

ALLEGHENY LAND TRUST
AUDITED FINANCIAL STATEMENTS

Years ended June 30, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Allegheny Land Trust

We have audited the accompanying financial statements of Allegheny Land Trust, which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years 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

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 organization'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 organization'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.

INDEPENDENT AUDITOR'S REPORT
(continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Allegheny Land Trust as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Distenon & C. LLP

November 3, 2021

ALLEGHENY LAND TRUST

STATEMENTS OF FINANCIAL POSITION

	June 30,	
	2021	2020
	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 1,081,284	\$ 885,156
Cash held as custodian (Note 9)	158,528	16,527
Grants, contributions and other receivables, net (Note 2)	1,616,776	1,519,730
Investments (Notes 4 and 10)	2,641,325	2,121,220
Prepaid expenses and other assets	26,209	46,076
Property, improvements and easements (Note 5)	20,647,016	17,074,360
Depreciable property improvements, net of accumulated depreciation of \$725 and \$397, respectively	4,198	4,526
Land deposit and pre-acquisition costs	53,361	43,484
Equipment, net of accumulated depreciation of \$67,776 and \$62,915, respectively	8,755	11,178
	<u>8,755</u>	<u>11,178</u>
Total assets	<u>\$ 26,237,452</u>	<u>\$ 21,722,257</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 61,878	\$ 51,735
Other liabilities	26,027	46,338
Cash held as custodian (Note 9)	158,528	16,527
Paycheck Protection Program loan (Note 13)	144,070	147,100
Note payable (Note 14)	515,000	--
	<u>515,000</u>	<u>--</u>
Total liabilities	<u>905,503</u>	<u>261,700</u>
Net assets		
Without donor restrictions		
Operating	1,150,226	1,121,675
Board designated (Notes 2 and 10)	1,659,068	1,659,068
	<u>1,659,068</u>	<u>1,659,068</u>
	<u>2,809,294</u>	<u>2,780,743</u>
With donor restrictions		
Time and/or purpose restricted (Note 10 and 12)	1,984,852	1,724,544
Perpetual in nature (Notes 5, 10 and 12)	20,537,803	16,955,270
	<u>20,537,803</u>	<u>16,955,270</u>
	<u>22,522,655</u>	<u>18,679,814</u>
Total net assets	<u>25,331,949</u>	<u>21,460,557</u>
Total liabilities and net assets	<u>\$ 26,237,452</u>	<u>\$ 21,722,257</u>

The accompanying notes are an integral part of these financial statements.

ALLEGHENY LAND TRUST

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended June 30, 2021

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Support and other revenue			
Contributions	\$ 180,821	\$ 913,464	\$ 1,094,285
Grants	23,950	4,030,031	4,053,981
Program revenue	67,223	8,200	75,423
Net gain on investments, net of investment advisory fees (Note 4)	421,016	38,044	459,060
Forgiveness of Paycheck Protection Program loan	147,100	--	147,100
Other income	19,784	1,392	21,176
Release from restrictions	1,148,290	(1,148,290)	--
	<u>2,008,184</u>	<u>3,842,841</u>	<u>5,851,025</u>
Total support and other revenue			
Expenditures and losses			
Program services	1,496,643	--	1,496,643
Fundraising	305,334	--	305,334
General and administrative	177,656	--	177,656
	<u>1,979,633</u>	<u>--</u>	<u>1,979,633</u>
Total expenditures and losses			
Increase in net assets	28,551	3,842,841	3,871,392
Net assets at beginning of year	<u>2,780,743</u>	<u>18,679,814</u>	<u>21,460,557</u>
Net assets at end of year	<u>\$ 2,809,294</u>	<u>\$ 22,522,655</u>	<u>\$ 25,331,949</u>

The accompanying notes are an integral part of this financial statement.

ALLEGHENY LAND TRUST

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended June 30, 2020

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Support and other revenue			
Contributions	\$ 154,437	\$ 723,087	\$ 877,524
Grants	570,710	2,559,246	3,129,956
Program revenue	3,481	3,471	6,952
Net gain on investments, net of investment advisory fees (Note 4)	191,338	5,982	197,320
Other income	29,352	5,582	34,934
Release from restrictions	<u>1,671,964</u>	<u>(1,671,964)</u>	<u>--</u>
Total support and other revenue	<u>2,621,282</u>	<u>1,625,404</u>	<u>4,246,686</u>
Expenditures and losses			
Program services	1,347,329	--	1,347,329
Fundraising	263,459	--	263,459
General and administrative	<u>243,319</u>	<u>--</u>	<u>243,319</u>
Total expenditures and losses	<u>1,854,107</u>	<u>--</u>	<u>1,854,107</u>
Increase in net assets	767,175	1,625,404	2,392,579
Net assets at beginning of year	<u>2,013,568</u>	<u>17,054,410</u>	<u>19,067,978</u>
Net assets at end of year	<u>\$ 2,780,743</u>	<u>\$ 18,679,814</u>	<u>\$ 21,460,557</u>

The accompanying notes are an integral part of this financial statement.

