



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

Consolidated Financial Statements  
(Together with Independent Auditors' Report)

Years Ended June 30, 2016 and 2015

**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)**

**YEARS ENDED JUNE 30, 2016 AND 2015**

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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, 2016 and 2015, 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, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended, in conformity 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 information on pages 22 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 audit 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 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 when considered in relation to the consolidated financial statements as a whole.

*Marks Paneth LLP*

New York, NY  
October 12, 2016

**SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2016 AND 2015**

	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
Cash and cash equivalents (Notes 2C and 14)	\$ 15,962,820	\$ 14,077,884
Pledges and grants receivable, net (Notes 2D, 2E and 3)	4,659,251	6,124,949
Investments, at fair value (Notes 2F, 6, 9 and 12E)	175,922,320	182,746,710
Prepaid expenses and other assets (Note 12A)	459,875	143,169
Property and equipment, net (Notes 2G and 4)	60,804	47,264
Land areas, net (Notes 2K, 5 and 12)	61,256,737	64,510,807
Assets held in split-interest agreements (Notes 2J, 7 and 13B)	13,220	13,753
<b>TOTAL ASSETS</b>	<b>\$ 258,335,027</b>	<b>\$ 267,664,536</b>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 1,078,937	\$ 1,473,584
Grants payable (Note 8)	100,000	100,000
Notes payable (Notes 2D and 9)	3,317,191	1,968,596
<b>TOTAL LIABILITIES</b>	<b>4,496,128</b>	<b>3,542,180</b>
<b>COMMITMENTS AND CONTINGENCIES</b> (Note 12)		
<b>NET ASSETS</b> (Note 2B)		
Unrestricted:		
Operating	73,781,052	75,136,443
Board designated - other endowment (Notes 13A and 13C)	15,087,847	14,855,053
Board designated - easement enforcement fund (Notes 13A and 13C)	1,038,033	1,093,833
Total unrestricted	89,906,932	91,085,329
Temporarily restricted (Note 13B):		
Endowment (Note 13C)	152,294,317	162,605,678
Other temporarily restricted	11,637,650	10,431,349
Total temporarily restricted	163,931,967	173,037,027
<b>TOTAL NET ASSETS</b>	<b>253,838,899</b>	<b>264,122,356</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 258,335,027</b>	<b>\$ 267,664,536</b>

**SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	For the Year Ended June 30, 2016			For the Year Ended June 30, 2015		
	Unrestricted	Temporarily Restricted	Total 2016	Unrestricted	Temporarily Restricted	Total 2015
<b>OPERATING REVENUES AND SUPPORT</b> (Note 2H):						
Contributions (Notes 2D, 9 and 10)	\$ 4,756,367	\$ 2,432,500	\$ 7,188,867	\$ 6,055,946	\$ 991,424	\$ 7,047,370
Government grants (Notes 2D and 12D)	1,555,914	-	1,555,914	1,751,446	-	1,751,446
Endowment earnings used to meet spending policy (Note 13)	8,205,800	-	8,205,800	7,720,000	-	7,720,000
Investment activity other than endowment earnings	10,390	-	10,390	6,054	-	6,054
Other revenues	140,657	-	140,657	151,691	-	151,691
Gain on sale of land areas (Note 5)	1,419,100	-	1,419,100	-	-	-
Net assets released from restrictions (Note 13)	1,225,667	(1,225,667)	-	3,248,785	(3,248,785)	-
<b>Total Operating Revenues and Support</b>	<u>17,313,895</u>	<u>1,206,833</u>	<u>18,520,728</u>	<u>18,933,922</u>	<u>(2,257,361)</u>	<u>16,676,561</u>
<b>OPERATING EXPENSES</b> (Note 2I):						
Program services:						
Sale/donation of property interests below cost to state and local government agencies and unaffiliated nonprofit entities (Note 5)	5,569,049	-	5,569,049	55,000	-	55,000
Other program services	10,316,698	-	10,316,698	11,394,487	-	11,394,487
Total program services	15,885,747	-	15,885,747	11,449,487	-	11,449,487
Management and general	1,363,405	-	1,363,405	1,099,142	-	1,099,142
Fundraising	1,254,632	-	1,254,632	1,200,284	-	1,200,284
<b>Total Operating Expenses</b>	<u>18,503,784</u>	<u>-</u>	<u>18,503,784</u>	<u>13,748,913</u>	<u>-</u>	<u>13,748,913</u>
<b>NET OPERATING ACTIVITY</b>	<u>(1,189,889)</u>	<u>1,206,833</u>	<u>16,944</u>	<u>5,185,009</u>	<u>(2,257,361)</u>	<u>2,927,648</u>
Transfers to board designated endowment	(165,502)	-	(165,502)	(239,100)	-	(239,100)
<b>NET OPERATING ACTIVITY AFTER TRANSFERS</b>	<u>(1,355,391)</u>	<u>1,206,833</u>	<u>(148,558)</u>	<u>4,945,909</u>	<u>(2,257,361)</u>	<u>2,688,548</u>
<b>NON-OPERATING ACTIVITIES</b> (Note 2H):						
Bequests and additions to Board designated funds (Note 2H)	751,827	-	751,827	50,000	-	50,000
Transfers to board designated endowment	165,502	-	165,502	239,100	-	239,100
Change in value of split-interest agreements (Notes 2J and 7)	-	(533)	(533)	-	(744)	(744)
Investment activity (Note 6)	(62,535)	(2,783,360)	(2,845,895)	187,476	2,888,797	3,076,273
Endowment earnings used to meet spending policy (Note 13)	(677,800)	(7,528,000)	(8,205,800)	(620,000)	(7,100,000)	(7,720,000)
<b>NET NON-OPERATING ACTIVITY</b>	<u>176,994</u>	<u>(10,311,893)</u>	<u>(10,134,899)</u>	<u>(143,424)</u>	<u>(4,211,947)</u>	<u>(4,355,371)</u>
<b>CHANGE IN TOTAL NET ASSETS</b>	<u>(1,178,397)</u>	<u>(9,105,060)</u>	<u>(10,283,457)</u>	<u>4,802,485</u>	<u>(6,469,308)</u>	<u>(1,666,823)</u>
<b>Net Assets - Beginning of Year</b>	<u>91,085,329</u>	<u>173,037,027</u>	<u>264,122,356</u>	<u>86,282,844</u>	<u>179,506,335</u>	<u>265,789,179</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 89,906,932</u>	<u>\$ 163,931,967</u>	<u>\$ 253,838,899</u>	<u>\$ 91,085,329</u>	<u>\$ 173,037,027</u>	<u>\$ 264,122,356</u>

