16,826	(16,826)	
<b>Total expenses</b>	<b>956,906</b>	<b>972,009</b>	<b>(15,103)</b>	
<b>Surplus (deficit) from general operations</b>	<b>\$ (17,117)</b>	<b>\$ (52,786)</b>	<b>\$ 35,669</b>	
<b>Undesignated bequests</b>	<b>100,423</b>	<b>125,000</b>	<b>(24,577)</b>	
<b>Subtotal</b>	<b>\$ 83,306</b>	<b>\$ 72,214</b>	<b>\$ 11,092</b>	
<b>Grant-funded Invasives Removal</b>				
Grants for contractor-led invasives removal	49,740	68,857	(19,117)	
Contractor-led invasives removal	(49,740)	(68,857)	19,117	
<b>Surplus (Deficit) from all operations</b>	<b>\$ 83,306</b>	<b>\$ 72,214</b>	<b>\$ 11,092</b>	

## FINANCIAL MANAGEMENT FOR LAND TRUSTS

### Gathering Waters – Wisconsin Land Trust Conference March 8, 2018

DOOR COUNTY LAND TRUST  
STATEMENT OF SOURCES AND USES OF FUNDS RESTRICTED FOR LAND AND EASEMENT ACQUISITION  
Year ended December 31, 2017

	Fee Acquisitions						Total
	Wehling	Baudhuin 3	Busch 2	Busch 3	Krause 2		
	(Ephraim)	(Chambers Is)	(Chambers Is)	(Chambers Is)	(Chambers Is)	Timberland	
	6/8/2017	6/16/2017	6/16/2017	6/16/2017	6/16/2017	7/25/2017	
<b>Sources of funds</b>							
EPA - GLRI	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
USFW - Great Lakes Restoration Initiative	145,000	-	-	-	-	-	145,000
DNR - Stewardship Fund	89,900	61,843	99,932	8,000	165,028	-	424,703
In-kind from donor	5,100	-	-	33,000	-	-	38,100
Donor contributions	-	62,157	86,068	-	160,472	-	308,697
Reimbursable expenses - DNR and GLRI	11,200	4,159	9,015	-	7,323	-	31,697
Reimbursable expenses - Chambers Island	-	4,778	10,739	-	8,737	-	24,254
DCLT funds	14,305	-	-	-	-	-	14,305
<b>Total sources of funds</b>	<b>\$ 265,505</b>	<b>\$ 132,937</b>	<b>\$ 205,754</b>	<b>\$ 41,000</b>	<b>\$ 341,560</b>	<b>\$ -</b>	<b>\$ 986,756</b>
<b>Uses of funds</b>							
Purchase of fee land (capitalized)	\$ 240,000	\$ 124,000	\$ 186,000	\$ 41,000	\$ 325,500	-	\$ 916,500
Closing costs, appraisals, surveys, fees	25,505	8,937	19,754	-	16,060	-	70,256
Salaries and operating expenses	-	-	-	-	-	-	-
Easement expense	-	-	-	-	-	-	-
<b>Total uses of funds</b>	<b>\$ 265,505</b>	<b>\$ 132,937</b>	<b>\$ 205,754</b>	<b>\$ 41,000</b>	<b>\$ 341,560</b>	<b>\$ -</b>	<b>\$ 986,756</b>

