



**SCENIC HUDSON, INC.
AND
THE SCENIC HUDSON LAND TRUST, INC.**

Consolidated Financial Statements
and Supplementary Information
(Together with Independent Auditors' Report)

June 30, 2018 and 2017

M A R K S P A N E T H

ACCOUNTANTS & ADVISORS

SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.

**CONSOLIDATED FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)**

JUNE 30, 2018 AND 2017

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INDEPENDENT AUDITORS' REPORT

The Board of Directors of
Scenic Hudson, Inc. and The Scenic Hudson Land Trust, Inc.

We have audited the accompanying consolidated financial statements of Scenic Hudson, Inc. and The Scenic Hudson Land Trust, Inc. (collectively, the "Organization") which comprise the consolidated statements of financial position as of June 30, 2018 and 2017, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2018 and 2017, 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.

Report on the Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating information on pages 22 through 24 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and changes in net assets and cash flows of the individual entities and is not a required part of the consolidated financial statements. The supplementary information on pages 25 through 28 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Marks Paneth LLP

New York, NY
August 31, 2018

SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2018 AND 2017

	2018	2017
ASSETS		
Cash and cash equivalents (Notes 2C and 13)	\$ 19,784,139	\$ 20,171,365
Promises to give and grants receivable, net (Notes 2D, 2E and 3)	10,911,980	14,833,180
Investments, at fair value (Notes 2F, 6, 8 and 11D)	209,788,533	199,278,101
Prepaid expenses and other assets (Note 11A)	583,100	475,995
Property and equipment, net (Notes 2G and 4)	51,021	52,883
Land areas, at cost (Notes 2K and 5)	58,413,382	54,732,044
TOTAL ASSETS	\$ 299,532,155	\$ 289,543,568
LIABILITIES		
Accounts payable and accrued expenses	\$ 1,749,722	\$ 1,116,788
Grants payable (Note 7)	25,000	325,000
Notes payable (Notes 2D and 8)	2,514,734	2,074,313
TOTAL LIABILITIES	4,289,456	3,516,101
COMMITMENTS AND CONTINGENCIES (Note 11)		
NET ASSETS (Note 2B)		
Unrestricted:		
Operating	72,025,866	72,538,370
Board designated - other endowment (Notes 12A and 12C)	17,856,610	17,336,401
Board designated - easement enforcement fund (Notes 12A and 12C)	941,458	994,758
Total unrestricted	90,823,934	90,869,529
Temporarily restricted (Note 12B):		
Endowment (Note 12C)	179,623,583	171,113,285
Other temporarily restricted	24,795,182	24,044,653
Total temporarily restricted	204,418,765	195,157,938
TOTAL NET ASSETS	295,242,699	286,027,467
TOTAL LIABILITIES AND NET ASSETS	\$ 299,532,155	\$ 289,543,568

SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	For the Year Ended June 30, 2018			For the Year Ended June 30, 2017		
	Unrestricted	Temporarily Restricted	Total 2018	Unrestricted	Temporarily Restricted	Total 2017
OPERATING REVENUES AND SUPPORT (Note 2H):						
Contributions (Notes 2D, 8 and 9)	\$ 4,655,747	\$ 1,766,895	\$ 6,422,642	\$ 7,163,086	\$ 14,466,531	\$ 21,629,617
Government grants (Notes 2D and 11C)	217,093	-	217,093	731,714	-	731,714
Endowment allocations used to meet spending policy (Note 12)	8,511,300	-	8,511,300	8,489,900	-	8,489,900
Investment activity other than endowment earnings	147,731	-	147,731	53,131	-	53,131
Other revenues	192,947	-	192,947	152,199	-	152,199
Gain on sale of land areas (Note 5)	-	-	-	460,199	-	460,199
Net assets released from restrictions (Note 12)	1,016,366	(1,016,366)	-	2,046,308	(2,046,308)	-
Total Operating Revenues and Support	<u>14,741,184</u>	<u>750,529</u>	<u>15,491,713</u>	<u>19,096,537</u>	<u>12,420,223</u>	<u>31,516,760</u>
OPERATING EXPENSES (Note 2I):						
Program services:						
Sale/donation of property interests below cost to state and local government agencies and unaffiliated nonprofit entities (Note 5)	75,521	-	75,521	6,243,986	-	6,243,986
Other program services	12,568,558	-	12,568,558	10,325,549	-	10,325,549
Total program services	12,644,079	-	12,644,079	16,569,535	-	16,569,535
Management and general	1,374,331	-	1,374,331	1,375,980	-	1,375,980
Fundraising	1,340,901	-	1,340,901	1,239,567	-	1,239,567
Total Operating Expenses	<u>15,359,311</u>	<u>-</u>	<u>15,359,311</u>	<u>19,185,082</u>	<u>-</u>	<u>19,185,082</u>
NET OPERATING ACTIVITY	<u>(618,127)</u>	<u>750,529</u>	<u>132,402</u>	<u>(88,545)</u>	<u>12,420,223</u>	<u>12,331,678</u>
Transfers to/from board designated endowment	80,403	-	80,403	(1,141,512)	-	(1,141,512)
NET OPERATING ACTIVITY AFTER TRANSFERS	<u>(537,724)</u>	<u>750,529</u>	<u>212,805</u>	<u>(1,230,057)</u>	<u>12,420,223</u>	<u>11,190,166</u>
NON-OPERATING ACTIVITIES (Note 2H):						
Bequests and additions to Board designated funds (Note 2H)	162,818	-	162,818	97,583	(11,144)	86,439
Transfers to/from board designated endowment	(80,403)	-	(80,403)	1,141,512	-	1,141,512
Change in value of split-interest agreement (Note 2J)	-	-	-	-	(2,076)	(2,076)
Investment activity (Note 6)	1,145,014	16,286,298	17,431,312	1,667,459	26,594,968	28,262,427
Endowment allocations used to meet spending policy (Note 12)	(735,300)	(7,776,000)	(8,511,300)	(713,900)	(7,776,000)	(8,489,900)
NET NON-OPERATING ACTIVITY	<u>492,129</u>	<u>8,510,298</u>	<u>9,002,427</u>	<u>2,192,654</u>	<u>18,805,748</u>	<u>20,998,402</u>
CHANGES IN TOTAL NET ASSETS	<u>(45,595)</u>	<u>9,260,827</u>	<u>9,215,232</u>	<u>962,597</u>	<u>31,225,971</u>	<u>32,188,568</u>
Net Assets - Beginning of Year	<u>90,869,529</u>	<u>195,157,938</u>	<u>286,027,467</u>	<u>89,906,932</u>	<u>163,931,967</u>	<u>253,838,899</u>
NET ASSETS - END OF YEAR	<u>\$ 90,823,934</u>	<u>\$ 204,418,765</u>	<u>\$ 295,242,699</u>	<u>\$ 90,869,529</u>	<u>\$ 195,157,938</u>	<u>\$ 286,027,467</u>

SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 9,215,232	\$ 32,188,568
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	11,736	20,758
Change in value of split-interest agreement	-	2,076
Change in discount on promises to give and grants receivable	(226,395)	315,969
Realized gain on sales of investments	(5,173,424)	(4,434,254)
Unrealized gain on investments	(9,466,058)	(20,769,674)
Gain on sale of land areas	-	(460,199)
Sale/donation of property interests below cost to state and local governmental agencies and unaffiliated nonprofit entities	75,521	6,243,986
In-kind contribution for imputed interest on notes payable	(261,567)	-
Amortization of imputed interest on notes payable	71,052	257,122
Subtotal	(5,753,903)	13,364,352
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Promises to give and grants receivable	4,147,595	(10,489,898)
Prepaid expenses and other assets	(107,105)	(16,120)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	632,934	37,851
Grants payable	(300,000)	225,000
Net Cash (Used in) Provided by Operating Activities	(1,380,479)	3,121,185
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of investments	7,000,000	4,944,453
Purchases of investments	(2,870,950)	(3,096,306)
Acquisitions of land areas and property and equipment	(4,227,233)	(1,826,431)
Proceeds from sales of land areas and property and equipment	460,500	2,554,500
Net Cash Provided by Investing Activities	362,317	2,576,216
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	630,936	-
Repayment of notes payable	-	(1,500,000)
Distribution from split-interest agreement	-	11,144
Net Cash Provided by (Used in) Financing Activities	630,936	(1,488,856)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(387,226)	4,208,545
Cash and Cash Equivalents - Beginning of Year	20,171,365	15,962,820
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 19,784,139	\$ 20,171,365

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

SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

The consolidated financial statements of Scenic Hudson, Inc. and The Scenic Hudson Land Trust, Inc. (collectively the “Organization”) have been prepared by consolidating the financial statements of Scenic Hudson, Inc. (“Scenic Hudson”) and The Scenic Hudson Land Trust, Inc. (the “Land Trust”). All material intercompany transactions and balances have been eliminated in the consolidation.

