

**MORRIS LAND TRUST, INC.**

FINANCIAL STATEMENTS

DECEMBER 31, 2023

**MORRIS LAND TRUST, INC**

**FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

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# CLERMONT

ACCOUNTANTS • ADVISORS

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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Morris Land Trust, Inc.  
Morris, CT 06763

### **Opinion**

We have audited the accompanying financial statements of the Morris Land Trust, Inc. (a nonprofit organization), which comprise the Statement of Financial Position as of December 31, 2023 and the related statements of activities, changes in net assets, 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 the Morris Land Trust, as of December 31, 2023, and the changes in its net assets for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Morris Land Trust and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about the Morris Land Trust's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's 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 auditor's 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 the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment 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 the Morris Land Trust's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, which raise substantial doubt about the Morris Land Trust'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 audits.

**Clermont & Associates, LLC**  
Waterbury, Connecticut



August 23, 2024

## STATEMENT OF FINANCIAL POSITION

December 31, 2023

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**ASSETS**

Cash and cash equivalents	\$	175,029
Investments		19,830
Conservation land		730,590
Conservative easements		<u>903,000</u>
<b>Total assets</b>	\$	<u><u>1,828,449</u></u>

**LIABILITIES AND NET ASSETS**

Without donor restrictions:		
Designated	\$	5,000
Undesignated		168,459
With donor restrictions		<u>1,654,990</u>
<b>Total net assets</b>	\$	<u><u>1,828,449</u></u>
<b>Total liabilities and net assets</b>	\$	<u><u>1,828,449</u></u>

*The accompanying notes are an integral part of the financial statements.*

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
 For the Year Ended December 31, 2023

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	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenues and other support:</b>			
Contributions and donations	\$ 17,166	4,800	21,966
Investment income	4,884		4,884
Unrealized gains in investments	(170)		(170)
Net assets released from restrictions			-
<b>Total revenues and other support</b>	<u>\$ 21,880</u>	<u>4,800</u>	<u>26,680</u>
<b>Expenses:</b>			
<i>Program services:</i>			
Land conservation	\$ 7,513		7,513
<i>Supporting activities:</i>			
General and administrative	3,312		3,312
Fundraising	1,200		1,200
<b>Total expenses</b>	<u>\$ 12,025</u>	<u>-</u>	<u>12,025</u>
<b>Change in net assets</b>	\$ 9,855	4,800	14,655
<b>Net assets - beginning</b>	<u>163,604</u>	<u>1,650,190</u>	<u>1,813,794</u>
<b>Net assets - ended</b>	<u>\$ 173,459</u>	<u>1,654,990</u>	<u>1,828,449</u>

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

STATEMENT OF FUNCTIONAL EXPENSES  
 For the Year Ended December 31, 2023

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	Program	Fundraising	Management and General	Total
Accounting services	\$		550	550
Insurance			1,756	1,756
Organization memberships			925	925
Education	100			100
Stewardship	180			180
Land acquisition	7,183			7,183
Legal and documentation	50			50
Postage, printing and other		1,200		1,200
Website			81	81
<b>Total</b>	<b>\$ 7,513</b>	<b>1,200</b>	<b>3,312</b>	<b>12,025</b>

*The accompanying notes are an integral part of the financial statements.*

# MORRIS LAND TRUST

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

### **Note 1 – Summary of Significant Accounting Policies**

#### Nature of Activities

The Morris Land Trust, Inc. (the “Land Trust” or the “Organization”) is a private nonprofit conservation organization dedicated to promoting the protection and preservation of Morris, Connecticut’s natural resources. The Land Trust incorporated in the State of Connecticut in November 15, 2006 and has completed six conservation projects, three of which are owned and managed by the Land Trust.

The Land Trust’s primary sources of revenue are contributions from the general public, investment income and private and government grants.

#### Basis of Accounting and Financial Presentation

The Organization’s financial statements are presented on the modified cash basis of accounting and in accordance with Financial Accounting Standards Board Accounting Standards Codification (“FASB ASC”) guidance on reporting information regarding its financial position and activities for not-for-profit organizations. Under that guidance, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

#### Revenue Recognition

##### **Contributions**

Contributions are recognized as without donor restrictions unless their use is specified by the donor. When a donor restriction expires, the stipulated time restriction ends, or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the Statement of Activities and Changes in Net Assets as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization recognizes the support as unrestricted. Certain donor restrictions are perpetual in nature from which the Organization may utilize only the income; these assets will be disclosed, as necessary.