ALLEGHENY LAND TRUST

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2021

	<u>Program services</u>					<u>Support services</u>			<u>Grand total</u>
	<u>Land protection</u>	<u>Land stewardship</u>	<u>Education</u>	<u>Community conservation</u>	<u>Total</u>	<u>General and administrative</u>	<u>Fundraising</u>	<u>Total</u>	
Salaries and wages	\$ 175,754	\$ 79,451	\$ 57,117	\$ 51,548	\$ 363,870	\$ 122,006	\$ 184,774	\$ 306,780	\$ 670,650
Professional services	54,638	337,649	24,427	49,538	466,252	14,258	23,699	37,957	504,209
Subcontractors	107,713	13,995	105	49,934	171,747	--	100	100	171,847
Contribution of property	143,953	--	--	--	143,953	--	--	--	143,953
Office expenses	38,699	13,934	11,464	10,015	74,112	12,988	54,757	67,745	141,857
Payroll taxes and benefits	22,599	17,074	9,086	5,823	54,582	23,805	35,239	59,044	113,626
Loss on impairment of property	100,721	--	--	--	100,721	--	--	--	100,721
Land acquisition expenses	66,434	--	--	--	66,434	--	--	--	66,434
Meeting and volunteer expenses	18,807	849	--	--	19,656	--	--	--	19,656
Insurance	4,993	2,304	1,728	1,536	10,561	3,457	5,185	8,642	19,203
Program materials and supplies	9,725	2,876	5,888	--	18,489	25	--	25	18,514
Truck expenses	509	1,871	--	--	2,380	--	--	--	2,380
Travel and entertainment	723	8	33	--	764	183	179	362	1,126
Registration, fees and sponsorships	268	--	--	--	268	--	--	--	268
Total expenses before depreciation	745,536	470,011	109,848	168,394	1,493,789	176,722	303,933	480,655	1,974,444
Depreciation	1,349	623	467	415	2,854	934	1,401	2,335	5,189
Total	<u>\$ 746,885</u>	<u>\$ 470,634</u>	<u>\$ 110,315</u>	<u>\$ 168,809</u>	<u>\$ 1,496,643</u>	<u>\$ 177,656</u>	<u>\$ 305,334</u>	<u>\$ 482,990</u>	<u>\$ 1,979,633</u>

The accompanying notes are an integral part of this financial statement.

ALLEGHENY LAND TRUST

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2020

	<u>Program services</u>					<u>Support services</u>			<u>Grand total</u>
	<u>Land protection</u>	<u>Land stewardship</u>	<u>Education</u>	<u>Community conservation</u>	<u>Total</u>	<u>General and administrative</u>	<u>Fundraising</u>	<u>Total</u>	
Salaries and wages	\$ 68,681	\$ 151,097	\$ 130,493	\$ 54,944	\$ 405,215	\$ 134,811	\$ 171,701	\$ 306,512	\$ 711,727
Professional services	17,163	493,779	1,642	21,505	534,089	49,619	3,495	53,114	587,203
Subcontractors	56,600	11,425	150	78,000	146,175	--	--	--	146,175
Payroll taxes and benefits	12,275	27,005	23,322	9,820	72,422	19,640	30,685	50,325	122,747
Office expenses	15,243	13,137	13,689	4,594	46,663	15,171	40,121	55,292	101,955
Registration, fees and sponsorships	2,104	2,867	2,803	1,854	9,628	13,716	11,287	25,003	34,631
Loss on impairment of property	59,912	--	--	--	59,912	--	--	--	59,912
Program materials and supplies	10,450	8,654	11,533	--	30,637	227	--	227	30,864
Insurance	1,796	3,793	2,524	1,063	9,176	6,292	3,321	9,613	18,789
Travel and entertainment	1,643	318	8,146	1,752	11,859	2,708	1,078	3,786	15,645
Land acquisition expenses	10,927	2,235	--	--	13,162	--	--	--	13,162
Truck expenses	896	2,212	--	--	3,108	--	--	--	3,108
In-kind donation expense	750	--	--	--	750	--	--	--	750
Meeting and volunteer expenses	25	9	320	--	354	--	--	--	354
Total expenses before depreciation	258,465	716,531	194,622	173,532	1,343,150	242,184	261,688	503,872	1,847,022
Depreciation	708	1,558	1,346	567	4,179	1,135	1,771	2,906	7,085
Total	<u>\$ 259,173</u>	<u>\$ 718,089</u>	<u>\$ 195,968</u>	<u>\$ 174,099</u>	<u>\$ 1,347,329</u>	<u>\$ 243,319</u>	<u>\$ 263,459</u>	<u>\$ 506,778</u>	<u>\$ 1,854,107</u>

The accompanying notes are an integral part of this financial statement.

ALLEGHENY LAND TRUST

STATEMENTS OF CASH FLOWS

	Year ended June 30,	
	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Increase in net assets	\$ 3,871,392	\$ 2,392,579
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	5,189	7,085
Contributed property	(86,795)	(440,474)
Impairment loss on property	100,721	59,912
Net realized and unrealized gain on investments	(436,505)	(177,764)
Contributions of securities sold nearly immediately upon receipt	(66,601)	(20,057)
Proceeds from securities sold nearly immediately upon receipt	66,389	19,719
Forgiveness of Paycheck Protection Program loan	(147,100)	--
Increase (decrease) in cash from changes in		
Grants, contributions and other receivables, net	(97,046)	(334,301)
Prepaid expenses and other assets	19,867	(15,197)
Accounts payable	10,143	(190,002)
Other liabilities	(20,311)	14,327
	<u>3,219,343</u>	<u>1,315,827</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Purchases of equipment	(2,438)	(2,425)
Purchases of property	(3,715,236)	(1,403,178)
Proceeds from sale of property	143,954	--
Net land deposit and pre-acquisition costs (paid) forfeited	(25,177)	2,207
Proceeds from sale of investments	1,631,734	2,470,536
Purchases of investments	(1,715,122)	(2,610,719)
	<u>(3,682,285)</u>	<u>(1,543,579)</u>
Net cash used in investing activities		

The accompanying notes are an integral part of these financial statements.

ALLEGHENY LAND TRUST

STATEMENTS OF CASH FLOWS

(continued)

	Year ended June 30,	
	<u>2021</u>	<u>2020</u>
Cash flows from financing activities		
Paycheck Protection Program loan	\$ 144,070	\$ 147,100
Proceeds from note payable	<u>515,000</u>	<u>--</u>
Net cash provided by financing activities	<u>659,070</u>	<u>147,100</u>
Net increase (decrease) in cash and cash equivalents	196,128	(80,652)
Cash and cash equivalents, beginning of year	<u>885,156</u>	<u>965,808</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,081,284</u></u>	<u><u>\$ 885,156</u></u>
Supplemental disclosure of non-cash investing and financing activities		
Land deposit and pre-acquisition costs applied to purchase of property	<u><u>\$ 15,300</u></u>	<u><u>\$ 35,365</u></u>

The accompanying notes are an integral part of these financial statements.

ALLEGHENY LAND TRUST

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION

Allegheny Land Trust (“ALT”) was formed in 1993 as a domestic nonprofit organization in the Commonwealth of Pennsylvania with the mission to conserve and care for local land for the health and well-being of current and future generations. ALT contributes to the overall sustainability of the region and the quality of life of its residents by protecting approximately 2,700 acres in 31 municipalities in Allegheny, Beaver and Washington counties. There is an ALT conservation area within 12 miles of every resident of Allegheny County.