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

**SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	<b>2016</b>	<b>2015</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (10,283,457)	\$ (1,666,823)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	28,056	25,323
Change in value of split-interest agreements	533	744
Realized gain on sales of investments	(2,934,191)	(8,204,788)
Unrealized loss on investments	8,767,535	8,016,608
Gain on sale of land areas	(1,419,100)	-
Sale/donation of property interests below cost to state and local governmental agencies and unaffiliated nonprofit entities	5,569,049	55,000
Contribution of land area	-	(920,000)
In-kind contribution for imputed interest on notes payable	(203,573)	(551,746)
Amortization of imputed interest on notes payable	52,168	20,342
Bad debt expense	-	16,951
	(422,980)	(3,208,389)
Subtotal		
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Pledges and grants receivable	1,465,698	(2,541,523)
Prepaid expenses and other assets	(316,706)	337,984
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(394,647)	217,841
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>331,365</b>	<b>(5,194,087)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sales of investments	4,591,069	106,885,966
Purchases of investments	(3,600,023)	(100,398,293)
Acquisitions of land areas and property and equipment	(3,152,476)	(13,688,901)
Proceeds from sales of land areas and property and equipment	2,215,001	4,887,500
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>53,571</b>	<b>(2,313,728)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from notes payable	1,500,000	2,500,000
<b>Net Cash Provided by Financing Activities</b>	<b>1,500,000</b>	<b>2,500,000</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,884,936	(5,007,815)
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>14,077,884</b>	<b>19,085,699</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 15,962,820</b>	<b>\$ 14,077,884</b>

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, 2016 AND 2015**

**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 protect and restore the Hudson River and its majestic landscape as an irreplaceable national treasure and a vital resource for residents and visitors. 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 approximately 26,000 supporters, the Organization is the largest environmental group focused on the Hudson River Valley. The Organization’s teams of experts combines land conservation, citizen-based advocacy and sophisticated planning tools to create environmentally healthy communities, champion smart economic growth, open up riverfronts to the public and preserve the Hudson River Valley’s inspiring natural beauty.

The Organization is guided by these enduring principles:

- An outstanding quality of life in the Hudson River Valley is achievable only when a clean, healthy environment is a key component of economic growth.
- Everyone has the right to access the Hudson River, to enjoy open space and to have a voice in decisions affecting their community.
- The beauty of the Hudson River Valley is a unique source of spiritual and artistic vitality and must be preserved.

Contributions, government grants and investment income constitute the Organization’s primary sources of revenue.

**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, 2016 AND 2015**

**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, 2016 and 2015, 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. *Pledges 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 at their fair value on the date received. For the years ended June 30, 2016 and 2015, the Organization received contributed legal services which amounted to approximately \$194,000 and \$186,000, respectively. 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 9).

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 Pledges and Grants Receivable***

The Organization determines whether an allowance for uncollectible pledges and grants receivable should be provided based on prior years' experience and management's analysis of specific pledges and grants made. As of June 30, 2016 and 2015, the Organization determined an allowance of \$50,000 was necessary.

**SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

**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. 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. Hedge 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.

It is the Organization's policy, at the discretion of the Board of Directors, to make an annual appropriation for the support of operations an amount equal to a designated percentage of the average asset fair values of the respective endowments, at the end of the rolling twelve fiscal quarters ended December 31, 2014 and December 31, 2013. For the years ended June 30, 2016 and 2015, the amount to support operations was 5%.

**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 13B) 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 Agreements***

The Organization's split-interest agreements consist of assets in a pooled income fund (the "Fund"), held by a third party. The Fund provides for the payment of income to designated beneficiaries over their lifetimes, based on their interests in the Fund. Upon the termination of the income interest of the designated beneficiaries, the related remaining assets are available to the Organization. Payments to the beneficiaries are made based on the rate of return earned by the Fund.

**SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

**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 carrying value of the split-interest agreement assets is adjusted to fair value at the end of the year. The adjustment to fair value of the split-interest agreements is reflected as a change in value of split-interest agreements 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 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 easement has not been completed. Donated conservation easements are not recorded as revenue or expense by the Organization, except those easements (in full or partial) donated by third parties to satisfy the requirements of governmental funding agencies.

The Organization regularly reviews land held for sale for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable and, if so, the carrying value is reduced to the current estimated fair value based on the best information available at the date of issuance of the consolidated financial statements.

**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.

**M. *New Accounting Pronouncements***

The Organization adopted the guidance issued by the Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2016-01, “Financial Instruments – Overall (Subtopic 825-10)” during the year ended June 30, 2016. The adoption of ASU 2016-01 no longer requires the Organization to disclose fair value information about financial instruments measured at amortized cost.

The Organization also adopted the guidance issued by the FASB ASU 2015-07, “Disclosure for Investments in Certain Entities That Calculate NAV.” Investments in entities for which fair value is calculated using the net asset value (“NAV”) are no longer required to categorize within the fair value hierarchy those investments that use NAV as a practical expedient, although there must be a reconciliation of the fair value hierarchy to amounts presented in the statement of financial position. The Organization has reflected the effects of this amendment as of and for the year ended June 30, 2016.

**NOTE 3 – PLEDGES AND GRANTS RECEIVABLE**

Pledges and grants receivable as of June 30, 2016 and 2015 were as follows:

	<u>2016</u>	<u>2015</u>
Unrestricted	\$ 1,038,904	\$ 669,757
Restricted to future programs and periods	<u>3,620,347</u>	<u>5,455,192</u>
Total pledges and grants receivable, net	<u>\$ 4,659,251</u>	<u>\$ 6,124,949</u>

**SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

**NOTE 3 – PLEDGES AND GRANTS RECEIVABLE (Continued)**

Pledges and grants receivable were scheduled to be collected as follows as of June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Less than one year	\$ 3,989,251	\$ 5,514,949
One to five years	<u>720,000</u>	<u>660,000</u>
	4,709,251	6,174,949
Less: Reserve for uncollectible receivables	<u>(50,000)</u>	<u>(50,000)</u>
Total pledges and grants receivable, net	<u>\$ 4,659,251</u>	<u>\$ 6,124,949</u>

Pledges 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. No discount was applied to unconditional promises as of June 30, 2016 and 2015 since such discount is not material to the consolidated financial statements.

**NOTE 4 – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>	<u>Estimated Useful Lives</u>
Furniture and equipment	\$ 50,863	\$ 41,722	3-7 Years
Transportation equipment	123,546	91,091	4-5 Years
Leasehold improvements	<u>23,910</u>	<u>23,910</u>	5 Years
Total cost	198,319	156,723	
Less: accumulated depreciation and amortization	<u>(137,515)</u>	<u>(109,459)</u>	
Net book value	<u>\$ 60,804</u>	<u>\$ 47,264</u>	

Depreciation and amortization amounted to \$28,056 and \$25,323 for the years ended June 30, 2016 and 2015, respectively.

**NOTE 5 – LAND AREAS AND CONSERVATION EASEMENTS**

Land areas and conservation easements consisted of the following as of June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Land areas, at cost	\$ 61,256,737	\$ 64,510,807
Less: reserve for impairment	<u>-</u>	<u>-</u>
Net book value	<u>\$ 61,256,737</u>	<u>\$ 64,510,807</u>

Land areas for the public benefit consist of land held for conservation or for transfer/resale.

During the years ended June 30, 2016 and 2015, the Organization acquired land areas for a total of \$3,110,880 and \$13,688,901, respectively.