##### **Promises to Give**

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



# MORRIS LAND TRUST

## NOTES TO FINANCIAL STATEMENTS December 31, 2023

### **Note 1 – Summary of Significant Accounting Policies** (Continued)

#### **Non-cash Contributions**

A significant number of volunteers have donated their time in the furtherance of the Organization's programs and activities. However, the value of these services is not recognized in the financial statements unless the donated service received creates or enhances non-financial assets or requires specialized skills that would typically need to be purchased if not provided by contribution. In addition, the Organization receives in-kind contributions and recognizes the fair value thereof to the extent it would have purchased the merchandise.

#### Other Significant Accounting Policies

#### **Investments**

The Morris Land Trust follows FASB guidance on fair value, which among other things defines fair value, establishes a hierarchical framework for measuring fair value, and expands disclosure about fair value measurements. 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. The fair value hierarchy is organized into three levels based upon the assumptions referred to as inputs used in pricing the asset or liability as follows:

*Level 1:* Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

*Level 2:* Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, with fair value being determined through the use of models or other valuation methodologies.

*Level 3:* Inputs are unobservable inputs for the assets or liability and are used to the extent that observable inputs do not exist. Level 3 inputs require significant management judgment and estimation. Factors considered include the purchase cost, prices of recent private placements of the same issuer, liquidity of the investment, changes in the financial condition of the issuer, and valuation of similar companies.

# MORRIS LAND TRUST

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

### **Note 1 – Summary of Significant Accounting Policies (Continued)**

The Land Trust values its investment in readily marketable securities, when present, using Level 1 inputs. If applicable, the Organization reports investment income and gains and losses as increases or decreases in unrestricted net assets in the Statement of Activities and Changes in Net Assets unless a donor or law temporarily or permanently restricts their use. Restricted gains and investment income whose restrictions are met in the same reporting period are reported as unrestricted support.

Investments are managed in accordance with the Organization's board-approved investment and spending policies. The primary investment objective is to preserve and enhance the cash and investments, earning a competitive return from a combination of investment income and capital appreciation over the long-term without exposing the assets to undue risk.

#### **Property and Equipment**

The Land Trust capitalized all expenditures and equipment with a cost of \$2,500 or more. Purchased property and equipment are carried at cost. Donated property and equipment are carried at fair market value at the date of donation.

#### **Conservation Land Holdings**

Conservation land holdings acquired by purchase or donation and are recorded at fair value as of the date donated or cost as of the date of purchase.

#### **Conservation Easements**

The Land Trust acquires easements and development rights on property through purchase and donation. Conservation easements impose numerous restrictions over the use and development of the land. The conservation easements are recorded at purchase price or fair value as of the date donated or cost as of the date of purchase.

#### **Functional Expenses**

The costs of programs and supporting services activities have been summarized on a functional basis in the statements of activities. The Statement of Functional Expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification.

**MORRIS LAND TRUST**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2023

**Note 1 – Summary of Significant Accounting Policies** (Continued)

**Income Taxes**

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from income taxes under Section 501(a) of the IRC. In addition, it has been classified as an organization that is not a private foundation under Section 509(a) of the IRC.

U.S. generally accepted accounting principles require entities to disclose in their financial statements the nature of any uncertainty in their tax positions. For tax exempt entities, tax exempt status itself is deemed to be an uncertainty, as events could potentially occur to jeopardize their tax-exempt status. Management believes the Organization has no uncertain tax positions. The Organization anticipates that it will not have a change in uncertain tax positions during the next twelve months that would have a material impact on the Organization’s financial statements. If necessary, the Organization would accrue interest and penalties on uncertain tax positions as a component of the provision for income taxes. The Organization is no longer subject to federal and state income tax examinations by tax authorities for years before 2020.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The Organization regularly assesses these estimates and, while actual results may differ from these estimates, management believes that material changes will not occur in the near term.

**Note 2 – Cash and Investments**

Cash

The Organization carrying amount of cash balances is as follows:

Checking	\$	5,808
Money market		44,093
Sweep account		11,747
Certificates of deposit		113,381
Total cash balances	\$	<u>175,029</u>

## MORRIS LAND TRUST

### NOTES TO FINANCIAL STATEMENTS

December 31, 2023

#### Note 2 – Cash and Investments (Continued)

The Land Trust cash and cash equivalents include the following certificates of deposit:

<u>Purchase</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance</u>
7/30/2021	9/03/2024	4.89%	\$ 10,204
11/02/2020	5/02/2024	0.25	5,468
9/05/2022	8/07/2024	4.89	15,450
6/07/2018	5/07/2024	4.17	10,234
4/14/2020	4/11/2025	1.01	5,189
3/05/2019	3/04/2024	2.72	5,700
3/13/2023	6/16/2024	4.17	10,334
4/13/2023	3/13/2024	4.17	10,302
5/16/2023	4/15/2024	4.41	10,279
10/12/2023	11/12/2024	5.16	10,110
11/2/2023	12/02/2024	5.16	10,081
12/08/2023	1/07/2025	5.16	<u>10,030</u>
Total certificates of deposit			\$ <u><u>113,381</u></u>

#### Investment

Investments are reported at fair value using quoted market prices (Level 1 in the fair value hierarchy).