Scenic Hudson is a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation. The Land Trust was founded exclusively for the benefit of, and to serve the purposes of Scenic Hudson, to the extent that those purposes relate to acquiring and holding land in the Hudson River Valley, in order to preserve and protect such land for the benefit of the public, including transferring lands to federal, state and local governments and other not-for-profit organizations. The Land Trust is a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation, as described in Section 509(a)(3), as it is a supporting organization of Scenic Hudson. Scenic Hudson and the Land Trust are incorporated under the laws of the State of New York (the “State”) and are exempt from State and local income and sales taxes.

The Organization works to preserve land and farms and create parks that connect people with the inspirational power of the Hudson River, while fighting threats to the river and natural resources that are the foundation of the Hudson Valley’s prosperity. A crusader for the Hudson River Valley since 1963, the Organization is credited with saving fabled Storm King Mountain from a destructive industrial project and launching the modern grass-roots environmental movement. Today, with more than 25,000 supporters, the Organization is the largest environmental group focused on the Hudson River Valley. The Organization’s teams of experts combine land conservation, citizen-based advocacy and sophisticated planning tools to help make the Hudson Valley a great place to live, work and play by protecting the region’s prime assets – world-class beauty, working farms, engaged citizen-activists, and vibrant city and town centers. The Organization seeks to promote a region-wide community with a shared resolve to become a model of sustainable economic opportunity and resiliency in the face of climate change. To date, the Organization has created or enhanced more than 65 parks, preserves and historic sites up and down the Hudson River and conserved more than 40,000 acres.

The Organization is guided by its vision for the region:

The Hudson Valley is a community of informed and engaged citizens working to make the region a model of vibrant riverfront cities and towns linked by inviting parks and trails, beautiful and resilient landscapes, and productive farms.

Contributions and investment income constitute the Organization’s primary sources of revenue. From time to time, the Organization is the recipient of government grants which leverage these primary revenue sources and other third-party funding.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Basis of Accounting and Use of Estimates*

The Organization’s consolidated financial statements have been prepared on the accrual basis of accounting. The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. *Basis of Presentation*

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. Unrestricted net assets are those which have no external restrictions and include land areas held by the Organization for conservation purposes. Temporarily restricted net assets are those for which use has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained in perpetuity. As of June 30, 2018 and 2017, the Organization did not have any permanently restricted net assets.

C. *Cash Equivalents*

The Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents, except for those short-term investments managed by the Organization's investment managers as part of its long-term investment strategies.

D. *Promises to Give and Grants Receivable/Contributions and Government Grants*

Contributions are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional contributions and promises to give are not recognized until they become unconditional, that is when the future and uncertain event on which they depend has occurred. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Donated services are recognized in the consolidated financial statements if the services enhance or create nonfinancial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The Organization records contributed services and facility usage at their fair value on the date received. The Organization received contributed legal services and facility usage which amounted to approximately \$87,000 and \$407,000, respectively, for the years ended June 30, 2018 and 2017. Such amounts are reflected as contributions and expense in the accompanying consolidated statements of activities. The Organization also records contribution revenue and a discount for imputed interest on non-interest-bearing notes and loans when the proceeds are received. The notes payable are reported in the consolidated statements of financial position, net of unamortized discount, and the discount is amortized to interest expense over the terms of the notes payable (see Note 8).

Many volunteers, including the Board of Directors, have made significant contributions of time in furtherance of the Organization's policies and programs. The value of this contributed time does not meet the criteria of recognition and therefore is not reflected in the accompanying consolidated financial statements.

Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift.

Government grants are recognized as income when reimbursable expenses have been incurred. Earned revenue yet to be billed under contracts in excess of advances is reported as pledges and grants receivable. Advances received from government agencies in excess of expenditures incurred for a contract are reported as government contract advances.

E. *Allowance for Uncollectible Promises to Give and Grants Receivable*

The Organization determines whether an allowance for uncollectible promises to give and grants receivable should be provided based on prior years' experience and management's analysis of specific promises to give and grants made. As of June 30, 2018 and 2017, the Organization determined an allowance of \$50,000 was appropriate.

SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. *Investments*

The Organization reflects investments at fair value in the accompanying consolidated statements of financial position. Interest, dividends and gains and losses on investments are reflected in the consolidated statements of activities as increases or decreases in unrestricted net assets, unless their use is temporarily or permanently restricted by explicit donor stipulations or by law. Investment income and gains restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the income and gains are recognized.

Investments are stated at fair value, as defined in Notes 2L and 6. Money market funds, equities and fixed income securities are reported at publicly quoted market prices. Investments in commingled funds and alternative investments are recorded at fair value, as determined by the general partners or investment manager. Such funds may trade in derivative instruments that involve varying degrees of market risk including credit exposure, liquidity and interest rates. Due to the level of risk associated with securities and the level of uncertainty related to changes in their value, it is possible that market conditions could have a near-term material effect on balances reported in the accompanying consolidated statements of financial position and activities.

As more fully described in Note 12, it is the Organization's policy to make an annual appropriation to support the acquisition of land areas and conservation easements, as well as other operating activities, at the discretion of the Board of Directors, of an amount equal to a designated percentage of the average asset fair values of the respective endowments at the end of a rolling twelve fiscal quarter period. For the years ended June 30, 2018 and 2017, the appropriation amounted to 5% of the average asset fair value for the rolling twelve fiscal quarter periods ended December 31, 2016 and 2015, respectively.

G. *Property and Equipment*

Property and equipment is capitalized by the Organization, provided its cost is \$5,000 or more and its useful life is three years or more. Property and equipment is recorded at cost. Depreciation is provided on a straight-line basis over the estimated life of the asset or, in the case of leasehold improvements, the term of the lease, whichever is shorter.

H. *Operating and Non-Operating Activities*

The Organization includes in its definition of operations all revenues and expenses that are an integral part of its programs, excluding purchases of natural land areas in fee which are recorded at cost, and supporting activities. Operating activities include an authorized investment income allocation from the temporarily restricted endowment (see Note 12B) and all contributions, except for bequests greater than \$10,000 and additions to the easement enforcement fund. All activities related to the Board designated endowment and easement enforcement fund are recognized as non-operating activities.

I. *Functional Allocation of Expenses*

The cost of providing the various programs and supporting services has been summarized on a functional basis in the accompanying consolidated statements of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

J. *Split-Interest Agreement*

The Organization's split-interest agreement consisted of assets in a pooled income fund (the "Fund"), held by a third party. The Fund provided for the payment of income to a designated beneficiary over their lifetime, based on their interest in the Fund. The Fund was terminated during the fiscal year ended June 30, 2017 by agreement between the Organization and the Fund's sole participant, resulting in a pro-rata distribution to the Organization of \$11,144.

SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Organization recognizes assets and temporarily restricted contribution revenue for its split-interest agreements at the date the agreement is established, net of the liability recorded for the present value of the estimated future payments to be made to the donor and other beneficiaries based upon their life expectancies using IRS mortality tables and the appropriate discount rates. The adjustment of the Organization's pro-rata share of the final distribution from the Fund to fair value is reflected as a change in value of split-interest agreement in the accompanying consolidated statements of activities.

K. *Land Areas and Conservation Easements*

Purchased land areas are recorded at cost. Donated land areas are recognized at fair market value at the date of the contribution. Land project expenses, such as park development and management costs, are expensed in the period incurred. Purchased easements are expensed in the period acquired. Contributions for the purpose of purchasing conservation easements are temporarily restricted at year-end if the purchase of the conservation easement has not been completed. Donated conservation easements are not recorded as revenue or expense by the Organization, except those conservation easements donated (in full or in part) by third parties to satisfy the requirements of governmental funding programs.