During the year ended June 30, 2016, the Organization sold/donated three properties with a carrying value of \$6,364,950, to state and local government agencies and unaffiliated nonprofit entities, for proceeds of \$2,215,001 resulting in a net loss of \$4,149,949, which is included in the accompanying consolidated statements of activities as gain on sale of land areas of \$1,419,100 and program services expense of \$5,569,049. During the year ended June 30, 2015, the Organization sold/donated four properties with a carrying value of \$4,942,500, to state and local government agencies and unaffiliated nonprofit entities, for proceeds of \$4,887,500, resulting in a loss of \$55,000, which is included in the accompanying consolidated statements of activities as program services expense.

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**NOTE 5 – LAND AREAS AND CONSERVATION EASEMENTS (Continued)**

The Organization held conservation easements on various properties in the State as of June 30, 2016 and 2015. During the years ended June 30, 2016 and 2015, the Organization purchased easements, inclusive of closing costs, for \$2,960,834 and \$3,519,503, respectively, and such amounts are included in the accompanying consolidated statements of activities as program services expense.

**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 under 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. The types of investments in Level 1 include listed equities and U.S. government debt.
- 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, 2016:

Description	2016 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	\$ 12,094,445	\$ -	\$ -	\$ 12,094,445
Total Money Market Funds	<u>12,094,445</u>	<u>-</u>	<u>-</u>	<u>12,094,445</u>
Equity Securities				
Vanguard S&P 500 Index Fund	34,875,881	-	-	34,875,881
U.S. Exchange Traded Funds - I Shares				
S&P 100 Index Fund	5,388,200	-	-	5,388,200
U.S. Mutual Funds	172,768	-	-	172,768
U.S. Regulated Equity Securities	26,980,841	-	-	26,980,841
Emerging Markets Mutual Funds	8,550,996	-	-	8,550,996
Total Equity Securities	<u>75,968,686</u>	<u>-</u>	<u>-</u>	<u>75,968,686</u>
Fixed Income				
Mutual Funds - U.S.	7,809,093	-	-	7,809,093
Mutual Funds - High Yield	5,189,234	-	-	5,189,234
Mutual Funds - Global Blend	6,238,381	-	-	6,238,381
Exchange Traded Funds - Treasury Bonds	7,543,312	-	-	7,543,312
Total Fixed Income	<u>26,780,020</u>	<u>-</u>	<u>-</u>	<u>26,780,020</u>
Pooled Investment Funds				
Ex-U.S. Commingled Funds	-	-	10,301,165	10,301,165
Alternative Investment Funds	-	-	9,426,919	9,426,919
Total Pooled Investment Funds	<u>-</u>	<u>-</u>	<u>19,728,084</u>	<u>19,728,084</u>
Total Investments at Fair Value	<u>\$ 114,843,151</u>	<u>\$ -</u>	<u>\$ 19,728,084</u>	<u>134,571,235</u>
Investments Measured at Net Asset Value (a):				
Ex-U.S. Commingled Funds				32,919,181
Alternative Investment funds				8,431,904
Total investments measured at Net Asset Value				<u>41,351,085</u>
Total Investments				<u>\$ 175,922,320</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, 2015:

Description	2015 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	\$ 10,329,352	\$ -	\$ -	\$ 10,329,352
Total Money Market Funds	<u>10,329,352</u>	<u>-</u>	<u>-</u>	<u>10,329,352</u>
Equity Securities				
Vanguard S&P 500 Index Fund	33,543,257	-	-	33,543,257
U.S. Exchange Traded Funds - I Shares				
S&P 100 Index Fund	5,268,720	-	-	5,268,720
U.S. Mutual Funds	151,896	-	-	151,896
U.S. Regulated Equity Securities	27,788,331	-	-	27,788,331
Emerging Markets Mutual Funds	9,303,109	-	-	9,303,109
Total Equity Securities	<u>76,055,313</u>	<u>-</u>	<u>-</u>	<u>76,055,313</u>
Fixed Income				
Mutual Funds - U.S.	12,469,446	-	-	12,469,446
Mutual Funds - High Yield	5,063,798	-	-	5,063,798
Mutual Funds - Global Blend	6,153,781	-	-	6,153,781
Exchange Traded Funds - Treasury Bonds	7,502,642	-	-	7,502,642
Total Fixed Income	<u>31,189,667</u>	<u>-</u>	<u>-</u>	<u>31,189,667</u>
Pooled Investment Funds				
Ex-U.S. Commingled Funds	-	-	11,778,219	11,778,219
Alternative Investment Funds	-	-	9,030,557	9,030,557
Total Pooled Investment Funds	<u>-</u>	<u>-</u>	<u>20,808,776</u>	<u>20,808,776</u>
Total Investments at Fair Value	<u>\$ 117,574,332</u>	<u>\$ -</u>	<u>\$ 20,808,776</u>	<u>138,383,108</u>
Investments Measured at Net Asset Value (a):				
Ex-U.S. Commingled Funds				35,874,855
Alternative Investment funds				8,488,747
Total investments measured at Net Asset Value				<u>44,363,602</u>
Total Investments				<u>\$ 182,746,710</u>

(a) In accordance with 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, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Balance, beginning of year	\$ 20,808,776	\$ 26,024,586
Redemptions	-	(5,709,740)
Realized gain	-	230,513
Net (depreciation) appreciation	<u>(1,080,692)</u>	<u>263,417</u>
Balance, end of year	<u>\$ 19,728,084</u>	<u>\$ 20,808,776</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, 2016 and 2015, there were no transfers between levels.

The following table summarizes the Organization's investments in pooled investment funds at June 30, 2016:

<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	\$ 32,919,181	\$ -	Monthly	10 business days
Long-only securities	10,301,165	-	Monthly	1st of month
Fixed Income - Private Equity	9,426,919	-	Quarterly	60 days notice
Fixed Income - Hedge Fund	4,037,208	-	Quarterly	60 days notice
Loan Fund <sup>(1)</sup>	<u>4,394,696</u>	<u>441,371</u>	Not permitted	6/18/13 to 6/18/2020
Total	<u>\$ 61,079,169</u>	<u>\$ 441,371</u>		

<sup>(1)</sup> 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 \$4,395,000 with unfunded commitments of approximately \$441,000 as of June 30, 2016.

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, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Interest and dividends	\$ 3,668,729	\$ 3,640,349
Realized gains	2,934,191	8,204,788
Unrealized loss	(8,767,535)	(8,016,608)
Investment fees	<u>(681,280)</u>	<u>(752,256)</u>
Total investment activity, net	<u>\$ (2,845,895)</u>	<u>\$ 3,076,273</u>

Certain investments serve as collateral for the Organization's notes payable and line of credit as further described in Notes 9 and 12E, respectively.