ALT has expanded its efforts to include increasingly innovative methods of land conservation in support of growing community needs for urban green space, and a professional environmental education team to teach people of all ages to understand, appreciate and sustainably steward the natural world. ALT has the responsibility to serve as one of the leading organizations in addressing the sustainability challenges and opportunities facing the region and has crafted an aggressive agenda for continued progress. The agenda is built upon the organization’s four strategic pillars:

Land Conservation – ALT protects land that contributes to the region’s biodiversity, water quality and scenic beauty to balance the effects of development.

Land Stewardship – ALT cares for its protected lands in perpetuity. By maintaining healthy conservation areas with the help of community and corporate volunteers, ALT guarantees the green spaces will continue to be an asset to communities, the wildlife that inhabit them and the visitors who use them.

Community Conservation – ALT works with a variety of diverse groups to recycle distressed urban parcels into the highest and best use for the region’s quality of life. Urban green spaces can serve as land for community gardens and urban farms, provide local recreational opportunities, buffer noise pollution, filter air pollution, sequester rainwater, and promote health and wellness.

Nature-Based Education – ALT has certified educators to shape the future by applying their knowledge and experience to ALT’s STEM-based curriculum geared towards individuals of all ages from two years old to adult. Curriculum is presented in the classroom and at ALT conservation areas.

In August 2016, ALT earned re-accreditation from the Land Trust Accreditation Commission (“LTAC”), an independent program of the Land Trust Alliance (“LTA”). Accreditation was a result of an 18-month process involving an intense audit of ALT’s practices, records, policies and procedures for consistency with LTA’s 12 Standards and 88 Practices for land trusts, which ALT has adopted. Currently, there are over 1,300 land trusts operating in the United States, and ALT is one of approximately 450 that are accredited. Accreditation from LTAC is valid for five years. ALT is currently working on reaccreditation, which is expected to occur in their fiscal year ending June 30, 2022.

ALLEGHENY LAND TRUST

NOTES TO FINANCIAL STATEMENTS

(continued)

NOTE 1 - ORGANIZATION (continued)

ALT is supported by a diverse array of revenue sources including individuals, corporations, foundations and state government grants. Volunteers supporting our conservation mission have been tremendous with approximately 481 volunteers contributing almost 2,074 hours of time annually.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

Under accounting principles generally accepted in the United States of America, ALT is required to report its financial position and activities according to two classes of net assets, as follows:

Net assets without donor restrictions

These net assets are neither held in perpetuity nor restricted by donor or grantor-imposed stipulations.

Net assets without donor restrictions represent resources over which the Board of Directors (“Board”) have discretionary control and are used to carry out the operations of the organization in accordance with its by-laws. ALT designates certain net assets without donor restrictions as Board designated. These assets include two properties as of June 30, 2021 and 2020 that were not specifically donated or purchased with the stipulation they would be held for conservation (see Note 5). The Board chose to restrict the land for such purposes. The Board has designated certain funds in the amount of \$434,264 as of June 30, 2021 and 2020, to be utilized for future land protection. In addition, certain funds not specifically donor restricted, but raised for the purposes of stewardship or operational use, have been designated by the Board specifically for that purpose (see Note 10).

Net assets with donor restrictions

These net assets result from contributions or other inflows of assets limited by donor stipulations that either expire by the passage of time or can be fulfilled and removed by actions of ALT pursuant to those stipulations. When the restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as release from restrictions in the statements of activities and changes in net assets. Grants or other donations that are donor designated for specific projects are classified as net assets with donor restrictions and released at the time the restriction has been met.

ALLEGHENY LAND TRUST

NOTES TO FINANCIAL STATEMENTS

(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of presentation (continued)

Net assets with donor restrictions (continued)

Net assets to be held in perpetuity reflect the donation of land or the purchase of land with funds specifically donated for the purchase of land with the stipulation that the land is to be held for preservation purposes. Grants and other fundraising efforts for the purchase of land suggest the land will be held in perpetuity for conservation. In addition, certain funds specifically restricted by donors for the purpose of funding stewardship and operating endowment funds are also included in net assets with donor restrictions to be held in perpetuity (see Note 10).

Cash and cash equivalents

For financial reporting purposes, ALT considers cash and cash equivalents to include cash on hand and at banks and short-term investments with original maturities of three months or less at the time of purchase. ALT maintains its cash and cash equivalents at financial institutions which, at times, may exceed federally insured limits. ALT does not believe that it is exposed to any significant credit risk related to this concentration.

Investments and related income

Investments are reported at fair value in the statements of financial position. Interest and dividend income, changes in the fair value of investments, as well as realized gains and losses, are included in net gain on investments, net of investment advisory fees, in the statements of activities and changes in net assets. The fair value of short-term investments approximates their cost. The fair value of equity funds and common stocks is based on their quoted market prices. Fixed income investments include U.S. government obligations and fixed income mutual funds and are reported at their fair value based on quoted market prices.

Investments considered to be permanently impaired are written down to their estimated net realizable value and the write down is recorded as a realized loss on investments within net gain on investments, net of investment advisory fees, in the statements of activities and changes in net assets.

Realized gains and losses on disposals of investments are determined by the specific identification method, except for equity and bond mutual funds for which the cost of shares sold is determined by the first in – first out method. Interest and dividend income are recognized on the accrual basis.

Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

ALLEGHENY LAND TRUST

NOTES TO FINANCIAL STATEMENTS

(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentrations

During the year ended June 30, 2021, two grantors provided approximately 28% and 15% of total support and other revenue, respectively. Grants receivable from the grantors was \$213,070 and \$628,300 as of June 30, 2021, respectively. During the year ended June 30, 2020, one grantor provided approximately 32% of total support and other revenue. Grants receivable from the grantor was \$447,617 as of June 30, 2020.

Functional allocation of expenses

The costs of providing the various programs and supporting activities of ALT are presented in the statements of functional expenses. Expenses which are specifically identifiable are charged directly to their respective functions. Joint costs are allocated between program services, fundraising, and general and administrative expenses. The allocations are based on employee job descriptions and applicable allocation calculations.