The Organization recognizes that it is the responsibility of the donor to report the appraised value of a donated conservation easement to the Internal Revenue Service; the Organization does not participate in the appraisal or reporting of these values.

L. *Fair Value Measurements*

Fair value measurements are based on 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. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 6.

NOTE 3 – PROMISES TO GIVE AND GRANTS RECEIVABLE

Promises to give and grants receivable were as follows as of June 30:

	<u>2018</u>	<u>2017</u>
Unrestricted	\$ 941,554	\$ 747,874
Restricted to future programs and periods	<u>9,970,426</u>	<u>14,085,306</u>
Total	<u>\$ 10,911,980</u>	<u>\$ 14,833,180</u>

Promises to give and grants receivable were scheduled to be collected as follows as of June 30:

	<u>2018</u>	<u>2017</u>
Less than one year	\$ 5,926,554	\$ 6,109,149
One to five years	<u>5,125,000</u>	<u>9,090,000</u>
	11,051,554	15,199,149
Less: Reserve for uncollectible receivables	(50,000)	(50,000)
Less: Discount to net present value	<u>(89,574)</u>	<u>(315,969)</u>
Total	<u>\$ 10,911,980</u>	<u>\$ 14,833,180</u>

Promises to give and grants receivable due after one year are discounted to net present value using the risk-adjusted discount rate in effect on the date of the gifts. A discount of \$89,574 and \$315,969 was applied to unconditional promises to give as of June 30, 2018 and 2017, respectively, based on risk-adjusted discount rates between .44% and 2.62% and 1.24% and 1.55%, respectively.

SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30:

	<u>2018</u>	<u>2017</u>	<u>Estimated Useful Lives</u>
Furniture and equipment	\$ 60,737	\$ 50,863	3-7 Years
Transportation equipment	136,383	136,383	4-5 Years
Leasehold improvements	<u>23,910</u>	<u>23,910</u>	5 Years
Total cost	221,030	211,156	
Less: accumulated depreciation and amortization	<u>(170,009)</u>	<u>(158,273)</u>	
Net book value	<u>\$ 51,021</u>	<u>\$ 52,883</u>	

Depreciation and amortization amounted to \$11,736 and \$20,758 for the years ended June 30, 2018 and 2017, respectively.

NOTE 5 – LAND AREAS AND CONSERVATION EASEMENTS

Land areas and conservation easements consisted of the following as of June 30:

	<u>2018</u>	<u>2017</u>
Land areas, at cost	\$ 58,413,382	\$ 54,732,044
Less: reserve for impairment	<u>-</u>	<u>-</u>
Net book value	<u>\$ 58,413,382</u>	<u>\$ 54,732,044</u>

Land areas, at cost, consist of land held for conservation or for transfer/resale.

During the years ended June 30, 2018 and 2017, the Organization acquired land areas for a total of \$4,217,359 and \$1,813,594, respectively.

During the year ended June 30, 2018, the Organization sold/donated 2 properties with a carrying value of \$536,021 to third parties for \$460,500 resulting in a net loss of \$75,521, which is included in the accompanying consolidated statements of activities as “sale/donation of property interests below cost to state and local government agencies and unaffiliated nonprofit entities.” During the year ended June 30, 2017, the Organization sold/donated four properties with a carrying value of \$8,338,287 to third parties for proceeds of \$2,554,500, resulting in a net loss of \$5,783,787, which is included in the accompanying consolidated statements of activities as a “gain on sale of land areas” of \$460,199 and “sale/donation of property interests below cost to state and local government agencies and unaffiliated nonprofit entities” of \$6,243,986.

The Organization held conservation easements on various properties in the State as of June 30, 2018 and 2017. During the years ended June 30, 2018 and 2017, the Organization purchased easements, inclusive of closing costs, for \$2,817,428 and \$2,722,154, respectively, and such amounts are included in the accompanying consolidated statements of activities as program services expense.

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NOTE 6 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

As noted in Note 2F, investments are reported at fair value. Fair value is 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 and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
- Level 2: Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly. Investments in this category generally include corporate debt and less liquid securities such as securities traded on certain foreign exchanges. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.
- Level 3: Inputs that are unobservable for the asset or liability and that include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation. Investments in this category generally include equity and debt positions in private companies.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Organization's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

The Organization assesses the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer in accordance with its accounting policy regarding the recognition of transfers between levels of the fair value hierarchy.

All assets carried at fair value have been valued using a market approach. There were no changes in the valuation techniques during the current year. The following are the valuation techniques used by the Organization to measure different financial instruments at fair value and the level within the fair value hierarchy in which the financial instrument is categorized

- Investments in securities traded on a national securities exchange are stated at the last reported sales price on the day of valuation. These financial instruments are classified as Level 1 in the fair value hierarchy.
- Securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are stated at the last quoted bid price. Corporate bonds are valued based on the last reported bid price provided by broker-dealers or independent pricing services. These financial instruments are classified as Level 2 in the fair value hierarchy.
- Investments in pooled investment funds are valued at fair value based on the applicable percentage ownership of the investment funds' net assets as of the measurement date, as reported to the Organization by the investment fund. The majority of investment funds value securities and other financial instruments on a fair value basis of accounting. The estimated fair values of certain investments of the investment funds, which may include private placements and other securities for which prices are not readily available, are determined by the management or sponsor of the respective investment funds and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized.

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NOTE 6 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments. The fair value of the Organization's investments in investment funds generally represents the amount the Organization would expect to receive if it were to liquidate its investment in the investment fund, excluding any redemption charges that may apply.

The following table presents the Organization's fair value hierarchy for those assets measured at fair value as of June 30, 2018:

Description	2018 Fair Value Measurements Using			Total
	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	
Money Market Funds	\$ 22,082,798	\$ -	\$ -	\$ 22,082,798
Total Money Market Funds	<u>22,082,798</u>	<u>-</u>	<u>-</u>	<u>22,082,798</u>
Equity Securities				
Vanguard S&P 500 Index Fund	46,995,536	-	-	46,995,536
U.S. Mutual Funds	289,716	-	-	289,716
U.S. Regulated Equity Securities	39,141,936	-	-	39,141,936
Emerging Markets Mutual Funds	10,210,170	-	-	10,210,170
Total Equity Securities	<u>96,637,358</u>	<u>-</u>	<u>-</u>	<u>96,637,358</u>
Fixed Income				
Mutual Funds - U.S.	7,925,359	-	-	7,925,359
Exchange Traded Funds - Treasury Bonds	7,370,908	-	-	7,370,908
Total Fixed Income	<u>15,296,267</u>	<u>-</u>	<u>-</u>	<u>15,296,267</u>
Pooled Investment Funds				
Ex-U.S. Commingled Funds	-	-	13,389,852	13,389,852
Alternative Investment Funds	-	-	12,142,685	12,142,685
Total Pooled Investment Funds	<u>-</u>	<u>-</u>	<u>25,532,537</u>	<u>25,532,537</u>
Total Investments at Fair Value	<u>\$ 134,016,423</u>	<u>\$ -</u>	<u>\$ 25,532,537</u>	<u>159,548,960</u>
Investments Measured at Net Asset Value (a):				
Ex-U.S. Commingled Funds				43,467,782
Alternative Investment funds				<u>6,771,791</u>
Total investments measured at Net Asset Value				<u>50,239,573</u>
Total Investments				<u>\$ 209,788,533</u>

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NOTE 6 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

The following table presents the Organization’s fair value hierarchy for those assets measured at fair value as of June 30, 2017:

Description	2017 Fair Value Measurements Using			Total
	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	
Money Market Funds	\$ 8,986,359	\$ -	\$ -	\$ 8,986,359
Total Money Market Funds	<u>8,986,359</u>	<u>-</u>	<u>-</u>	<u>8,986,359</u>
Equity Securities				
Vanguard S&P 500 Index Fund	41,103,997	-	-	41,103,997
U.S. Exchange Traded Funds - I Shares				
S&P 100 Index Fund	6,200,200	-	-	6,200,200
U.S. Mutual Funds	210,598	-	-	210,598
U.S. Regulated Equity Securities	33,045,067	-	-	33,045,067
Emerging Markets Mutual Funds	10,202,899	-	-	10,202,899
Total Equity Securities	<u>90,762,761</u>	<u>-</u>	<u>-</u>	<u>90,762,761</u>
Fixed Income				
Mutual Funds - U.S.	7,914,725	-	-	7,914,725
Mutual Funds - High Yield	5,725,454	-	-	5,725,454
Mutual Funds - Global Blend	6,611,364	-	-	6,611,364
Exchange Traded Funds - Treasury Bonds	7,469,930	-	-	7,469,930
Total Fixed Income	<u>27,721,473</u>	<u>-</u>	<u>-</u>	<u>27,721,473</u>
Pooled Investment Funds				
Ex-U.S. Commingled Funds	-	-	12,533,905	12,533,905
Alternative Investment Funds	-	-	11,036,984	11,036,984
Total Pooled Investment Funds	<u>-</u>	<u>-</u>	<u>23,570,889</u>	<u>23,570,889</u>
Total Investments at Fair Value	<u>\$ 127,470,593</u>	<u>\$ -</u>	<u>\$ 23,570,889</u>	<u>151,041,482</u>
Investments Measured at Net Asset Value (a):				
Ex-U.S. Commingled Funds				40,830,775
Alternative Investment funds				7,405,844
Total investments measured at Net Asset Value				<u>48,236,619</u>
Total Investments				<u>\$ 199,278,101</u>

(a) In accordance with Financial Accounting Standards Board Accounting Standards Codification (“ASC”) 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

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NOTE 6 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

The changes in assets measured at fair value for which the Organization has used Level 3 inputs to determine fair value are as follows for the years ended June 30:

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 23,570,889	\$ 19,728,084
Net appreciation	<u>1,961,648</u>	<u>3,842,805</u>
Balance, end of year	<u>\$ 25,532,537</u>	<u>\$ 23,570,889</u>

The Organization's policy is to recognize transfers in and transfers out as of the beginning of the reporting period of the event or change in circumstance that caused the transfer. For the years ended June 30, 2018 and 2017, there were no transfers between levels.

The following table summarizes the Organization's investments in pooled investment funds at June 30, 2018:

<u>Investment Objective</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if currently permitted)</u>	<u>Redemption Notice Period</u>
Long-only securities	\$ 43,467,782	\$ -	Monthly	10 business days
Long-only securities	13,389,852	-	Monthly	1st of month
Fixed Income - Private Equity	12,142,685	-	Quarterly	60 days notice
Fixed Income - Hedge Fund	4,603,254	-	Quarterly	60 days notice
Loan Fund ⁽¹⁾	<u>2,168,537</u>	<u>392,078</u>	Not permitted	6/18/13 to 6/18/2020
Total	<u>\$ 75,772,110</u>	<u>\$ 392,078</u>		

⁽¹⁾ The Organization's investments in a loan fund are primarily invested in illiquid investments for extended time periods measured in years. Due to the nature of the underlying investments, distributions and redemptions prior to the scheduled fund termination dates are at the sole discretion of these funds. Typically, distributions are made by the funds as the underlying investments are sold or otherwise liquidated.

The Organization's investments in certain funds have liquidity restraints due to lock-up periods. The aggregate fair value of these investments subject to lock-ups was approximately \$2,169,000 with unfunded commitments of approximately \$392,000 as of June 30, 2018.

The Organization has committed to make capital contributions totaling \$4,000,000 to a pooled investment fund. As of June 30, 2018, no capital contributions had been made by the Organization to the pooled investment fund.

The components of the net return on investments as reported in the accompanying consolidated statements of activities included the following for the years ended June 30:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 3,685,172	\$ 3,812,676
Realized gains	5,173,424	4,434,254
Unrealized gain	9,466,058	20,769,674
Investment fees	<u>(893,342)</u>	<u>(754,177)</u>
Total investment activity, net	<u>\$ 17,431,312</u>	<u>\$ 28,262,427</u>

Certain investments serve as collateral for the Organization's notes payable and line of credit as further described in Notes 8 and 11D, respectively.

SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 7 – GRANTS PAYABLE

Grants payable, all of which are scheduled to be paid within one year, consisted of the following as of June 30:

<u>Payable to</u>	<u>2018</u>	<u>2017</u>	<u>Purpose</u>
Town of Lloyd	\$ -	\$ 100,000	Extension of Hudson Valley Rail Trail
Other	<u>25,000</u>	<u>225,000</u>	Repair and restoration of a park
	<u>\$ 25,000</u>	<u>\$ 325,000</u>	

NOTE 8 – NOTES PAYABLE

In fiscal year 2015, the Organization secured loans from a foundation in the amounts of \$2,000,000 and \$500,000, respectively, to purchase land and build parks for public use which are due during fiscal year 2025, ten years from the dates of the loans. The loans are interest-free for the first five years and then bear interest at 0.25% per annum on the unpaid principal balance beginning with the sixth year of the loans until maturity. In fiscal year 2016, the Organization secured a \$1,500,000 loan from the same foundation to purchase land. Such loan was repaid during fiscal year 2017. The outstanding loans were collateralized by US Bank accounts holding equity securities with a fair value of approximately \$5,051,000 and \$4,680,000, respectively, as of June 30, 2018 and 2017. In August 2018, the \$2,000,000 loan was repaid in full.

In fiscal year 2018, the Organization secured a loan of approximately \$631,000 from a third party to purchase land. The repayment of such loan is to be in the form of a credit against the purchase price of such property subject to compliance with certain conditions set forth in a conditional contract of sale with such third party. The loan bears no interest (except in the event of default as defined by the agreement) and is unsecured, as a general obligation of the Organization.

Imputed interest on the notes payable was calculated at an effective rate between 2.40% and 5.5%, and such imputed interest at the dates the notes were initiated of \$261,567 and \$0, respectively, was recognized as an in-kind contribution during the years ended June 30, 2018 and 2017. The imputed interest is being amortized over the lives of the loans and imputed interest expense related to the loans amounted to \$71,052 and \$257,122, respectively, including the full amount of unamortized interest expense related to loans repaid prior to maturity date, for the years ended June 30, 2018 and 2017. Notes payable consisted of the following as of June 30:

	<u>2018</u>	<u>2017</u>
Principal balance	\$ 3,130,936	\$ 2,500,000
Less: imputed interest	<u>(616,202)</u>	<u>(425,687)</u>
	<u>\$ 2,514,734</u>	<u>\$ 2,074,313</u>

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NOTE 9 – SPECIAL EVENTS INCOME

A gala event was held by the Organization during the years ended June 30, 2018 and 2017. Special events income, net of costs of direct benefits to donors such as meals and facilities rental, is included in contributions in the accompanying consolidated statements of activities and consisted of the following for the years ended June 30:

	2018	2017
Proceeds from special events	\$ 540,995	\$ 567,065
Less: costs of direct benefits to donors	(172,425)	(122,900)
Special events income, net	\$ 368,570	\$ 444,165

NOTE 10 – PENSION PLANS

The Organization has a tax deferred annuity 403(b) plan for eligible employees. The Organization contributes 6% of eligible employees' salaries to the plan and a matching contribution of up to 2% for those employees who contribute to the plan. The cost to the Organization for this plan for the years ended June 30, 2018 and 2017 amounted to \$349,162 and \$319,020, respectively.

The Organization also offers a deferred compensation arrangement under Section 457(b) of the Internal Revenue Code for key employees. The Organization does not make any contributions to the 457(b) plan. The Organization and certain key employees are also parties to a 457(f) plan. The Organization contributed \$144,631 and \$140,176 to the 457(f) plan during the years ended June 30, 2018 and 2017, respectively.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

- A. As of June 30, 2018 and 2017, the Organization had made deposits totaling \$45,000 and \$2,500, respectively, on contracts to purchase land areas. Such amounts are included as prepaid expenses and other assets in the accompanying consolidated statements of financial position.
- B. The Organization's lease agreements for office space provide for future minimum rental payments as follows:

2019	\$	305,000
2020		293,000
2021		296,000
2022		222,000
		\$ 1,116,000

During the years ended June 30, 2018 and 2017, rent expense amounted to \$329,000 and \$328,700, respectively.