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**NOTE 7 – SPLIT-INTEREST AGREEMENTS**

The present values of the future interest in the Fund are summarized as follows as of June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Fair value	\$ 15,481	\$ 16,499
Less: Estimated future liability	<u>(2,261)</u>	<u>(2,746)</u>
Present value of future interest	<u>\$ 13,220</u>	<u>\$ 13,753</u>

The present value of the estimated future interest is calculated using a discount rate of 3.51% as of June 30, 2016 and 2015, respectively, and applicable life expectancy tables. The majority of the underlying assets of the Fund are held in equities and fixed income securities.

**NOTE 8 – GRANTS PAYABLE**

As of June 30, 2016 and 2015, grants payable were scheduled to be paid as follows:

	<u>2016</u>	<u>2015</u>
Payable within one year	<u>\$ 100,000</u>	<u>\$ 100,000</u>

The grant payable as of June 30, 2016 and 2015 represents a grant payable to the Town of Lloyd for funds to assist in the extension of the Hudson Valley Rail Trail.

**NOTE 9 – 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 is non-interest bearing and is due during fiscal year 2021, five years from the date of the loan. The loans are collateralized by US Bank accounts holding equity securities with a fair value of approximately \$5,470,000 and \$3,842,000, respectively, as of June 30, 2016 and 2015.

Imputed interest on the notes payable was calculated at an effective rate between 2.40% and 2.96%, and such imputed interest at the dates the notes were initiated of \$203,573 and \$551,746, respectively, was recognized as an in-kind contribution during the years ended June 30, 2016 and 2015. The imputed interest is being amortized over the lives of the loans and imputed interest expense related to the loans amounted to \$52,168 and \$20,342, respectively, for the years ended June 30, 2016 and 2015. Notes payable consisted of the following as of June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Principal balance	\$ 4,000,000	\$ 2,500,000
Less: imputed interest	<u>(682,809)</u>	<u>(531,404)</u>
	<u>\$ 3,317,191</u>	<u>\$ 1,968,596</u>

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**NOTE 10 – SPECIAL EVENTS INCOME**

A gala event was held by the Organization during the years ended June 30, 2016 and 2015. 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, 2016 and 2015:

	2016	2015
Proceeds from special events	\$ 686,759	\$ 733,914
Less: costs of direct benefits to donors	(125,361)	(100,592)
Special events income, net	\$ 561,398	\$ 633,322

**NOTE 11 – PENSION PLANS**

The Organization has a tax deferred annuity 403(b) plan for eligible employees. Through December 31, 2014, the Organization contributed 5% of eligible employees' salaries to the plan and a matching contribution equal to 1% for those employees who contributed at least 2% to the plan. As of January 1, 2015, 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, 2016 and 2015 amounted to \$369,223 and \$301,742, 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 \$140,176 and \$135,213 to the 457(f) plan during the years ended June 30, 2016 and 2015, respectively.

**NOTE 12 – COMMITMENTS AND CONTINGENCIES**

A. As of June 30, 2016, the Organization had made deposits of \$201,967, on contracts to purchase land areas. Such amounts are included as prepaid expenses and other assets in the accompanying consolidated statement of financial position and pertained to the purchase of land areas and conservation easements as follows as of June 30, 2016:

Lake Valhalla	\$ 100,000
Catskill Creek	51,967
Lake Walton	50,000
	\$ 201,967

B. The Organization's lease agreements for office space provide for future minimum rental payments as follows:

2017	\$ 329,000
2018	303,000
2019	292,000
2020	293,000
2021	296,000
Thereafter	222,000
	\$ 1,735,000

During the years ended June 30, 2016 and 2015, rent expense amounted to \$327,500 in both years.

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**NOTE 12 – COMMITMENTS AND CONTINGENCIES (Continued)**

- C. The Organization and the Village of Irvington (the “Village of Irvington”) are tenants-in-common with a 60% and 40% undivided interest, respectively, in certain property and entered into a co-ownership agreement on February 11, 1997 with a twenty-year term. The Organization purchased two parcels of land for \$5,493,268 and the Village of Irvington agreed to invest money for planning, remediation of site contamination and for the creation of a park on the land.

The Village of Irvington is solely responsible to manage the property and the project, and the Village of Irvington assumes the total responsibility for costs and expenses associated with carrying out the project. The Organization has the right to enforce it and to approve all of the steps along the way: choice of consultants, design of improvements, etc. The Village of Irvington cannot sell, lease, mortgage or otherwise encumber the property without the Organization’s prior approval. The Village of Irvington indemnifies and holds the Organization harmless against costs, expenses and liabilities associated with the project. At the end of the twenty-year term, if the Village of Irvington has fulfilled its obligations, the Village of Irvington may purchase the property from the Organization for \$1, but must grant a conservation easement to the Organization, which dedicates the use of the land to public park purposes in perpetuity.

- D. 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.
- E. 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, 2017. 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, 2016 and 2015, there were no borrowings outstanding.
- F. The Organization believes it had no uncertain tax positions as of June 30, 2016 and 2015 in accordance with FASB ASC Topic 740, “Income Taxes,” which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

**NOTE 13 – 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, Inc.’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. Investment income of \$622,000 and \$567,000, designated as endowment earnings used to meet spending policy in the accompanying consolidated statements of activities, was appropriated from the Board Designated Endowment to support operations for the years ended June 30, 2016 and 2015, 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. Investment income of \$55,800 and \$53,000, designated as endowment earnings used to meet spending policy in the accompanying consolidated statements of activities, was appropriated from the easement enforcement fund to support operations for the years ended June 30, 2016 and 2015, respectively. The easement enforcement fund net asset balance amounted to \$1,038,033 and \$1,093,833 as of June 30, 2016 and 2015, respectively.

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**NOTE 13 – RESTRICTIONS ON NET ASSETS (Continued)**

**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.

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, 2016 and 2015, 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, 2014 and December 31, 2013, and that management may withdraw these amounts at their discretion to meet program needs. Accordingly, investment income of \$7,289,000 and \$6,850,000, designated as endowment earnings used to meet spending policy in the accompanying consolidated statements of activities, was appropriated from the Wallace Endowment to support operations for the years ended June 30, 2016 and 2015, respectively.

The Organization established two temporarily restricted funds with a donor-restricted gift from The Shelby Cullom Davis Foundation (the “Foundation”). The Land Trust established The Kathryn W. Davis Fund for Hudson River Parkland Acquisition, funded with \$10,000,000 from the Foundation. The fund shall 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.

Scenic Hudson, Inc. established the Kathryn W. Davis Fund for Park Planning and Community Land Use, funded with \$5,000,000 from the Foundation and such amount was recorded as temporarily restricted support by the Organization in fiscal year 2008. Expenditures from this fund shall 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, investment income of \$239,000 and \$250,000, designated as endowment earnings used to meet spending policy in the accompanying consolidated statements of activities, was appropriated from this donor-restricted endowment to support the restricted purpose described above for the years ended June 30, 2016 and 2015, respectively.