Contributions, grants and other receivables

Contributions are donations received from corporations and individuals. Grants are received from foundations and public or governmental agencies. Contributions and grants are recorded as increases to net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions and grants subject to conditions are recorded as revenue when the conditions limiting the transfer of assets have been satisfied, typically when the promise becomes irrevocable. Contributions and grants receivable are not adjusted to present value using a discount rate commensurate with the risks involved because the present value is not materially less than the amounts expected to be received. ALT establishes allowances for uncollectible amounts when management determines collection of a receivable is doubtful.

Anticipated collection of contributions, grants and other receivable are as follows as of June 30:

	<u>2021</u>	<u>2020</u>
Within one year	\$ 1,466,776	\$ 1,219,730
One to five years	<u>150,000</u>	<u>300,000</u>
	<u>\$ 1,616,776</u>	<u>\$ 1,519,730</u>

ALLEGHENY LAND TRUST

NOTES TO FINANCIAL STATEMENTS

(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions, grants and other receivables (continued)

Grants receivable consist of unconditional grants and conditional grants whose conditions have been met in the current fiscal year. Conditional grants totaling \$192,491 and \$663,886 were pledged to ALT as of June 30, 2021 and 2020, respectively, and are not reflected in the financial statements as the conditions upon which they are to be received have not yet been satisfied.

Program revenue and other income recognition

ALT records program revenue in accordance with FASB ASC Topic 606, *Revenue from Contracts with Customers*. Program revenue consists of fees charged for educational programs, consulting on land acquisitions, general consulting, and revenue from the sale of carbon credits generated from held property. Fees for services rendered are recognized at a point in time when the services are provided, and the sale of carbon credits are recognized at a point in time when both the risk of loss and title have transferred to the customer. Other income includes rental income, which is recorded ratably over the lease period, as it is earned. In all instances, collection is reasonably assured prior to the recognition of revenue.

Receivables generated from program revenue and other income, are recorded in grants, contributions and other receivables in the statements of financial position. Management assesses the collectability of these amounts and has determined that all such receivables as of June 30, 2021 are expected to be collected within one fiscal year.

Property, improvements and easements

Property and improvements, consisting of land and improvements made to land, are initially recorded at the cost of acquisition and improvements or, for donated assets, at estimated fair value at the date of donation. Fair value is determined by taking into consideration pertinent data including the location of the property, its zoning classification, availability of public utilities, the size, shape, contour and limited usability of these parcels, sales of similar parcels of vacant land throughout the area, and the trend of the neighborhood and business conditions in general at the time of donation, plus out of pocket expenses related to the acquisition. Depreciable property improvements with a limited life span are capitalized and depreciated over a fifteen-year life using the straight-line method. The carrying values of property and improvements are evaluated in relation to the operating performance and future undiscounted cash flows of the underlying assets if an event or series of events occur which may indicate impairment. Management estimates impairment loss based on anticipated future cash flows from the sale of land, net of selling costs, based on offers received and sales of comparable properties. The inputs used to determine impairment are similar to Level III inputs within the fair value hierarchy as defined in Note 4.

ALLEGHENY LAND TRUST

NOTES TO FINANCIAL STATEMENTS

(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, improvements and easements (continued)

ALT holds conservation easements for the purposes of outdoor recreation by, or the education of, the general public, conserving the natural habitat of fish, wildlife, or plants, open space, or historically important land areas. Easements represent certain rights or deed restrictions held by ALT. Easements can be gifted to ALT by a third party, purchased by ALT, or retained by ALT if land once held in fee by ALT is sold or gifted to a third party. Although conservation easements are real property rights, they possess no market value to ALT. The acreage of ALT's easements as of June 30, 2021 and 2020 is disclosed in Note 5.

Equipment

Equipment is recorded at cost and includes renewals and betterments that extend the physical or economic life of an asset. Depreciation is computed over periods ranging from three to seven years using the straight-line method. Maintenance and repairs are charged to expense as incurred. When equipment is sold or otherwise disposed of, the asset and related accumulated depreciation accounts are relieved and any resulting gain or loss is reflected in the statements of activities and changes in net assets.

Taxes

ALT is a qualified tax-exempt nonprofit organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income tax under Section 501(a) of the Internal Revenue Code. ALT is obligated to pay income taxes on its unrelated business income (as defined), if any.

The Financial Accounting Standards Board Accounting Standards Codification topic on Income Taxes clarifies recognition, measurement, presentation and disclosure relating to uncertain tax positions. ALT evaluates uncertain tax positions for recognition by determining whether evidence indicates it is more likely than not that a position will be sustained if examined by taxing authorities. As of June 30, 2021 and 2020, ALT is unaware of any uncertain tax positions. ALT's federal income tax and excise tax returns for tax years 2018 and beyond remain subject to examination by the Internal Revenue Service.

Use of estimates

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

ALLEGHENY LAND TRUST

NOTES TO FINANCIAL STATEMENTS

(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of Accounting Standards Update ("ASU") 2014-09

ALT adopted FASB ASC Topic 606, *Revenue from Contracts with Customers*, as of July 1, 2020. Topic 606 provides a single, comprehensive revenue recognition model for all contracts with customers to improve comparability across entities, industries, jurisdictions, and capital markets and to provide more useful information to users of financial statements through improved and expanded disclosure requirements. The core principle of the guidance is to recognize revenue in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled in exchange for goods and services. The standard prescribes the following five-step process to achieve this principle: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract(s), (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract(s), and (v) recognize revenue when, or as, the organization satisfies the performance obligation(s). The guidance also requires enhanced revenue recognition disclosures. Topic 606 has been applied using the modified retrospective method and the adoption of this guidance had no cumulative effect adjustment to previously reported net assets in the 2020 financial statements.

Reclassifications

Certain amounts previously reported in the June 30, 2020 financial statements have been reclassified for comparative purposes.

Subsequent events

ALT evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through November 3, 2021, the date on which the financial statements were available to be issued.