- C. Government supported programs are subject to audit by the granting agency. The Organization expects that any changes that could result from the audits would not have a material impact on the consolidated financial statements.
- D. The Organization has a line of credit with a bank with a maximum borrowing amount of \$5,000,000. Interest is at the one-month London Interbank Offered Rate ("LIBOR") plus 2.5% and the line of credit expires on March 31, 2019. The Organization has pledged certain of its investments as collateral for the borrowings on the line of credit in an amount equal to twice the outstanding borrowings for a maximum collateral amount of \$10,000,000. As of June 30, 2018 and 2017, there were no borrowings outstanding.

SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.
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NOTE 11 – COMMITMENTS AND CONTINGENCIES (Continued)

- E. The Organization is a party to various lawsuits or complaints generally arising in the ordinary course of business. The Organization believes it has adequate insurance to cover any material damages and, accordingly, such litigation will not have a material adverse effect on its financial condition.
- F. The Organization believes it had no uncertain income tax positions as of June 30, 2018 and 2017 in accordance with ASC 740 “Income Taxes”, which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

NOTE 12 – RESTRICTIONS ON NET ASSETS

A. *Board Designated Net Assets*

Board designated net assets, reflected as “Board designated – other endowment” in the accompanying consolidated statements of financial position, are used to account for funds set aside by Scenic Hudson’s Board of Directors (the “Board Designated Endowment”), as well as investment income earned on those funds, to be used as determined upon approval by the Board. Endowment allocations of \$682,000 and \$658,000, designated as “endowment allocations used to meet spending policy” in the accompanying consolidated statements of activities, were appropriated from the Board Designated Endowment to support operations for the years ended June 30, 2018 and 2017, respectively.

In fiscal year 2004, the Board of Directors established a Board designated easement enforcement fund. The Board of Directors restricted the fund as a reserve to pay legal and other easement monitoring costs that may be incurred to defend the Organization’s contractual rights and privileges established through conservation easements owned. Endowment allocations of \$53,300 and \$55,900, designated as “endowment allocations used to meet spending policy” in the accompanying consolidated statements of activities, were appropriated from the easement enforcement fund to support operations for the years ended June 30, 2018 and 2017, respectively. The easement enforcement fund net asset balance amounted to \$941,458 and \$994,758 as of June 30, 2018 and 2017, respectively.

B. *Temporarily Restricted Net Assets*

The Organization was the recipient of an endowment established in accordance with the Order Approving Plan of Dissolution and Distribution issued by the Supreme Court of the State of New York dated June 14, 2001, which distributed the assets of the Lila Acheson and DeWitt Wallace Fund for the Hudson Highlands. The endowment is known as the Lila Acheson and DeWitt Wallace Hudson Valley Land Preservation Endowment (the “Wallace Endowment”), the annual spending from which will be determined by the Board of Directors by applying its established spending policy. In addition, up to 20% of the original fair value of the endowment, valued on the date of distribution, may be spent for certain specified purposes provided that certain conditions are satisfied. The original value of the endowment was established at the fair value of assets on the dates of transfer, consistent with the terms of the endowment agreement. The assets had a fair value of \$124,225,420 on the dates of transfer.

SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.
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NOTE 12 – RESTRICTIONS ON NET ASSETS (Continued)

The Wallace Endowment is classified as temporarily restricted due to the Organization’s ability to spend a percentage of the Wallace Endowment, as established by the Board of Directors, so long as the spending policy is in accordance with the spending policy adopted for other endowments of the Organization. The Board of Directors approved that amounts released for spending from the Board Designated Endowment and the Wallace Endowment for the years ended June 30, 2018 and 2017, shall be an amount equal to 5% of the average asset fair values of the respective endowments, at the end of the rolling twelve fiscal quarters ending December 31, 2016 and December 31, 2015, and that management may withdraw these amounts at their discretion to meet program needs. Accordingly, endowment allocations of \$7,549,000 and \$7,542,000, designated as “endowment allocations used to meet spending policy” in the accompanying consolidated statements of activities, were appropriated from the Wallace Endowment to support operations for the years ended June 30, 2018 and 2017, respectively.

The Organization established two temporarily restricted funds with a donor-restricted gift from The Shelby Cullom Davis Foundation (the “Foundation”). Firstly, the Land Trust established The Kathryn W. Davis Fund for Hudson River Parkland Acquisition, funded with \$10,000,000 from the Foundation which is to be used to acquire land for new parks and preserves, and to acquire conservation easements to secure, protect and/or improve land in the Hudson Valley for public recreation, protection of natural habitat and scenery, and public access to the Hudson River.

Secondly, Scenic Hudson, Inc. established the Kathryn W. Davis Fund for Park Planning and Community Land Use, funded with \$5,000,000 from the Foundation which is to be used to support the Organization’s staff, consultants, and other costs for park design, park management and/or acquisition and land use planning. During the year ended June 30, 2014, the Organization received the funds from the Foundation and established an endowment fund for this restricted purpose. Spending from this fund shall be calculated in the same manner as all other endowment funds maintained by the Organization. Accordingly, endowment allocations of \$227,000 and \$234,000, designated as “endowment allocations used to meet spending policy” in the accompanying consolidated statements of activities, were appropriated from this donor-restricted endowment to support the restricted purpose described above for the years ended June 30, 2018 and 2017, respectively.

Temporarily restricted net assets consisted of the following as of June 30:

	2018	2017
Scenic Hudson, Inc.:		
Restricted to future programs and periods	\$ 2,821,864	\$ 2,829,068
Kathryn W. Davis Fund for Park Planning and Community Land Use Endowment	5,046,478	4,866,160
	7,868,342	7,695,228
The Scenic Hudson Land Trust, Inc.:		
Lila Acheson and DeWitt Wallace Hudson Valley Land Preservation Endowment	174,577,105	166,247,125
Land acquisitions and other land preservation and conservation expenses	21,973,318	21,215,585
	196,550,423	187,462,710
Total temporarily restricted net assets	\$ 204,418,765	\$ 195,157,938

During the years ended June 30, 2018 and 2017, the Organization released temporarily restricted net assets by satisfying donor-imposed restrictions either by incurring expenses or due to the passage of time.

SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 12 – RESTRICTIONS ON NET ASSETS (Continued)

C. *Endowment Net Assets*

The Organization recognized that New York State adopted as law the New York Prudent Management of Institutional Funds Act (“NYPMIFA”) on September 17, 2010. NYPMIFA replaced the prior law which was the Uniform Management of Institutional Funds Act (“UMIFA”). NYPMIFA created a rebuttable presumption of imprudence if an organization appropriates more than 7% of a donor-restricted permanent endowment fund’s fair value (averaged over a period of not less than the preceding five years) in any year. Any unappropriated earnings that would otherwise be considered unrestricted by the donor will be reflected as temporarily restricted until appropriated. The Organization had no donor-restricted permanent endowment funds subject to the appropriation provisions of NYPMIFA as of June 30, 2018 and 2017.

ASC 958-205 provides guidance on the net asset classifications of donor-restricted endowment funds for a not-for-profit organization that is subject to the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”). ASC 958-205 also improves disclosure about an organization’s endowment funds, whether or not the organization is subject to UPMIFA.

The Organization maintains several endowment funds as further described in Notes 12A and 12B. However, such Board designated and term endowment funds are not subject to the appropriation provisions of NYPMIFA, and therefore, the Organization has implemented only the disclosure guidance provided for in ASC 958-205.

In accordance with U.S. GAAP, organizations are required to disclose any deterioration of the fair value of assets associated with donor-restricted endowment funds that fall below the level the donor requires the organization to retain in perpetuity. The Organization had no donor-restricted endowment funds required to be maintained in perpetuity as of June 30, 2018 and 2017.