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**NOTE 13 – RESTRICTIONS ON NET ASSETS (Continued)**

Temporarily restricted net assets consisted of the following as of June 30, 2016 and 2015:

	2016	2015
Scenic Hudson, Inc.:		
Restricted to future programs and periods Kathryn W. Davis Fund for Park Planning and Community Land Use Endowment	\$ 1,921,310	\$ 1,564,476
Future interest in pooled income fund	4,414,550	4,725,332
	13,220	13,753
	6,349,080	6,303,561
The Scenic Hudson Land Trust, Inc.:		
Lila Acheson and DeWitt Wallace Hudson Valley Land Preservation Endowment	147,879,767	157,880,346
Land acquisitions and other land preservation and conservation expenses	9,703,120	8,853,120
	157,582,887	166,733,466
Total temporarily restricted net assets	\$ 163,931,967	\$ 173,037,027

During the years ended June 30, 2016 and 2015, the Organization released temporarily restricted net assets by incurring expenses or the passage of time, thus satisfying the restrictions.

**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, 2016 and 2015.

FASB Staff Position No. FAS 117-1, “Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act and Enhanced Disclosures for all Endowment Funds,” now codified at ASC 958-205 (“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 13A and 13B. 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, 2016 and 2015.

**SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

**NOTE 13 – RESTRICTIONS ON NET ASSETS (Continued)**

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, 13A and 13B.

Changes in endowment net assets for the year ended June 30, 2016 were as follows:

	Board Designated - Unrestricted	Temporarily Restricted	Total
Endowment net assets, beginning of year	\$ 15,948,886	\$ 162,605,678	\$ 178,554,564
Investment activity:			
Interest and dividends	353,698	3,317,897	3,671,595
Realized gains	183,140	2,751,051	2,934,191
Unrealized losses	(551,522)	(8,216,013)	(8,767,535)
Investment fees	(47,851)	(636,296)	(684,147)
Total return on investments	(62,535)	(2,783,361)	(2,845,896)
Bequests and additions to Board designated fund and temporarily restricted funds	917,329	-	917,329
Endowment earnings used to meet spending policy for Board designated funds (Note 13A)	(677,800)	(239,000)	(916,800)
Endowment earnings used to meet spending policy for Wallace Endowment (Note 13B)	-	(7,289,000)	(7,289,000)
	176,994	(10,311,361)	(10,134,367)
Endowment net assets, end of year	\$ 16,125,880	\$ 152,294,317	\$ 168,420,197

Changes in endowment net assets for the year ended June 30, 2015 were as follows:

	Board Designated - Unrestricted	Temporarily Restricted	Total
Endowment net assets, beginning of year	\$ 16,092,310	\$ 166,816,881	\$ 182,909,191
Investment activity:			
Interest and dividends	211,138	3,438,470	3,649,608
Realized gains	356,899	7,847,888	8,204,787
Unrealized losses	(328,628)	(7,694,717)	(8,023,345)
Investment fees	(51,933)	(702,844)	(754,777)
Total return on investments	187,476	2,888,797	3,076,273
Bequests and additions to Board designated fund and temporarily restricted funds	289,100	-	289,100
Endowment earnings used to meet spending policy for Board designated funds (Note 13A)	(620,000)	(250,000)	(870,000)
Endowment earnings used to meet spending policy for Wallace Endowment (Note 13B)	-	(6,850,000)	(6,850,000)
	(143,424)	(4,211,203)	(4,354,627)
Endowment net assets, end of year	\$ 15,948,886	\$ 162,605,678	\$ 178,554,564

**SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

**NOTE 14 – 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, 2016 and 2015, there was approximately \$4,357,000 and \$2,651,000, 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 \$11,445,000 and \$11,240,000 as of June 30, 2016 and 2015, respectively.

**NOTE 15 – SUBSEQUENT EVENTS**

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the consolidated statement of financial position through October 12, 2016, 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, 2016 AND 2015**

	As of June 30, 2016				As of June 30, 2015			
	Scenic Hudson, Inc.	The Scenic Hudson Land Trust, Inc.	Consolidating Eliminations	Consolidated Total 2016	Scenic Hudson, Inc.	The Scenic Hudson Land Trust, Inc.	Consolidating Eliminations	Consolidated Total 2015
<b>ASSETS</b>								
Cash and cash equivalents	\$ 1,755,614	\$ 14,207,206	\$ -	\$ 15,962,820	\$ 1,953,865	\$ 12,124,019	\$ -	\$ 14,077,884
Pledges and grants receivable, net	1,978,904	2,680,347	-	4,659,251	1,485,322	4,639,627	-	6,124,949
Investments, at fair value	19,284,217	156,638,103	-	175,922,320	19,398,540	163,348,170	-	182,746,710
Due from related party	-	40,235	(40,235)	-	-	-	-	-
Prepaid expenses and other assets	37,713	422,162	-	459,875	32,475	110,694	-	143,169
Property and equipment, net	30,377	30,427	-	60,804	37,458	9,806	-	47,264
Land areas, at cost	920,000	60,336,737	-	61,256,737	920,000	63,590,807	-	64,510,807
Assets held in split-interest agreements	13,220	-	-	13,220	13,753	-	-	13,753
<b>TOTAL ASSETS</b>	<b>\$ 24,020,045</b>	<b>\$ 234,355,217</b>	<b>\$ (40,235)</b>	<b>\$ 258,335,027</b>	<b>\$ 23,841,413</b>	<b>\$ 243,823,123</b>	<b>\$ -</b>	<b>\$ 267,664,536</b>
<b>LIABILITIES</b>								
Accounts payable and accrued expenses	\$ 429,020	\$ 649,917	\$ -	\$ 1,078,937	\$ 622,694	\$ 850,890	\$ -	\$ 1,473,584
Grants payable	-	100,000	-	100,000	-	100,000	-	100,000
Due to related party	40,235	-	(40,235)	-	-	-	-	-
Notes payable	-	3,317,191	-	3,317,191	-	1,968,596	-	1,968,596
<b>TOTAL LIABILITIES</b>	<b>469,255</b>	<b>4,067,108</b>	<b>(40,235)</b>	<b>4,496,128</b>	<b>622,694</b>	<b>2,919,486</b>	<b>-</b>	<b>3,542,180</b>
<b>NET ASSETS</b>								
Unrestricted:								
Operating	2,113,863	71,667,189	-	73,781,052	2,060,105	73,076,338	-	75,136,443
Board designated - other endowment	15,087,847	-	-	15,087,847	14,855,053	-	-	14,855,053
Board designated - easement enforcement fund	-	1,038,033	-	1,038,033	-	1,093,833	-	1,093,833
Total unrestricted	<u>17,201,710</u>	<u>72,705,222</u>	<u>-</u>	<u>89,906,932</u>	<u>16,915,158</u>	<u>74,170,171</u>	<u>-</u>	<u>91,085,329</u>
Temporarily restricted:								
Endowment	4,414,550	147,879,767	-	152,294,317	4,725,332	157,880,346	-	162,605,678
Other temporarily restricted	1,934,530	9,703,120	-	11,637,650	1,578,229	8,853,120	-	10,431,349
Total temporarily restricted	<u>6,349,080</u>	<u>157,582,887</u>	<u>-</u>	<u>163,931,967</u>	<u>6,303,561</u>	<u>166,733,466</u>	<u>-</u>	<u>173,037,027</u>
<b>TOTAL NET ASSETS</b>	<b>23,550,790</b>	<b>230,288,109</b>	<b>-</b>	<b>253,838,899</b>	<b>23,218,719</b>	<b>240,903,637</b>	<b>-</b>	<b>264,122,356</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 24,020,045</b>	<b>\$ 234,355,217</b>	<b>\$ (40,235)</b>	<b>\$ 258,335,027</b>	<b>\$ 23,841,413</b>	<b>\$ 243,823,123</b>	<b>\$ -</b>	<b>\$ 267,664,536</b>