NOTE 3 - LIQUIDITY AND AVAILABILITY

ALT receives significant contributions restricted by donors and considers contributions restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures. ALT has established an operating endowment fund, which can include operating and board designated net assets without donor restrictions and net assets with donor restrictions used for the purpose of providing long-term general operating support for ALT. The balance of the operating cash reserve as of June 30, 2021 and 2020 was \$489,618, of which \$19,650 of this amount is to be held in perpetuity.

ALLEGHENY LAND TRUST

NOTES TO FINANCIAL STATEMENTS

(continued)

NOTE 3 - LIQUIDITY AND AVAILABILITY (continued)

Cash receipts are deposited in a money market account and transferred to the operating checking account as needed. Restricted cash required to be segregated by the donor, or by ALT for which it is held in trust, is kept in separate bank accounts. The operating reserve endowment is invested and drawn upon annually in accordance with ALT's endowment drawdown policies. ALT strives to maintain 90 days of cash on hand in its checking and money market accounts. To achieve this target, ALT monitors its liquidity monthly. During the years ended June 30, 2021 and 2020, the level of liquidity was managed within this target.

	<u>2021</u>	<u>2020</u>
Financial assets, as of June 30:		
Cash and cash equivalents	\$ 1,239,812	\$ 901,683
Grants, contributions and other receivables, net	1,616,776	1,519,730
Investments	<u>2,641,325</u>	<u>2,121,220</u>
Total financial assets	<u>5,497,913</u>	<u>4,542,633</u>
Amounts not available for general expenditure		
Cash held as custodian (see Note 9)	(158,528)	(16,527)
Endowment funds (see Note 10)	(1,253,381)	(1,215,337)
Add back: amounts to be available per drawdown policy in following year	36,673	36,075
Donor-restricted – purpose (see Note 12)	(1,834,852)	(1,424,544)
Donor-restricted – time (see Note 12)	<u>(150,000)</u>	<u>(300,000)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 2,137,825</u>	<u>\$ 1,622,300</u>

In addition, as disclosed in Note 15, ALT also maintains a line of credit available to meet short-term cash needs should an unforeseen liquidity need arise.

NOTE 4 - INVESTMENTS

Investments measured and reported at fair value are classified and disclosed in one of the following categories based on the extent of market price observability:

Level I – Quoted prices are available in active markets for identical investments as of the reporting date. The types of investments in Level I include short-term investments, listed common stocks and equity funds, and fixed income. ALT's investments are entirely composed of Level I investments as of June 30, 2021 and 2020.

Level II – Pricing inputs are other than quoted market prices included in Level I, however, are observable either directly or indirectly for the investment. ALT was not invested in any Level II investments as of June 30, 2021 and 2020.

ALLEGHENY LAND TRUST

NOTES TO FINANCIAL STATEMENTS

(continued)

NOTE 4 - INVESTMENTS (continued)

Level III – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. ALT was not invested in any Level III investments as of June 30, 2021 and 2020.

The fair value and the corresponding cost of ALT’s investments are as follows as of June 30:

	Level	2021		2020	
		Fair value	Cost	Fair value	Cost
Short-term investments	I	\$ 52,924	\$ 52,924	\$ 18,266	\$ 18,266
Equity funds and common stocks	I	1,640,158	1,182,252	1,249,482	1,044,486
Fixed income	I	948,243	933,253	853,472	827,424
		<u>\$ 2,641,325</u>	<u>\$ 2,168,429</u>	<u>\$ 2,121,220</u>	<u>\$ 1,890,176</u>

As of June 30, 2021, one investment in fixed income accounted for approximately 11% of ALT’s investments. As of June 30, 2020, two investments in fixed income accounted for approximately 25% of ALT’s investments.

Net gain on investments, net of investment advisory fees, consists of the following for the years ended June 30:

	2021		
	Without donor restrictions	With donor restrictions	Total
Interest and dividend income	\$ 44,573	\$ 1,249	\$ 45,822
Realized gain on investments	189,348	5,304	194,652
Unrealized gain on investments	209,727	32,125	241,852
Investment fees	(22,632)	(634)	(23,266)
Net gain on investments	<u>\$ 421,016</u>	<u>\$ 38,044</u>	<u>\$ 459,060</u>
	2020		
	Without donor restrictions	With donor restrictions	Total
Interest and dividend income	\$ 38,693	\$ 1,109	\$ 39,802
Realized gain on investments	110,875	3,179	114,054
Unrealized gain on investments	61,452	2,258	63,710
Investment fees	(19,682)	(564)	(20,246)
Net gain on investments	<u>\$ 191,338</u>	<u>\$ 5,982</u>	<u>\$ 197,320</u>

ALLEGHENY LAND TRUST

NOTES TO FINANCIAL STATEMENTS

(continued)

NOTE 5 - PROPERTY, IMPROVEMENTS AND EASEMENTS

During the year ended June 30, 2021, parcels of land to be held in perpetuity were purchased by ALT. These parcels included 151 acres at Churchill Valley with a cost of \$3,053,534 and a fair value of \$3,400,000, 156 acres at Girty's Woods with a cost of \$613,073 and a fair value of \$620,000, 1 additional acre at the Hemlock Parcels with a cost and fair value of \$25,121, and less than 1 additional acre at Bethel Green – Pittsburgh Terminal with a cost of \$2,462. ALT recognized a loss on impairment on the purchased parcels of \$2,462 during the year ended June 30, 2021.

During the year ended June 30, 2021, two properties to be held in perpetuity were donated to ALT. The first property consisted of 1 acre at Walker-Ewing Log House with a fair value of \$10,370. ALT incurred costs of \$6,870 and recognized a land donation of \$3,500 during the year ended June 30, 2021. The second property consisted of less than 1 acre at Kincaid Gardens with a fair value of \$499. As ALT incurred costs of this amount to close on the property, no portion of this amount was recognized as a land donation. In addition, during 2021, miscellaneous donations associated with property costs totaling \$812 were also recognized. During the year ending June 30, 2021, two easements to be held in perpetuity were also donated to ALT. The Beeson Easement of 70 acres of land has a fair value of \$95,000 and \$12,517 of costs were incurred related to acquiring this easement. The Meakem Easement of 6 acres of land has a fair value of \$3,259 and \$3,259 of related costs were incurred related to acquiring this easement. ALT recognized a loss on impairment on these easements of \$98,259 during the year ended June 30, 2021.