## FINANCIAL MANAGEMENT FOR LAND TRUSTS

### Gathering Waters – Wisconsin Land Trust Conference March 8, 2018

NATURAL HERITAGE LAND TRUST							
Summarized Statements of Revenue and Expenses - Dashboard Version							
Years ended June 30, 2016 and 2015							
		Operations					
		FY 2016				FY 2015	
		Actual	YTD Budget	Variance		Annual Budget	YTD Actual
				Amount	Percent		
1	<b>Revenue</b>						
2	Contributions for operations	\$ 310,807	259,206	51,601	120%	259,206	\$ 311,281
3	Restricted contributions received and used	51,608	39,220	12,388	132%	39,220	66,491
4	Endowment distributions	20,323	20,323	-	100%	20,323	17,652
5	Fee for service and rent income	11,489	5,250	6,239		5,250	18,769
6	Other Income	10,970	945	10,025	1161%	945	1,388
7							
8	<b>Total revenue</b>	<b>405,197</b>	<b>324,944</b>	80,253	125%	324,944	415,581
9	<b>Expenses</b>						
10	Personnel	234,068	228,376	5,692	102%	228,376	199,906
11	Land management	46,701	40,870	5,831	114%	40,870	73,503
12	Professional fees	21,395	24,606	(3,211)	87%	24,606	17,164
13	General and administrative	64,976	54,097	10,879	120%	54,097	74,331
14							
15	<b>Total expenses</b>	<b>367,140</b>	<b>347,949</b>	19,191	106%	347,949	364,904
16	<b>Surplus (deficit) from operations</b>	<b>\$ 38,057</b>	<b>\$ (23,005)</b>	<b>\$ 61,062</b>		<b>\$ (23,005)</b>	<b>\$ 50,677</b>
<b>Notes and explanations</b>							
2.	Contributions: President's Circle total \$111,900 vs. \$170,000 budgeted. Individual gifts total \$96,700, vs. \$65,500 budgeted. Business and foundation gifts were \$32,600 vs. \$13,500 budgeted. \$11,100 in event income (net of \$4,400 in expenses) is also reflected, as is a bequest of \$58,600.						
6.	Other income consists mainly of rent payments used to cover land management expenses.						
11.	Land management costs represent completion of overlook installation at Patrick Marsh. Restricted contributions and rent payments covered these costs.						
13.	General administrative expenses include \$2,500 contribution to Dane County Parks Fdn which was not budgeted, plus additional rent and space costs. G&A expenses in FY 2015 included \$5,200 accreditation fees not incurred in FY 2016.						

**NATURAL HERITAGE LAND TRUST**  
**Summarized Balance Sheet - Dashboard Version**  
**June 30, 2016**

<b>Cash (Checking and Money Market Accounts)</b>				
<b>FY 2016</b>				
	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>	
Balance - beginning of fiscal year	\$ 150,586	\$ 84,750	\$ 235,336	
Net change in cash	23,218	26,657	49,875	
Balance - year to date	<u>\$ 173,804</u>	<u>\$ 111,407</u>	<u>\$ 285,211</u>	
Notes and explanations				
Restricted cash increased due to receipt of rent payments that are restricted for use in land management.				
Unrestricted cash increased due to the operating surplus (\$40,000) less use of NHLT funds for land acquisitions (\$11,700) and payment of liabilities.				
<b>Investments (Schwab Accounts)</b>				
<b>FY 2016</b>				<b>FY 2015</b>
	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>	<b>As of 6/30/15</b>
Balance - beginning of fiscal year	\$ 188,118	\$ 522,970	\$ 711,088	\$ 731,336
Investment income	4,917	20,510	25,427	29,133
Unrealized gains (losses)	(3,085)	(23,997)	(27,082)	(28,797)
Contributions	-	-	-	35,231
Released from restrictions	-	-	-	-
Distributions and transfers	2,722	(36,255)	(33,533)	(55,815)
Balance - year to date	<u>\$ 192,672</u>	<u>\$ 483,228</u>	<u>\$ 675,900</u>	<u>\$ 711,088</u>
Notes and explanations				
Unrestricted investments include the Schwab Operations Fund, plus \$52,200 of the Easement Fund. Restricted investments consist of the remainder of the Easement Fund, plus 100% of the Conservation and Stewardship Funds.				
<b>Land and Easement Acquisitions and Disposals</b>				
	<b>Land</b>		<b>Easements</b>	
Balance - beginning of fiscal year	\$ 5,559,976		\$ -	
Acquisitions	359,204		-	
Disposals	(329,688)		-	
Balance - year to date	<u>\$ 5,589,492</u>		<u>\$ -</u>	
<b>Net Assets</b>				
	<b>Operations</b>		<b>Land and Investments</b>	<b>Total</b>
Balance - beginning of fiscal year	\$ 314,383		\$ 6,492,246	\$ 6,806,629
Surplus (deficit) from operations	38,057		-	38,057
Investment gain (loss) - through June 30, 2016	1,832		(3,487)	(1,655)
Schwab distributions	25,655		(36,255)	(10,600)
Net contributions used for land management projects	-		(13,100)	(13,100)
Invested in land held for conservation	(13,862)		39,516	25,654
Change in value of MCF endowments (net losses \$11,400, distributions \$12,500)	-		(23,879)	(23,879)
Other	(12,369)		12,791	422
Balance - year to date	<u>\$ 353,696</u>		<u>\$ 6,467,832</u>	<u>\$ 6,821,528</u>

**FINANCIAL MANAGEMENT FOR LAND TRUSTS**

**Gathering Waters – Wisconsin Land Trust Conference  
March 8, 2018**

**NOTES**