As of December 31, 2023, the Organization held the following investments:

	<u>Fair Value</u>	<u>Cost</u>
U.S. Treasury Notes	\$ <u>19,830</u>	<u>20,000</u>

#### Note 3 Conservation Land and Easements

As of December 31, 2023, Conservation land holdings consist of the following:

<u>Year Received</u>	<u>Description</u>	<u>Acres</u>	<u>Town</u>	<u>Book Value</u>
2018 <sup>(1)</sup>	Adams-Purves Parcel	51.480	Litchfield, CT	\$ 139,590
2021	Bertaccini Parcel	2.800	Morris, CT	325,000
2019	Vingo Parcel	39.065	Morris, CT	<u>266,000</u>
Total conservation land				\$ <u><u>730,590</u></u>

(1) Conservation restricted dated July 29<sup>th</sup>, 2011 as amended December 23, 2014 and quit claimed December 31, 2018

## MORRIS LAND TRUST

### NOTES TO FINANCIAL STATEMENTS December 31, 2023

#### **Note 3 Conservation Land and Easements (Continued)**

The land trust held the following land easements:

<u>Description</u>	<u>Acres</u>	<u>Town</u>	<u>Book Value</u>
Heimler	1.95	Morris, CT	\$ 75,000
Perley-Levin	8.91	Morris, CT	91,000
Farnham Farm	137.22	Morris, CT	737,000
Total land easements			\$ <u>903,000</u>

#### **Note 4 – Liquidity and Availability of Financial Assets**

The Land Trust regularly monitors liquidity required to meet its operating needs and other financial commitments, while also striving to maximize the investment of its available funds. In addition to the financial assets and other resources available for general expenditure within one year, the Land Trust has Board-designated funds that, while the Land Trust does not intend to spend these for purposes other than those identified, the amounts could be made available for current operations, with Board approval, if necessary. The Land Trust operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

#### **Note 5 – Restricted and Designated Fund Balance**

The Organization has the following restricted net assets as of December 31, 2023:

<u>Description</u>	<u>Balance</u>
Conservation land – restricted use	\$ 730,590
Land easements – restricted use	903,000
Stewardship fund – restricted for conservation land	16,500
Land purchase – Humphrey	4,900
Total restricted net assets	\$ <u>1,654,990</u>

The board of directors has also designated \$5,000 in the defense fund.

#### **Note 6 – Commitments and Contingencies**

##### Purchase and Sales agreement

The Land Trust signed an agreement on September 20, 2022 to purchase 37.1 acres of undeveloped land in the Town of Morris for \$370,000. On May 10, 2023, the Land Trust was awarded an Open Space and Watershed Land Acquisition (OSWA) grant in the amount of \$240,500 to help fund the purchase. An additional \$92,500 additional funds were awarded by the U.S Department of the Interior, Fishing and Wildlife Services (USFWS) to help fund the purchase. The Land Trust plans to fund the remaining costs of the land purchase through private donations.

## MORRIS LAND TRUST

### NOTES TO FINANCIAL STATEMENTS December 31, 2023

#### **Note 6 – Commitments and Contingencies (Continued)**

In accordance with the sales agreement, the closing is to take place September 30, 2024 or sooner by agreement of the parties.

The use of OSWA funds to purchase the property restricts the land use as described in Section 7-131(d) of the Connecticut General Statutes (C.G.S). This includes a permanent conservation easement be executed at the closing as defined in C.G.S.47-42(a).

#### Litigation

Management has indicated there are no litigations against the Organization concerning personal injury or employment matters.

#### **Note 7– Income Taxes**

The Organization is exempt from federal income taxes under Internal Revenue Code section 501(c)(3). Contributions made to the Organization are qualified for the maximum tax deductions allowable under the United States Internal Revenue Code.

#### **Note 8– Subsequent Events**

Management has evaluated events after the date of the Statement of Financial Position through August 23, 2024, the date the financial statements were available to be issued. No events have occurred after the Statement of Financial Position date through August 23, 2024, that would require adjustments to the financial statements.