During the year ended June 30, 2021, 20 acres at the Hampton Parcels, including the Anderson, Moore, and Miller properties, were donated to Allegheny County for the purpose of expanding the buffer of North Park. The donation of the land was recorded at its fair value estimated to be \$143,953, and is recorded as contribution of property in the statement of functional expenses. No gain or loss was recognized on this transaction as the fair value approximated the carrying value of these properties at the time of the donation.

During the year ended June 30, 2020, parcels of land to be held in perpetuity were purchased by ALT. These parcels included 41 acres at Bethel Green – Pittsburgh Terminal with a cost of \$726,949 and a fair value of \$699,000, 155 acres at the Buena Vista Heights – Trueline with a cost and fair value of \$364,921, 38 acres at Montour Green – Haudenshield with a cost of \$181,680 and a fair value of \$154,000, 1 acre at Eastfield Community Garden with a cost and fair value of \$35,898, and 3 acres at the Hemlock Parcels with a cost and fair value of \$90,709. ALT recognized a loss on impairment on the purchased parcels of \$59,912 during the year ended June 30, 2020.

ALLEGHENY LAND TRUST

NOTES TO FINANCIAL STATEMENTS

(continued)

NOTE 5 - PROPERTY, IMPROVEMENTS AND EASEMENTS (continued)

During the year ended June 30, 2020, two properties to be held in perpetuity were donated to ALT. The first property included 45 acres at Meyer Farm with a fair value of \$358,000. ALT incurred costs totaling \$16,364 and recognized a land donation of \$341,666 during the year ended June 30, 2020. The second property included 1 acre at Garden Dreams Community Garden with a fair value of \$111,200. ALT incurred costs totaling \$14,788 and recognized a land donation of \$96,412 during the year ended June 30, 2020. In addition, during 2020, miscellaneous donations associated with property costs totaling \$2,396 were recognized. The fair value as of the date of the property contributions was recorded in the June 30, 2020 statement of activities and changes in net assets as contribution revenue with donor restrictions.

Property, improvements and easements without donor restrictions as of June 30, 2021 and 2020, are as follows:

<u>Property</u>	<u>Acreage</u>	
Castelli	12	\$ 60,615
Morton / Pineview Heights	29	39,089
	<u>41</u>	<u>\$ 99,704</u>

There is no allowance for impairment on property, improvements and easements without donor restrictions as of June 30, 2021 and 2020.

Property, improvements and easements board designated without donor restrictions as of June 30, 2021 and 2020 are as follows:

<u>Property</u>	<u>Acreage</u>	
Barking Slopes	84	\$ 158,239
Lowries Run Slopes	16	127,000
	<u>100</u>	<u>\$ 285,239</u>

There is no allowance for impairment on property, improvements and easements board designated without donor restrictions as of June 30, 2021 and 2020.

ALLEGHENY LAND TRUST

NOTES TO FINANCIAL STATEMENTS

(continued)

NOTE 5 - PROPERTY, IMPROVEMENTS AND EASEMENTS (continued)

Property, improvements and easements to be held in perpetuity, net of impairment, are as follows as of June 30:

Property	2021		2020	
	Acreage		Acreage	
Audubon Greenway	161	\$ 5,219,765	161	\$ 5,219,765
Churchill Valley	151	3,053,534	--	--
Venango Trails	88	1,324,408	88	1,324,408
Wingfield Pines	87	1,231,038	87	1,231,038
Linbrook Woodlands	181	899,542	181	899,542
Bethel Green - Pittsburgh Terminal	41	699,000	41	699,000
Girty's Woods	156	613,073	--	--
Waterworks Greenway	42	536,630	42	536,630
Meadowview - Barry	9	528,841	9	528,841
Fern Hollow - Standish	36	514,000	36	514,000
Simmons Property	5	500,000	5	500,000
Irwin Run – Ludwig	73	447,108	73	447,108
Dead Man's Hollow	431	419,880	431	419,880
McKissock Property	25	411,857	25	411,857
Devil's Hollow	95	388,525	95	388,525
Buena Vista Heights - Trueline	155	378,935	154	364,921
Rhodes Property	50	358,519	50	358,519
Meyer Farm	45	358,000	45	358,000
Lilly	50	350,000	50	350,000
Hunt Road	29	315,297	29	315,297
Sycamore Island	14	260,017	14	260,017
Beadnell Slopes	35	195,048	35	195,048
Barking Slopes	75	185,474	75	185,474
Fairhill Recreation Center	9	162,558	9	162,558
Montour Green - Haudenshield	38	154,000	38	154,000
Marino Preserve	61	137,973	61	137,973
Hemlock Properties	4	115,831	3	90,709
Garden Dreams Community Garden	1	111,200	1	111,200
Horseshoe Hills - Dorsch	18	95,000	18	95,000
Murphy Property	8	91,062	8	91,062
Yough Slopes - Funk	16	81,400	16	81,400
Whetzel Preserve	212	40,374	212	40,374
Raphael Property	57	37,417	57	37,417
Eastfield Community Garden	1	35,898	1	35,898
Walker-Ewing Log House	1	10,370	--	--
Kincaid Gardens	--	499	--	--
Linder Farm Easement	104	--	104	--
Beeson Easement	70	--	--	--
Thornburg Easement	56	--	56	--
Barnes Easement	27	--	27	--

ALLEGHENY LAND TRUST

NOTES TO FINANCIAL STATEMENTS

(continued)

NOTE 5 - PROPERTY, IMPROVEMENTS AND EASEMENTS (continued)

Property	2021		2020	
	Acreage		Acreage	
Mossie Slopes Easement	14	--	14	--
Ferrie Easement	14	--	14	--
Orenstein Easement	12	--	12	--
Zupcic Easement	11	--	11	--
Casciato Easement	11	--	11	--
Dead Man's Hollow Easement	9	--	9	--
Meakem Easement	6	--	--	--
Bradford Woods Easement	5	--	5	--
Meadowview Easement	1	--	1	--
Hampton Parcels – Anderson	--	--	2	50,505
Hampton Parcels – Moore	--	--	7	48,946
Hampton Parcels – Miller	--	--	11	44,505
Total	<u>2,800</u>	<u>\$ 20,262,073</u>	<u>2,435</u>	<u>\$ 16,689,417</u>

The allowance for impairment on easements to be held in perpetuity is \$1,575,874 and \$1,408,494 as of June 30, 2021 and 2020, respectively. The allowance for impairment on property to be held in perpetuity is \$105,190 and \$119,931 as of June 30, 2021 and 2020, respectively.