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, 2016**

	Scenic Hudson, Inc.			The Scenic Hudson Land Trust, Inc.			Consolidating Eliminations	Consolidated 2016 Total
	Unrestricted	Temporarily Restricted	Total 2016	Unrestricted	Temporarily Restricted	Total 2016		
<b>OPERATING REVENUES AND SUPPORT:</b>								
Contributions	\$ 5,513,129	\$ 1,332,500	\$ 6,845,629	\$ 1,125,538	\$ 1,100,000	\$ 2,225,538	\$ (1,882,300)	\$ 7,188,867
Government grants	96,759	-	96,759	1,459,155	-	1,459,155	-	1,555,914
Endowment earnings used to meet spending policy	861,000	-	861,000	7,344,800	-	7,344,800	-	8,205,800
Investment activity other than endowment earnings	4,133	-	4,133	6,257	-	6,257	-	10,390
Other revenues	2,305	-	2,305	138,352	-	138,352	-	140,657
Gain on sale of land areas	-	-	-	1,419,100	-	1,419,100	-	1,419,100
Net assets released from restrictions	975,667	(975,667)	-	250,000	(250,000)	-	-	-
<b>Total Operating Revenues and Support</b>	<b>7,452,993</b>	<b>356,833</b>	<b>7,809,826</b>	<b>11,743,202</b>	<b>850,000</b>	<b>12,593,202</b>	<b>(1,882,300)</b>	<b>18,520,728</b>
<b>OPERATING EXPENSES:</b>								
Program services:								
Sales/donations of property interests below cost to state government agencies and unaffiliated nonprofit entities	-	-	-	5,569,049	-	5,569,049	-	5,569,049
Other program services	4,841,406	-	4,841,406	7,357,592	-	7,357,592	(1,882,300)	10,316,698
Total program services	4,841,406	-	4,841,406	12,926,641	-	12,926,641	(1,882,300)	15,885,747
Management and general	1,194,375	-	1,194,375	169,030	-	169,030	-	1,363,405
Fundraising	1,197,952	-	1,197,952	56,680	-	56,680	-	1,254,632
<b>Total Operating Expenses</b>	<b>7,233,733</b>	<b>-</b>	<b>7,233,733</b>	<b>13,152,351</b>	<b>-</b>	<b>13,152,351</b>	<b>(1,882,300)</b>	<b>18,503,784</b>
<b>NET OPERATING ACTIVITY</b>	<b>219,260</b>	<b>356,833</b>	<b>576,093</b>	<b>(1,409,149)</b>	<b>850,000</b>	<b>(559,149)</b>	<b>-</b>	<b>16,944</b>
Transfers to board designated endowment	(165,502)	-	(165,502)	-	-	-	-	(165,502)
<b>NET OPERATING ACTIVITY AFTER TRANSFERS</b>	<b>53,758</b>	<b>356,833</b>	<b>410,591</b>	<b>(1,409,149)</b>	<b>850,000</b>	<b>(559,149)</b>	<b>-</b>	<b>(148,558)</b>
<b>NON-OPERATING ACTIVITIES:</b>								
Bequests and additions to Board designated funds	751,827	-	751,827	-	-	-	-	751,827
Transfers to board designated endowment	165,502	-	165,502	-	-	-	-	165,502
Change in value of split-interest agreements	-	(533)	(533)	-	-	-	-	(533)
Investment activity	(62,535)	(71,781)	(134,316)	-	(2,711,579)	(2,711,579)	-	(2,845,895)
Endowment earnings used to meet spending policy	(622,000)	(239,000)	(861,000)	(55,800)	(7,289,000)	(7,344,800)	-	(8,205,800)
<b>NET NON-OPERATING ACTIVITY</b>	<b>232,794</b>	<b>(311,314)</b>	<b>(78,520)</b>	<b>(55,800)</b>	<b>(10,000,579)</b>	<b>(10,056,379)</b>	<b>-</b>	<b>(10,134,899)</b>
<b>CHANGE IN TOTAL NET ASSETS</b>	<b>286,552</b>	<b>45,519</b>	<b>332,071</b>	<b>(1,464,949)</b>	<b>(9,150,579)</b>	<b>(10,615,528)</b>	<b>-</b>	<b>(10,283,457)</b>
<b>Net assets - Beginning of Year</b>	<b>16,915,158</b>	<b>6,303,561</b>	<b>23,218,719</b>	<b>74,170,171</b>	<b>166,733,466</b>	<b>240,903,637</b>	<b>-</b>	<b>264,122,356</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 17,201,710</b>	<b>\$ 6,349,080</b>	<b>\$ 23,550,790</b>	<b>\$ 72,705,222</b>	<b>\$ 157,582,887</b>	<b>\$ 230,288,109</b>	<b>\$ -</b>	<b>\$ 253,838,899</b>

**SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.**  
**SUPPLEMENTARY INFORMATION**  
**CONSOLIDATING SCHEDULE OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Scenic Hudson, Inc.			The Scenic Hudson Land Trust, Inc.			Consolidating Eliminations	Consolidated 2015 Total
	Unrestricted	Temporarily Restricted	Total 2015	Unrestricted	Temporarily Restricted	Total 2015		
<b>OPERATING REVENUES AND SUPPORT:</b>								
Contributions	\$ 5,348,440	\$ 741,424	\$ 6,089,864	\$ 2,442,206	\$ 250,000	\$ 2,692,206	\$ (1,734,700)	\$ 7,047,370
Government grants	289,766	-	289,766	1,461,680	-	1,461,680	-	1,751,446
Endowment earnings used to meet spending policy	817,000	-	817,000	6,903,000	-	6,903,000	-	7,720,000
Investment activity other than endowment earnings	996	-	996	5,058	-	5,058	-	6,054
Other revenues	8,819	-	8,819	142,872	-	142,872	-	151,691
Net assets released from restrictions	898,785	(898,785)	-	2,350,000	(2,350,000)	-	-	-
<b>Total Operating Revenues and Support</b>	<b>7,363,806</b>	<b>(157,361)</b>	<b>7,206,445</b>	<b>13,304,816</b>	<b>(2,100,000)</b>	<b>11,204,816</b>	<b>(1,734,700)</b>	<b>16,676,561</b>
<b>OPERATING EXPENSES:</b>								
Program services:								
Sales/donations of property interests below cost to state government agencies and unaffiliated nonprofit	-	-	-	55,000	-	55,000	-	55,000
Other program services	4,968,926	-	4,968,926	8,160,261	-	8,160,261	(1,734,700)	11,394,487
Total program services	4,968,926	-	4,968,926	8,215,261	-	8,215,261	(1,734,700)	11,449,487
Management and general	948,123	-	948,123	151,019	-	151,019	-	1,099,142
Fundraising	1,160,384	-	1,160,384	39,900	-	39,900	-	1,200,284
<b>Total Operating Expenses</b>	<b>7,077,433</b>	<b>-</b>	<b>7,077,433</b>	<b>8,406,180</b>	<b>-</b>	<b>8,406,180</b>	<b>(1,734,700)</b>	<b>13,748,913</b>
<b>NET OPERATING ACTIVITY</b>	<b>286,373</b>	<b>(157,361)</b>	<b>129,012</b>	<b>4,898,636</b>	<b>(2,100,000)</b>	<b>2,798,636</b>	<b>-</b>	<b>2,927,648</b>
Transfers to board designated endowment	(239,100)	-	(239,100)	-	-	-	-	(239,100)
<b>NET OPERATING ACTIVITY AFTER TRANSFERS</b>	<b>47,273</b>	<b>(157,361)</b>	<b>(110,088)</b>	<b>4,898,636</b>	<b>(2,100,000)</b>	<b>2,798,636</b>	<b>-</b>	<b>2,688,548</b>
<b>NON-OPERATING ACTIVITIES:</b>								
Bequests and additions to Board designated funds	50,000	-	50,000	-	-	-	-	50,000
Transfer to easement enforcement fund	239,100	-	239,100	-	-	-	-	239,100
Change in value of split-interest agreements	-	(744)	(744)	-	-	-	-	(744)
Investment activity	187,476	74,415	261,891	-	2,814,382	2,814,382	-	3,076,273
Endowment earnings used to meet spending policy	(567,000)	(250,000)	(817,000)	(53,000)	(6,850,000)	(6,903,000)	-	(7,720,000)
<b>NET NON-OPERATING ACTIVITY</b>	<b>(90,424)</b>	<b>(176,329)</b>	<b>(266,753)</b>	<b>(53,000)</b>	<b>(4,035,618)</b>	<b>(4,088,618)</b>	<b>-</b>	<b>(4,355,371)</b>
<b>CHANGE IN TOTAL NET ASSETS</b>	<b>(43,151)</b>	<b>(333,690)</b>	<b>(376,841)</b>	<b>4,845,636</b>	<b>(6,135,618)</b>	<b>(1,289,982)</b>	<b>-</b>	<b>(1,666,823)</b>
<b>Net assets - Beginning of Year</b>	<b>16,958,309</b>	<b>6,637,251</b>	<b>23,595,560</b>	<b>69,324,535</b>	<b>172,869,084</b>	<b>242,193,619</b>	<b>-</b>	<b>265,789,179</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 16,915,158</b>	<b>\$ 6,303,561</b>	<b>\$ 23,218,719</b>	<b>\$ 74,170,171</b>	<b>\$ 166,733,466</b>	<b>\$ 240,903,637</b>	<b>\$ -</b>	<b>\$ 264,122,356</b>

**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, 2016 AND 2015**

	<u>For the Year Ended June 30, 2016</u>				<u>For the Year Ended June 30, 2015</u>			
	<u>Program Services</u>	<u>Management and Administration</u>	<u>Fundraising</u>	<u>Total 2016</u>	<u>Program Services</u>	<u>Management and Administration</u>	<u>Fundraising</u>	<u>Total 2015</u>
Salaries	\$ 3,096,242	\$ 776,234	\$ 767,173	\$ 4,639,649	\$ 3,067,887	\$ 653,968	\$ 724,090	\$ 4,445,945
Payroll taxes and employee benefits	827,320	207,409	204,990	1,239,719	758,122	161,606	178,934	1,098,662
Total salaries and related costs	<u>3,923,562</u>	<u>983,643</u>	<u>972,163</u>	<u>5,879,368</u>	<u>3,826,009</u>	<u>815,574</u>	<u>903,024</u>	<u>5,544,607</u>
Occupancy	275,370	40,851	58,358	374,579	286,494	35,942	61,209	383,645
Consultants and experts	191,647	22,337	5,012	218,996	310,765	16,346	5,080	332,191
Legal and audit	136,919	67,409	-	204,328	214,850	28,717	-	243,567
Employee travel and training	108,052	18,132	12,218	138,402	97,336	12,451	13,347	123,134
Office - general	72,865	10,810	15,442	99,117	69,479	8,717	14,844	93,040
Equipment	8,725	1,799	130	10,654	28,448	586	525	29,559
Program and public outreach costs	108,044	49,394	134,629	292,067	120,027	29,790	145,404	295,221
Interest	-	-	-	-	-	-	-	-
Depreciation and amortization	16,222	-	-	16,222	15,518	-	-	15,518
Bad debt expense	-	-	-	-	-	-	16,951	16,951
Costs of direct benefits to donors	<u>-</u>	<u>-</u>	<u>125,361</u>	<u>125,361</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	4,841,406	1,194,375	1,323,313	7,359,094	4,968,926	948,123	1,160,384	7,077,433
Less: expenses deducted directly from revenues on the consolidated statements of activities	<u>-</u>	<u>-</u>	<u>(125,361)</u>	<u>(125,361)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL</b>	<u>\$ 4,841,406</u>	<u>\$ 1,194,375</u>	<u>\$ 1,197,952</u>	<u>\$ 7,233,733</u>	<u>\$ 4,968,926</u>	<u>\$ 948,123</u>	<u>\$ 1,160,384</u>	<u>\$ 7,077,433</u>

**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, 2016 AND 2015**

	<u>For the Year Ended June 30, 2016</u>				<u>For the Year Ended June 30, 2015</u>			
	<u>Program Services</u>	<u>Management and Administration</u>	<u>Fundraising</u>	<u>Total 2016</u>	<u>Program Services</u>	<u>Management and Administration</u>	<u>Fundraising</u>	<u>Total 2015</u>
Conservation easements and monitoring costs	\$ 2,972,255	\$ -	\$ -	\$ 2,972,255	\$ 3,518,330	\$ -	\$ -	\$ 3,518,330
Land project expenses	1,949,900	-	-	1,949,900	1,229,752	-	-	1,229,752
Program and business management services	1,786,401	121,530	56,680	1,964,611	1,726,309	97,519	39,900	1,863,728
Grants and contributions	10,280	-	-	10,280	182,500	-	-	182,500
Remediation expense	60,862	-	-	60,862	978,786	-	-	978,786
Sales/donations of property interests below cost to state and local government agencies and unaffiliated nonprofit entities	5,569,049	-	-	5,569,049	55,000	-	-	55,000
Property taxes	224,692	-	-	224,692	199,491	-	-	199,491
Insurance	141,445	-	-	141,445	123,808	-	-	123,808
Legal and audit fees	147,755	47,500	-	195,255	171,138	53,500	-	224,638
Interest	52,168	-	-	52,168	20,342	-	-	20,342
Depreciation and amortization	11,834	-	-	11,834	9,805	-	-	9,805
<b>TOTAL</b>	<b>\$ 12,926,641</b>	<b>\$ 169,030</b>	<b>\$ 56,680</b>	<b>\$ 13,152,351</b>	<b>\$ 8,215,261</b>	<b>\$ 151,019</b>	<b>\$ 39,900</b>	<b>\$ 8,406,180</b>

**SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULES OF LAND AREAS**  
**AS OF JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>Scenic Hudson, Inc:</b>		
Hyde Park - Morgan Estate	\$ 920,000	\$ 920,000
<b>Scenic Hudson Land Trust, Inc:</b>		
Mt. Beacon, Base of Beacon	443,510	443,510
Beacon Terminal, Madam Brett Park	320,886	320,886
Beacon Waterfront - Park	1,707,684	1,707,684
Beacon Waterfront LLC	1,563,969	1,563,969
Beacon, University Settlement Camp	36,001	36,001
Franny Reese State Park - Djirdjirian	88,363	88,363
Shaupeneak Ridge, Venditti	26,598	26,598
Poet's Walk/Astor Cove I/Mandara	1,726,922	1,726,922
New Hamburg, Wappingers Greenway	229,920	229,920
Hyde Park, Clear View Farm	1,269,218	1,269,218
Hyde Park, Golden	410,825	410,825
Tivoli Bays	516,409	516,409
Binnen Kill - Chi	413,472	413,472
Four Mile Point Road, Coxsackie (Four Mile Point)	217,955	217,955
RamsHorn Marsh, Catskill - Blenner	237,484	237,484
RamsHorn Marsh, Catskill - Vincent	402,002	402,002
RamsHorn Marsh, Catskill - Iten	167,468	167,468
Stockport - Saurusaitis	75,172	75,172
King James Weyant, Ft. Montgomery	272,040	272,040
Snake Hill, New Windsor	1,092,921	1,092,921
Illinois Mountain	1,355,217	1,355,217
FDR Viewshed - WA Lloyd	2,117,223	2,117,223
FDR Viewshed - Murillo	964,368	964,368
Philipstown, Route 9D (Osborn)	19,612	19,612
Westpoint Foundry Preserve (Marin), Cold Spring	523,062	523,062
Westpoint Foundry Preserve (Spevak), Cold Spring	1,924,329	1,924,329
Westpoint Foundry Preserve (Campbell), Cold Spring	666,832	666,832
Esopus Meadows, River Road, Esopus	1,010,803	1,010,803
Esopus Meadows, Mazza, Esopus	164,320	164,320
Esopus Meadows, River Road, (Waskew/EMEC), Esopus	267,274	267,274
Esopus Meadows, River Road, Esopus	714,583	714,583
Esopus Meadows, River Road (Patchoros) , Esopus	513,447	513,447
Esopus Meadows, River Road (Esopus Lakes) , Esopus	3,569,367	3,569,367
Esopus Meadows, River Road (Gordon) , Esopus	1,220,433	1,220,433
Esopus Meadows, River Road (DeCicco) , Esopus	44,865	44,865
Black Creek - Matera	393,401	393,401
Black Creek - Route 9W, Esopus	2,840,009	2,840,009
Black Creek - Gordon	1,108,701	1,108,701
Black Creek - Laties	714,137	714,137
Black Creek - Mahairas	141,977	141,977
Shaupeneak Ridge, Esopus	989,779	989,779
Shaupeneak Ridge, Additions	91,303	91,303
Shaupeneak Ridge, Rosen Frog Hollow Farm	513,473	513,473
Shaupeneak Ridge, Arnika	1,028,735	1,028,735
Irvington - Downriver Associates	2,259,585	2,259,585
Irvington - Interstate Trading	3,240,065	3,240,065
Peekskill Waterfront	-	2,045,585
Cortland, Hillpoint	-	3,523,465
Olana View Shed - ALDD Co. Inc	929,190	929,190
Dansky	578,187	578,187
Fort Montgomery Marina	744,335	744,335
Hohenstein/Bronck Island	420,072	420,072
Brown Farm Property	-	795,900
NBR Enterprises LLC	388,860	388,860
Lower Esopus River Watch	64,428	64,428
Esopus River Road - Bamer	508,201	508,201
Esopus River Road - Bohan	14,521	14,521
Shaupeneak Ride - Tax Parcel	37,524	37,524
4269 Route 9	226,168	226,168
Waste Management	941,727	941,727
Sloan Everett	5,478,341	5,478,341
Christian Brothers - Esopus	46,408	45,958
Dominican Sisters - Falling Waters	2,581,387	2,605,637
Illinois Mountain - Alsdorf	51,855	51,855
Olson Property	69,743	69,743
Paparelli	63,149	61,499
Popo/Rothlein	4,293,404	4,293,404
Shanok Property	150,488	150,488
Lambert Property	638,473	-
Orsi-Dickerson	10,599	-
Ciccone Property	440,269	-
Wally Property	416,437	-
Girl Scouts Heart of the Hudson, Inc. (Camp Addison Boyce)	1,614,209	-
Muise Property	13,043	-
	<u>60,336,737</u>	<u>63,590,807</u>
Land areas, at cost	<u>\$ 61,256,737</u>	<u>\$ 64,510,807</u>

**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, 2016 AND 2015**

	<b>2016</b>	<b>2015</b>
<b>SOURCES OF FUNDS:</b>		
Unrestricted contributions	\$ 6,312,281	\$ 7,807,392
Releases of temporarily restricted contributions	1,225,667	3,248,785
Endowment earnings used to meet spending policy	8,205,800	7,720,000
Proceeds from sales of natural land areas and improvements	2,215,001	4,887,500
Other revenues	151,047	157,745
<b>Total Sources of Funds</b>	<b>18,109,796</b>	<b>23,821,422</b>
<b>USES OF FUNDS:</b>		
Purchases of natural land areas and improvements (in fee)	3,110,880	13,688,901
Program services expenses:		
Purchases of conservation easements and easement monitoring costs	2,972,255	3,518,330
Park construction and management	1,949,900	1,229,752
Salaries and related benefits	3,923,562	3,826,009
Other	7,040,030	2,875,396
Supporting services expenses	2,618,037	2,299,426
<b>Total Uses of Funds</b>	<b>21,614,664</b>	<b>27,437,814</b>
<b>NET SOURCES AND USES OF FUNDS</b>	<b>\$ (3,504,868)</b>	<b>\$ (3,616,392)</b>
<b>OTHER KEY FINANCIAL INFORMATION:</b>		
Land areas, at cost - beginning of year	\$ 64,510,807	\$ 55,239,068
Purchases of natural land areas and improvements (in fee)	3,110,880	13,688,901
Contribution of land area	-	920,000
Sales/donations of property interests to state and local governmental agencies and unaffiliated nonprofit entities at cost	(6,364,950)	(5,337,162)
Land areas, at cost - end of year	<b>\$ 61,256,737</b>	<b>\$ 64,510,807</b>