The Organization’s endowment investment policy is to invest primarily in a mix of equities, fixed income securities and alternative investments based on an asset allocation to satisfy its overall endowment financial and investment objectives, such as to preserve the principal, protect against inflation, receive stable returns and achieve long-term growth. The Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Annual spending from the endowment funds is described in Notes 2F, 12A and 12B.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 12 – RESTRICTIONS ON NET ASSETS (Continued)

Changes in endowment net assets for the year ended June 30, 2018 were as follows:

	Board Designated - Unrestricted	Temporarily Restricted	Total
Endowment net assets, beginning of year	\$ 18,331,159	\$ 171,113,285	\$ 189,444,444
Investment activity:			
Interest and dividends	300,030	3,387,445	3,687,475
Realized gains	118,870	5,054,555	5,173,425
Unrealized gains	789,384	8,676,674	9,466,058
Investment fees	(63,270)	(832,376)	(895,646)
Total return on investments	1,145,014	16,286,298	17,431,312
Bequests and additions to Board designated fund and temporarily restricted funds	57,195	-	57,195
Endowment earnings used to meet spending policy for Board designated funds (Note 12A)	(735,300)	(227,000)	(962,300)
Endowment earnings used to meet spending policy for Wallace Endowment (Note 12B)	-	(7,549,000)	(7,549,000)
	466,909	8,510,298	8,977,207
Endowment net assets, end of year	\$ 18,798,068	\$ 179,623,583	\$ 198,421,651

Changes in endowment net assets for the year ended June 30, 2017 were as follows:

	Board Designated - Unrestricted	Temporarily Restricted	Total
Endowment net assets, beginning of year	\$ 16,125,850	\$ 152,294,317	\$ 168,420,167
Investment activity:			
Interest and dividends	294,490	3,518,186	3,812,676
Realized gains	314,875	4,119,379	4,434,254
Unrealized gains	1,110,745	19,658,929	20,769,674
Investment fees	(52,621)	(701,526)	(754,147)
Total return on investments	1,667,489	26,594,968	28,262,457
Bequests and additions to Board designated fund and temporarily restricted funds	1,251,720	-	1,251,720
Endowment earnings used to meet spending policy for Board designated funds (Note 12A)	(713,900)	(234,000)	(947,900)
Endowment earnings used to meet spending policy policy for Wallace Endowment (Note 12B)	-	(7,542,000)	(7,542,000)
	2,205,309	18,818,968	21,024,277
Endowment net assets, end of year	\$ 18,331,159	\$ 171,113,285	\$ 189,444,444

SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 13 – CONCENTRATION OF CREDIT RISK

Cash and cash equivalents that potentially subject the Organization to a concentration of credit risk include cash accounts with banks that exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits. The FDIC provides deposit insurance coverage up to \$250,000 per depositor. As of June 30, 2018 and 2017, there was approximately \$7,103,000 and \$6,812,000, respectively, of cash and cash equivalents held by banks that exceeded FDIC limits.

In addition, the Organization had cash held in money market funds that were not insured by the FDIC, which amounted to approximately \$12,881,000 and \$13,165,000 as of June 30, 2018 and 2017, respectively.

NOTE 14 – SUBSEQUENT EVENTS

Subsequent to fiscal year end, the Organization acquired property with a book value of approximately \$12 million which is not included in the consolidated statement of financial position.

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the consolidated statement of financial position through August 31, 2018, the date the consolidated financial statements were available to be issued.

SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.
SUPPLEMENTARY INFORMATION
CONSOLIDATING SCHEDULES OF FINANCIAL POSITION
AS OF JUNE 30, 2018 AND 2017

	As of June 30, 2018				As of June 30, 2017			
	Scenic Hudson, Inc.	The Scenic Hudson Land Trust, Inc.	Consolidating Eliminations	Consolidated Total 2018	Scenic Hudson, Inc.	The Scenic Hudson Land Trust, Inc.	Consolidating Eliminations	Consolidated Total 2017
ASSETS								
Cash and cash equivalents	\$ 3,460,737	\$ 16,323,402	\$ -	\$ 19,784,139	\$ 3,671,134	\$ 16,500,231	\$ -	\$ 20,171,365
Promises to give and grants receivable, net	2,323,782	8,588,198	-	10,911,980	2,737,940	12,095,240	-	14,833,180
Investments, at fair value	22,725,768	187,062,765	-	209,788,533	21,094,316	178,183,785	-	199,278,101
Due from related party	-	54,522	(54,522)	-	-	32,109	(32,109)	-
Prepaid expenses and other assets	53,827	529,273	-	583,100	41,315	434,680	-	475,995
Property and equipment, net	26,659	24,362	-	51,021	19,070	33,813	-	52,883
Land areas, at cost	<u>920,000</u>	<u>57,493,382</u>	<u>-</u>	<u>58,413,382</u>	<u>920,000</u>	<u>53,812,044</u>	<u>-</u>	<u>54,732,044</u>
TOTAL ASSETS	<u>\$ 29,510,773</u>	<u>\$ 270,075,904</u>	<u>\$ (54,522)</u>	<u>\$ 299,532,155</u>	<u>\$ 28,483,775</u>	<u>\$ 261,091,902</u>	<u>\$ (32,109)</u>	<u>\$ 289,543,568</u>
LIABILITIES								
Accounts payable and accrued expenses	\$ 750,067	\$ 999,655	\$ -	\$ 1,749,722	\$ 555,058	\$ 561,730	\$ -	\$ 1,116,788
Grants payable	-	25,000	-	25,000	-	325,000	-	325,000
Due to related party	54,522	-	(54,522)	-	32,109	-	(32,109)	-
Notes payable	-	2,514,734	-	2,514,734	-	2,074,313	-	2,074,313
TOTAL LIABILITIES	<u>804,589</u>	<u>3,539,389</u>	<u>(54,522)</u>	<u>4,289,456</u>	<u>587,167</u>	<u>2,961,043</u>	<u>(32,109)</u>	<u>3,516,101</u>
NET ASSETS								
Unrestricted:								
Operating	2,981,232	69,044,634	-	72,025,866	2,864,979	69,673,391	-	72,538,370
Board designated - other endowment	17,856,610	-	-	17,856,610	17,336,401	-	-	17,336,401
Board designated - easement enforcement fund	-	941,458	-	941,458	-	994,758	-	994,758
Total unrestricted	<u>20,837,842</u>	<u>69,986,092</u>	<u>-</u>	<u>90,823,934</u>	<u>20,201,380</u>	<u>70,668,149</u>	<u>-</u>	<u>90,869,529</u>
Temporarily restricted:								
Endowment	5,046,478	174,577,105	-	179,623,583	4,866,160	166,247,125	-	171,113,285
Other temporarily restricted	2,821,864	21,973,318	-	24,795,182	2,829,068	21,215,585	-	24,044,653
Total temporarily restricted	<u>7,868,342</u>	<u>196,550,423</u>	<u>-</u>	<u>204,418,765</u>	<u>7,695,228</u>	<u>187,462,710</u>	<u>-</u>	<u>195,157,938</u>
TOTAL NET ASSETS	<u>28,706,184</u>	<u>266,536,515</u>	<u>-</u>	<u>295,242,699</u>	<u>27,896,608</u>	<u>258,130,859</u>	<u>-</u>	<u>286,027,467</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 29,510,773</u>	<u>\$ 270,075,904</u>	<u>\$ (54,522)</u>	<u>\$ 299,532,155</u>	<u>\$ 28,483,775</u>	<u>\$ 261,091,902</u>	<u>\$ (32,109)</u>	<u>\$ 289,543,568</u>

See independent auditors' report.

SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.
SUPPLEMENTARY INFORMATION
CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	Scenic Hudson, Inc.			The Scenic Hudson Land Trust, Inc.			Consolidating Eliminations	Consolidated 2018 Total
	Unrestricted	Temporarily Restricted	Total 2018	Unrestricted	Temporarily Restricted	Total 2018		
OPERATING REVENUES AND SUPPORT:								
Contributions	\$ 6,128,913	\$ 1,389,162	\$ 7,518,075	\$ 427,409	\$ 377,733	\$ 805,142	\$ (1,900,575)	\$ 6,422,642
Government grants	50	-	50	217,043	-	217,043	-	217,093
Endowment allocations used to meet spending policy	909,000	-	909,000	7,602,300	-	7,602,300	-	8,511,300
Investment activity other than endowment earnings	43,994	-	43,994	103,737	-	103,737	-	147,731
Other revenues	32,697	-	32,697	160,250	-	160,250	-	192,947
Net assets released from restrictions	1,396,366	(1,396,366)	-	(380,000)	380,000	-	-	-
Total Operating Revenues and Support	8,511,020	(7,204)	8,503,816	8,130,739	757,733	8,888,472	(1,900,575)	15,491,713
OPERATING EXPENSES:								
Program services:								
Sales/donations of property interests below cost to state and government agencies and unaffiliated nonprofit entities	-	-	-	75,521	-	75,521	-	75,521
Other program services	5,990,226	-	5,990,226	8,478,907	-	8,478,907	(1,900,575)	12,568,558
Total program services	5,990,226	-	5,990,226	8,554,428	-	8,554,428	(1,900,575)	12,644,079
Management and general	1,226,011	-	1,226,011	148,320	-	148,320	-	1,374,331
Fundraising	1,284,153	-	1,284,153	56,748	-	56,748	-	1,340,901
Total Operating Expenses	8,500,390	-	8,500,390	8,759,496	-	8,759,496	(1,900,575)	15,359,311
NET OPERATING ACTIVITY	10,630	(7,204)	3,426	(628,757)	757,733	128,976	-	132,402
Transfers to/from board designated endowment	80,403	-	80,403	-	-	-	-	80,403
NET OPERATING ACTIVITY AFTER TRANSFERS	91,033	(7,204)	83,829	(628,757)	757,733	128,976	-	212,805
NON-OPERATING ACTIVITIES:								
Bequests and additions to Board designated funds	162,818	-	162,818	-	-	-	-	162,818
Transfers to/from board designated endowment	(80,403)	-	(80,403)	-	-	-	-	(80,403)
Investment activity	1,145,014	407,318	1,552,332	-	15,878,980	15,878,980	-	17,431,312
Endowment allocations used to meet spending policy	(682,000)	(227,000)	(909,000)	(53,300)	(7,549,000)	(7,602,300)	-	(8,511,300)
NET NON-OPERATING ACTIVITY	545,429	180,318	725,747	(53,300)	8,329,980	8,276,680	-	9,002,427
CHANGES IN TOTAL NET ASSETS	636,462	173,114	809,576	(682,057)	9,087,713	8,405,656	-	9,215,232
Net assets - Beginning of Year	20,201,380	7,695,228	27,896,608	70,668,149	187,462,710	258,130,859	-	286,027,467
NET ASSETS - END OF YEAR	\$ 20,837,842	\$ 7,868,342	\$ 28,706,184	\$ 69,986,092	\$ 196,550,423	\$ 266,536,515	\$ -	\$ 295,242,699

SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.
SUPPLEMENTARY INFORMATION
CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	Scenic Hudson, Inc.			The Scenic Hudson Land Trust, Inc.			Consolidating Eliminations	Consolidated 2017 Total
	Unrestricted	Temporarily Restricted	Total 2017	Unrestricted	Temporarily Restricted	Total 2017		
OPERATING REVENUES AND SUPPORT:								
Contributions	\$ 7,436,446	\$ 1,979,066	\$ 9,415,512	\$ 1,626,115	\$ 12,487,465	\$ 14,113,580	\$ (1,899,475)	\$ 21,629,617
Government grants	50	-	50	731,664	-	731,664	-	731,714
Endowment allocations used to meet spending policy	892,000	-	892,000	7,597,900	-	7,597,900	-	8,489,900
Investment activity other than endowment earnings	25,828	-	25,828	27,303	-	27,303	-	53,131
Other revenues	14,725	-	14,725	137,474	-	137,474	-	152,199
Gain on sale of land areas	-	-	-	460,199	-	460,199	-	460,199
Net assets released from restrictions	1,071,308	(1,071,308)	-	975,000	(975,000)	-	-	-
Total Operating Revenues and Support	9,440,357	907,758	10,348,115	11,555,655	11,512,465	23,068,120	(1,899,475)	31,516,760
OPERATING EXPENSES:								
Program services:								
Sales/donations of property interests below cost to state government agencies and unaffiliated nonprofit entities	-	-	-	6,243,986	-	6,243,986	-	6,243,986
Other program services	5,125,203	-	5,125,203	7,099,821	-	7,099,821	(1,899,475)	10,325,549
Total program services	5,125,203	-	5,125,203	13,343,807	-	13,343,807	(1,899,475)	16,569,535
Management and general	1,238,146	-	1,238,146	137,834	-	137,834	-	1,375,980
Fundraising	1,184,380	-	1,184,380	55,187	-	55,187	-	1,239,567
Total Operating Expenses	7,547,729	-	7,547,729	13,536,828	-	13,536,828	(1,899,475)	19,185,082
NET OPERATING ACTIVITY	1,892,628	907,758	2,800,386	(1,981,173)	11,512,465	9,531,292	-	12,331,678
Transfers to/from board designated endowment	(1,141,512)	-	(1,141,512)	-	-	-	-	(1,141,512)
NET OPERATING ACTIVITY AFTER TRANSFERS	751,116	907,758	1,658,874	(1,981,173)	11,512,465	9,531,292	-	11,190,166
NON-OPERATING ACTIVITIES:								
Bequests and additions to Board designated funds	97,583	(11,144)	86,439	-	-	-	-	86,439
Transfers to/from board designated endowment	1,141,512	-	1,141,512	-	-	-	-	1,141,512
Change in value of split-interest agreement	-	(2,076)	(2,076)	-	-	-	-	(2,076)
Investment activity	1,667,459	685,610	2,353,069	-	25,909,358	25,909,358	-	28,262,427
Endowment allocations used to meet spending policy	(658,000)	(234,000)	(892,000)	(55,900)	(7,542,000)	(7,597,900)	-	(8,489,900)
NET NON-OPERATING ACTIVITY	2,248,554	438,390	2,686,944	(55,900)	18,367,358	18,311,458	-	20,998,402
CHANGES IN TOTAL NET ASSETS	2,999,670	1,346,148	4,345,818	(2,037,073)	29,879,823	27,842,750	-	32,188,568
Net assets - Beginning of Year	17,201,710	6,349,080	23,550,790	72,705,222	157,582,887	230,288,109	-	253,838,899
NET ASSETS - END OF YEAR	\$ 20,201,380	\$ 7,695,228	\$ 27,896,608	\$ 70,668,149	\$ 187,462,710	\$ 258,130,859	\$ -	\$ 286,027,467

SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.
SUPPLEMENTARY INFORMATION
(SCENIC HUDSON, INC.)
SCHEDULES OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>For the Year Ended June 30, 2018</u>			<u>For the Year Ended June 30, 2017</u>				
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total 2018</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total 2017</u>
Salaries	\$ 3,370,856	\$ 796,998	\$ 834,599	\$ 5,002,453	\$ 3,222,723	\$ 753,406	\$ 737,453	\$ 4,713,582
Payroll taxes and employee benefits	915,331	216,419	226,629	1,358,379	838,235	195,962	191,812	1,226,009
Total salaries and related costs	4,286,187	1,013,417	1,061,228	6,360,832	4,060,958	949,368	929,265	5,939,591
Occupancy	293,993	40,840	57,601	392,434	275,604	50,756	53,999	380,359
Consultants and experts	870,483	45,332	-	915,815	294,144	45,423	15,528	355,095
Legal and audit	26,243	33,449	-	59,692	101,653	103,022	-	204,675
Employee travel and training	112,969	23,864	19,576	156,409	108,507	19,467	16,894	144,868
Office - general	99,885	13,875	19,570	133,330	82,141	15,127	16,094	113,362
Equipment	36,481	9,838	7,400	53,719	18,445	5,991	585	25,021
Program and public outreach costs	261,700	45,396	118,778	425,874	172,444	48,992	152,015	373,451
Depreciation and amortization	2,285	-	-	2,285	11,307	-	-	11,307
Costs of direct benefits to donors	-	-	172,425	172,425	-	-	122,900	122,900
Subtotal	5,990,226	1,226,011	1,456,578	8,672,815	5,125,203	1,238,146	1,307,280	7,670,629
Less: expenses deducted directly from revenues on the consolidated statements of activities	-	-	(172,425)	(172,425)	-	-	(122,900)	(122,900)
TOTAL	\$ 5,990,226	\$ 1,226,011	\$ 1,284,153	\$ 8,500,390	\$ 5,125,203	\$ 1,238,146	\$ 1,184,380	\$ 7,547,729

SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.
SUPPLEMENTARY INFORMATION
(THE SCENIC HUDSON LAND TRUST, INC.)
SCHEDULES OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>For the Year Ended June 30, 2018</u>			<u>For the Year Ended June 30, 2017</u>				
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total 2018</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total 2017</u>
Conservation easements and monitoring costs	\$ 2,828,528	\$ -	\$ -	\$ 2,828,528	\$ 2,715,994	\$ -	\$ -	\$ 2,715,994
Land project expenses	3,277,734	-	-	3,277,734	1,359,265	-	-	1,359,265
Program and business management services	1,888,071	102,620	56,748	2,047,439	1,895,191	91,434	55,187	2,041,812
Grants and contributions	47,500	-	-	47,500	256,500	-	-	256,500
Remediation expense	2,313	-	-	2,313	24,004	-	-	24,004
Sales/donations of property interests below cost to state and local government agencies and unaffiliated nonprofit entities	75,521	-	-	75,521	6,243,986	-	-	6,243,986
Property taxes	164,832	-	-	164,832	195,333	-	-	195,333
Insurance	142,327	-	-	142,327	148,533	-	-	148,533
Legal and audit fees	47,099	45,700	-	92,799	238,428	46,400	-	284,828
Interest	71,052	-	-	71,052	257,122	-	-	257,122
Depreciation and amortization	9,451	-	-	9,451	9,451	-	-	9,451
TOTAL	<u>\$ 8,554,428</u>	<u>\$ 148,320</u>	<u>\$ 56,748</u>	<u>\$ 8,759,496</u>	<u>\$ 13,343,807</u>	<u>\$ 137,834</u>	<u>\$ 55,187</u>	<u>\$ 13,536,828</u>

SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.
SUPPLEMENTARY INFORMATION
SCHEDULES OF LAND AREAS
AS OF JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Scenic Hudson, Inc:		
Hyde Park - Morgan Estate	\$ 920,000	\$ 920,000
Scenic Hudson Land Trust, Inc:		
Route 9D, Philipstown (Osborn)	-	19,612
Esopus Meadows Point, River Road	1,010,803	1,010,803
Esopus, River Road, Waskew/EMEC	267,274	267,274
Four Mile Point Road, Cocksackie (Four Mile Point)	217,955	217,955
Ramshorn Marsh, Catskill - Blenner	237,484	237,484
Ramshorn Marsh, Catskill - Vincent	402,002	402,002
Black Creek - Route 9W, Esopus	2,840,009	2,840,009
Esopus, River Road	714,583	714,583
Poet's Walk/Astor Cove I/Mandara	1,726,922	1,726,922
Esopus Meadows Point, Mazza	164,320	164,320
Shaupeneak Ridge, Esopus	989,779	989,779
Ramshorn Marsh, Catskill - Iten	167,468	167,468
Beacon Terminal, Madam Brett	320,886	320,886
Foundry Cove (Marin), Cold Spring	523,062	523,062
Foundry Cove (Spevak), Cold Spring	1,924,329	1,924,329
Beacon Waterfront - Garrett Storm	881,296	881,296
Beacon Waterfront - Kellam	781,805	781,805
King James Weyant, Ft Montgomery	272,040	272,040
Shaupeneak Ridge, Additions	91,303	91,303
Wappingers Greenway	229,920	229,920
Fishkill Base of Mt. Beacon	443,510	443,510
Beacon Waterfront - Cohen	1,608,552	1,608,552
Stockport - Saurusaitis	75,172	75,172
Snake Hill - New Windsor	1,092,921	1,092,921
Binnen Kill - Chi	413,472	413,472
Tivoli Bays - inholdings	-	516,409
Beacon - University Settlement Camp	36,001	36,001
Hyde Park - Clear View Acres (Dominican Camp)	1,269,218	1,269,218
Hyde Park - Golden	410,825	410,825
Black Creek - Gordon	1,108,701	1,108,701
Foundry Cove (Kemble), Cold Spring	188,372	188,372
Illinois Mountain	1,355,217	1,355,217
Esopus Meadows Point, Patchoros	513,447	513,447
FDR Viewshed - WA Lloyd	2,117,223	2,117,223
Black Creek - Mahairas	141,977	141,977
FDR Viewshed - Murillo	964,368	964,368
Shaupeneak Ridge - Laties	714,137	714,137
Black Creek - Matera	393,401	393,401
Franny Reese State Park - Djirdjirian	88,363	88,363
Shaupeneak Ridge, Venditti	26,598	26,598
South Bay - Dansky	578,185	578,185
Olana View Shed - ALDD Co. Inc.	929,190	929,190
Esopus, River Road - Esopus Lakes (Silver Realty)	3,569,367	3,569,367
Shaupeneak Ridge, Rosen Frog Hollow Farm	513,473	513,473
South Bay - 4269 Route 9	226,168	226,168
Hohenstein/Bronck Island	420,072	420,072
Esopus Meadows - DeCicco	44,865	44,865
Esopus Meadows - Gordon	1,220,433	1,220,433
Shaupeneak Ridge, Arnika	1,028,735	1,028,735
NBR Enterprises LLC	388,860	388,860
Lower Esopus River Watch	64,428	64,428
Esopus River Road - Esopus Lakes (Bamer)	508,201	508,201
Esopus River Road - Bohan	14,521	14,521
Shaupeneak Ridge - Tax parcel	37,526	37,526
Waste Management	941,727	941,727
Sloane Everett	5,478,341	5,478,341
Christian Brothers - Esopus	46,408	46,408
Paparelli	63,149	63,149
Olson Property	69,743	69,743
Popo/Rothlein	4,293,404	4,293,404
Shanok Property	150,488	150,488
Dominican Sisters - Falling Waters	2,581,387	2,581,387
Illinois Mountain - Alsdorf	59,105	59,105
Orsi-Dickerson	10,599	10,599
Lambert	640,187	640,187
Ciccione	440,269	440,269
Wally Property	418,603	418,603
Muise Property	13,956	13,956
Kalin Property	1,243,197	1,237,847
Catskill Creek LLC	562,071	562,071
Ayers	111,097	-
Heritage Acres	4,100,912	-
	<u>57,493,382</u>	<u>53,812,044</u>
Land areas, at cost	<u>\$ 58,413,382</u>	<u>\$ 54,732,044</u>

See independent auditors' report.

SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.
SUPPLEMENTARY INFORMATION
SOURCES AND USES OF FUNDS AND OTHER KEY FINANCIAL INFORMATION
AS OF AND FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
SOURCES OF FUNDS:		
Unrestricted contributions	\$ 4,872,840	\$ 7,894,800
Releases of temporarily restricted contributions	1,016,366	2,046,308
Endowment earnings used to meet spending policy	8,511,300	8,489,900
Proceeds from sales of natural land areas and improvements	460,500	2,554,500
Other revenues	340,678	205,330
Total Sources of Funds	15,201,684	21,190,838
USES OF FUNDS:		
Purchases of natural land areas and improvements (in fee)	4,217,359	1,813,594
Program services expenses:		
Purchases of conservation easements and easement monitoring costs	2,828,528	2,715,994
Park construction and management	3,277,734	1,359,265
Salaries and related benefits	4,286,187	4,060,958
Other	2,251,630	8,433,318
Supporting services expenses	2,715,232	2,615,547
Total Uses of Funds	19,576,670	20,998,676
NET SOURCES AND USES OF FUNDS	\$ (4,374,986)	\$ 192,162
OTHER KEY FINANCIAL INFORMATION:		
Land areas, at cost - beginning of year	\$ 54,732,044	\$ 61,256,737
Purchases of natural land areas and improvements (in fee)	4,217,359	1,813,594
Sales/donations of property interests to state and local governmental agencies and unaffiliated nonprofit entities at cost	(536,021)	(8,338,287)
Land areas, at cost - end of year	\$ 58,413,382	\$ 54,732,044