NOTE 6 - OPERATING LEASES COMMITMENTS

Effective June 18, 2015, ALT signed an operating lease for an office in Sewickley, Pennsylvania that commenced on July 1, 2015 with an extended expiration date of June 30, 2025. Rent expense was \$39,961 and \$36,658 for the years ended June 30, 2021 and 2020, respectively.

Future minimum rentals under the lease are as follows as of June 30, 2021:

2022	\$ 41,600
2023	42,200
2024	42,800
2025	43,400
	\$ 170,000

ALLEGHENY LAND TRUST

NOTES TO FINANCIAL STATEMENTS

(continued)

NOTE 7 - OPERATING LEASE REVENUE

Effective July 1, 2020, ALT entered into a lease agreement to lease their Garden Dreams Community Garden property to a non-profit organization for the purpose of establishing a community garden. The agreement has an initial lease term through 2035 and includes eight renewal options, each for an additional five-year term. Rental income under this agreement of \$4,260 has been reported as other income in the 2021 statement of activities and changes in net assets.

Minimum future rental income under this operating lease is as follows for the years ending June, 30:

2022	\$	2,911
2023		2,998
2024		3,088
2025		3,180
2026		3,276
Thereafter		<u>36,453</u>
Total minimum future rentals	\$	<u><u>51,906</u></u>

NOTE 8 - RETIREMENT SAVINGS PLAN

ALT maintains a retirement savings plan under Internal Revenue Code Section 403(b) for all full time employees who have completed one year of service. ALT contributes an amount up to a maximum match of 3% of the qualified employee's compensation. ALT's contributions to the plan totaled \$16,882 and \$15,647 for the years ended June 30, 2021 and 2020, respectively.

NOTE 9 - CUSTODIAN FUNDS

From time to time, ALT acts as a fiscal agent for other organizations. Resources received and disbursed in transactions with third parties in which ALT acts as an agent have been reported in accordance with accounting principles generally accepted in the United States of America within the statements of financial position rather than as support and other revenue and expenditures and losses. ALT reports the cash held on behalf of these organizations totaling \$158,528 and \$16,527 as of June 30, 2021 and 2020, respectively as cash held as custodian assets and cash held as custodian liabilities on the statements of financial position.

ALLEGHENY LAND TRUST

NOTES TO FINANCIAL STATEMENTS
(continued)

NOTE 10 - NET ASSETS

Net assets with donor restrictions of \$1,984,852 and \$1,724,544 as of June 30, 2021 and 2020, respectively, are restricted for committed land acquisitions, projects, and general and administrative purposes.

Over the years, several contributions were made to ALT by individuals and private organizations stipulating that contributed funds be used to create stewardship and operating endowment funds which consist of cash and investments.

The stewardship endowment was created by ALT to support the perpetual costs of maintaining land owned by ALT. This endowment can include both Board designated funds and funds to be held in perpetuity that serve two purposes. First, some of the income from the account may be used to pay for stewardship activities of ALT including annual monitoring, problem resolution, maintenance, property taxes and minor repairs. Second, the available principal of this endowment shall be reserved to pay for extraordinary expenses such as major capital improvements, major repairs and the legal defense of conservation easements and fee owned properties. Funds shall only be taken for this purpose from the Board designated portion of this endowment through direct action of the Board of Directors. Income from contributions that are to be held in perpetuity may only be used as restricted by the donors.

The John Hamm Endowment was created to support an internship dedicated to the monitoring and development of the Chartiers Creek Watershed.

The operating endowment can include Board designated funds and funds to be held in perpetuity. The funds are used for the purpose of providing long-term general operating support for ALT. Income from this endowment fund can be used for expenses such as payroll, payments to vendors, programs, and other similar operating expenses.

The original contributions made less cumulative amounts appropriated for distribution constitute the balance of ALT's endowment.

The balance of ALT's endowment is restricted to support the following as of June 30:

	<u>2021</u>	<u>2020</u>
Stewardship endowment – board designated	\$ 469,597	\$ 469,597
Stewardship endowment – perpetual in nature	84,500	84,500
John Hamm endowment – perpetual in nature	118,219	118,219
John Hamm endowment – time and/or purpose restricted	91,447	53,403
Operating endowment – board designated	469,968	469,968
Operating endowment – perpetual in nature	<u>19,650</u>	<u>19,650</u>
	<u>\$ 1,253,381</u>	<u>\$ 1,215,337</u>

ALLEGHENY LAND TRUST

NOTES TO FINANCIAL STATEMENTS

(continued)

NOTE 10 - NET ASSETS (continued)

In accordance with Pennsylvania law, ALT's Board of Directors elected to be governed by a total return policy with respect to endowment income, including both capital appreciation and investment earnings. As such, ALT has adopted a policy seeking to achieve a reasonable long-term total return consistent with acceptable investment risk, and the preservation of capital. The policy prescribes diversified asset allocations for fixed income, equity, and cash equivalents. It also prescribes measures for performance evaluation.

Consistent with Pennsylvania law, ALT has also adopted a policy to appropriate distributions from endowments based on a spending policy. In accordance with the policy, ALT may appropriate from its endowment an annual amount up to 3% of the average fair value of the endowment for the previous three-year period or the fair value on June 30, whichever is less. The spending rate can be adjusted by the Board of Directors as necessary. No appropriations were made during the years ended June 30, 2021 and 2020.

As prescribed by accounting principles generally accepted in the United States of America, ALT classifies the amount of original contributions designated for endowments to be held in perpetuity as net assets with donor restrictions. Investment income, gains and losses are classified as either with donor restrictions or without donor restrictions depending on whether donors stipulated the use of such amounts.

From time to time, the fair value of assets associated with individual endowments with donor restrictions may fall below the amount of the contributed principal. ALT has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations. No deficiencies of this nature existed in ALT's donor restricted endowment funds, which together have an original value of \$222,369. As of June 30, 2021 and 2020, the funds had a current value of \$313,816 and \$275,289 respectively.

ALLEGHENY LAND TRUST

NOTES TO FINANCIAL STATEMENTS

(continued)

NOTE 10 - NET ASSETS (continued)

The following table represents endowment activity for the years ended June 30, 2021 and 2020:

	Without donor restrictions- board designated	With donor restrictions- time and/or purpose	With donor restrictions- perpetual in nature	Total
Balance, July 1, 2019	\$ 939,565	\$ 47,274	\$ 222,369	\$ 1,209,208
Additions	--	147	--	147
Investment income	--	1,109	--	1,109
Realized gains	--	3,179	--	3,179
Unrealized gains	--	2,258	--	2,258
Investment fees	--	(564)	--	(564)
Balance, June 30, 2020	\$ 939,565	\$ 53,403	\$ 222,369	\$ 1,215,337
Investment income	--	1,249	--	1,249
Realized gains	--	5,304	--	5,304
Unrealized gains	--	32,125	--	32,125
Investment fees	--	(634)	--	(634)
Balance, June 30, 2021	\$ <u>939,565</u>	\$ <u>91,447</u>	\$ <u>222,369</u>	\$ <u>1,253,381</u>

NOTE 11 - DONATED SERVICES

Numerous volunteers donate significant amounts of time and perform a variety of tasks for ALT including property maintenance and administrative support. Although no amounts have been reflected in the financial statements because the criteria for recognition of such efforts under accounting principles generally accepted in the United States of America have not been satisfied, management estimates the fair value of these services to be approximately \$59,200 and \$51,000 for the years ended June 30, 2021 and 2020, respectively.

ALLEGHENY LAND TRUST

NOTES TO FINANCIAL STATEMENTS
(continued)

NOTE 12 - DONOR RESTRICTIONS

Net assets are donor restricted as follows as of June 30:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Land protection activities		
Acquisition	\$ 830,902	\$ 810,379
Conservation easements	126,385	91,981
Stewardship activities		
Property maintenance	316,589	102,684
Special projects	10,975	14,300
Education activities	26,909	50,886
Community conservation	<u>523,092</u>	<u>354,314</u>
	<u>1,834,852</u>	<u>1,424,544</u>
Subject to the passage of time:		
For periods after June 30	<u>150,000</u>	<u>300,000</u>
Not subject to appropriation:		
Investments held in perpetuity	222,369	222,369
Costs incurred for land to be held for conservation	53,361	43,484
Land required to be held for conservation	<u>20,262,073</u>	<u>16,689,417</u>
	<u>20,537,803</u>	<u>16,955,270</u>
	<u>\$ 22,522,655</u>	<u>\$ 18,679,814</u>

ALLEGHENY LAND TRUST

NOTES TO FINANCIAL STATEMENTS

(continued)

NOTE 13 - PAYCHECK PROTECTION PROGRAM LOANS

On April 6, 2020, ALT received a Paycheck Protection Program (“PPP”) loan in the amount of \$147,100 from a lender, which was funded under the provisions of the United States of America Small Business Administration Paycheck Protection Program. The outstanding balance of the note was subject to an initial deferment period of six months, which was extended to ten months, upon which ALT can apply for forgiveness to the extent that the proceeds are used in accordance with the provisions of Section 1106 of the Coronavirus Aid, Relief and Economic Security (“CARES”) Act. After the deferment period, to the extent that the note was not forgiven, payments of interest and principal were due in equal installments through maturity in April 2022. The note was subject to a fixed interest rate of 1.0% over the entirety of the two-year term, and interest that accrued over the initial deferment period was payable ten months from the date of the initial disbursement. On March 19, 2021, ALT received full forgiveness of the PPP loan from the Small Business Administration, under the provisions of the CARES Act, which is recognized as forgiveness of Paycheck Protection Program loan in the 2021 statement of activities and changes in net assets.

On February 27, 2021, ALT received a second PPP loan in the amount of \$144,070. The second PPP loan is subject to the same CARES Act forgiveness provisions as the initial PPP loan, has an initial deferment period of 10 months, and accrues interest at a rate of 1.0%. To the extent that the loan is not forgiven, payments of principal and interest will be due in equal installments beginning in December 2021, through maturity in February 2026. Accrued interest on the PPP loan is not recorded in the accompanying financial statements due to immateriality and the expectation that the interest will be forgiven. On October 28, 2021, ALT received full forgiveness of the second PPP loan, which will be recognized in the statement of activities and changes in net assets during their year ending June 30, 2022.

As permitted by accounting principles generally accepted in the United States of America, ALT elected to account for the notes as financial liabilities in accordance with FASB Accounting Standards Codification (“ASC”) Topic 470, *Debt*. Accordingly, the notes are reflected as a liability until either of the following criteria are met: a) ALT has been legally released as the obligor under the liability or b) ALT pays the lender and is relieved of its obligation for the note.

NOTE 14 - NOTE PAYABLE

On May 28, 2021, ALT entered into a loan agreement in the amount of \$515,000 with a funder to supplement the purchase of the Churchill property. The loan is interest-free for the initial 24-months of the 36-month term, at which time any outstanding balance will accrue interest at a rate of 2.5% per annum. The loan balance and any accrued interest are due in full upon maturity of the loan in May 2024, however the balance can be repaid prior to maturity without penalty.

ALLEGHENY LAND TRUST

NOTES TO FINANCIAL STATEMENTS

(continued)

NOTE 15 - LINE OF CREDIT FACILITIES

During the year ended June 30, 2020, ALT entered into an unsecured line of credit arrangement with a financial institution. The line of credit provided for borrowings of up to \$250,000 with an effective interest rate of prime plus 2.00%. In March of 2021, ALT entered into a new line of credit arrangement with the same financial institution, which effectively closed the existing line of credit. The new line of credit provides for borrowings of up to \$500,000 with an effective interest rate of prime plus 3.25%. As of June 30, 2021 and 2020, there were no borrowings outstanding on either of the line of credit facilities.