



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

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

Years Ended June 30, 2017 and 2016

**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, 2017 AND 2016**

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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, 2017 and 2016, 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, 2017 and 2016, 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 audit was 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  
November 13, 2017

**SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2017 AND 2016**

	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
Cash and cash equivalents (Notes 2C and 14)	\$ 20,171,365	\$ 15,962,820
Pledges and grants receivable, net (Notes 2D, 2E and 3)	14,833,180	4,659,251
Investments, at fair value (Notes 2F, 6, 9 and 12D)	199,278,101	175,922,320
Prepaid expenses and other assets (Note 12A)	475,995	459,875
Property and equipment, net (Notes 2G and 4)	52,883	60,804
Land areas, at cost (Notes 2K and 5)	54,732,044	61,256,737
Assets held in split-interest agreement (Notes 2J, 7 and 13B)	-	13,220
<b>TOTAL ASSETS</b>	<b>\$ 289,543,568</b>	<b>\$ 258,335,027</b>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 1,116,788	\$ 1,078,937
Grants payable (Note 8)	325,000	100,000
Notes payable (Notes 2D and 9)	2,074,313	3,317,191
<b>TOTAL LIABILITIES</b>	<b>3,516,101</b>	<b>4,496,128</b>
<b>COMMITMENTS AND CONTINGENCIES (Note 12)</b>		
<b>NET ASSETS (Note 2B)</b>		
Unrestricted:		
Operating	72,538,370	73,781,052
Board designated - other endowment (Notes 13A and 13C)	17,336,401	15,087,847
Board designated - easement enforcement fund (Notes 13A and 13C)	994,758	1,038,033
Total unrestricted	90,869,529	89,906,932
Temporarily restricted (Note 13B):		
Endowment (Note 13C)	171,113,285	152,294,317
Other temporarily restricted	24,044,653	11,637,650
Total temporarily restricted	195,157,938	163,931,967
<b>TOTAL NET ASSETS</b>	<b>286,027,467</b>	<b>253,838,899</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 289,543,568</b>	<b>\$ 258,335,027</b>

**SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

	For the Year Ended June 30, 2017			For the Year Ended June 30, 2016		
	Unrestricted	Temporarily Restricted	Total 2017	Unrestricted	Temporarily Restricted	Total 2016
<b>OPERATING REVENUES AND SUPPORT</b> (Note 2H):						
Contributions (Notes 2D, 9 and 10)	\$ 7,163,086	\$ 14,466,531	\$ 21,629,617	\$ 4,756,367	\$ 2,432,500	\$ 7,188,867
Government grants (Notes 2D and 12C)	731,714	-	731,714	1,555,914	-	1,555,914
Endowment earnings used to meet spending policy (Note 13)	8,489,900	-	8,489,900	8,205,800	-	8,205,800
Investment activity other than endowment earnings	53,131	-	53,131	10,390	-	10,390
Other revenues	152,199	-	152,199	140,657	-	140,657
Gain on sale of land areas (Note 5)	460,199	-	460,199	1,419,100	-	1,419,100
Net assets released from restrictions (Note 13)	2,046,308	(2,046,308)	-	1,225,667	(1,225,667)	-
<b>Total Operating Revenues and Support</b>	<u>19,096,537</u>	<u>12,420,223</u>	<u>31,516,760</u>	<u>17,313,895</u>	<u>1,206,833</u>	<u>18,520,728</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)	6,243,986	-	6,243,986	5,569,049	-	5,569,049
Other program services	10,325,549	-	10,325,549	10,316,698	-	10,316,698
Total program services	16,569,535	-	16,569,535	15,885,747	-	15,885,747
Management and general	1,375,980	-	1,375,980	1,363,405	-	1,363,405
Fundraising	1,239,567	-	1,239,567	1,254,632	-	1,254,632
<b>Total Operating Expenses</b>	<u>19,185,082</u>	<u>-</u>	<u>19,185,082</u>	<u>18,503,784</u>	<u>-</u>	<u>18,503,784</u>
<b>NET OPERATING ACTIVITY</b>	<u>(88,545)</u>	<u>12,420,223</u>	<u>12,331,678</u>	<u>(1,189,889)</u>	<u>1,206,833</u>	<u>16,944</u>
Transfers to board designated endowment	(1,141,512)	-	(1,141,512)	(165,502)	-	(165,502)
<b>NET OPERATING ACTIVITY AFTER TRANSFERS</b>	<u>(1,230,057)</u>	<u>12,420,223</u>	<u>11,190,166</u>	<u>(1,355,391)</u>	<u>1,206,833</u>	<u>(148,558)</u>
<b>NON-OPERATING ACTIVITIES</b> (Note 2H):						
Bequests and additions to Board designated funds (Note 2H)	97,583	(11,144)	86,439	751,827	-	751,827
Transfers to board designated endowment	1,141,512	-	1,141,512	165,502	-	165,502
Change in value of split-interest agreement (Notes 2J and 7)	-	(2,076)	(2,076)	-	(533)	(533)
Investment activity (Note 6)	1,667,459	26,594,968	28,262,427	(62,535)	(2,783,360)	(2,845,895)
Endowment earnings used to meet spending policy (Note 13)	(713,900)	(7,776,000)	(8,489,900)	(677,800)	(7,528,000)	(8,205,800)
<b>NET NON-OPERATING ACTIVITY</b>	<u>2,192,654</u>	<u>18,805,748</u>	<u>20,998,402</u>	<u>176,994</u>	<u>(10,311,893)</u>	<u>(10,134,899)</u>
<b>CHANGES IN TOTAL NET ASSETS</b>	962,597	31,225,971	32,188,568	(1,178,397)	(9,105,060)	(10,283,457)
<b>Net Assets - Beginning 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>
<b>NET ASSETS - END OF YEAR</b>	<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>

**SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

	<b>2017</b>	<b>2016</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ 32,188,568	\$ (10,283,457)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	20,758	28,056
Change in value of split-interest agreement	2,076	533
Change in discount on pledges receivable	315,969	-
Realized gain on sales of investments	(4,434,254)	(2,934,191)
Unrealized (gain) loss on investments	(20,769,674)	8,767,535
Gain on sale of land areas	(460,199)	(1,419,100)
Sale/donation of property interests below cost to state and local governmental agencies and unaffiliated nonprofit entities	6,243,986	5,569,049
In-kind contribution for imputed interest on notes payable	-	(203,573)
Amortization of imputed interest on notes payable	257,122	52,168
Subtotal	13,364,352	(422,980)
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Pledges and grants receivable	(10,489,898)	1,465,698
Prepaid expenses and other assets	(16,120)	(316,706)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	37,851	(394,647)
Grants payable	225,000	-
<b>Net Cash Provided by Operating Activities</b>	<b>3,121,185</b>	<b>331,365</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sales of investments	4,944,453	4,591,069
Purchases of investments	(3,096,306)	(3,600,023)
Acquisitions of land areas and property and equipment	(1,826,431)	(3,152,476)
Proceeds from sales of land areas and property and equipment	2,554,500	2,215,001
<b>Net Cash Provided by Investing Activities</b>	<b>2,576,216</b>	<b>53,571</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from notes payable	-	1,500,000
Repayment of notes payable	(1,500,000)	-
Distribution from split-interest agreement	11,144	-
<b>Net Cash (Used in) Provided by Financing Activities</b>	<b>(1,488,856)</b>	<b>1,500,000</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	4,208,545	1,884,936
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>15,962,820</b>	<b>14,077,884</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 20,171,365</b>	<b>\$ 15,962,820</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, 2017 AND 2016**

**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 combines 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, 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, 2017 AND 2016**

**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, 2017 and 2016, 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, 2017 and 2016, the Organization received contributed legal services which amounted to approximately \$407,000 and \$194,000, 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, 2017 and 2016, 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, 2017 AND 2016**

**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. 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.

It is the Organization's policy to make an annual appropriation to support operations, 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, 2017 and 2016, the appropriation amounted to 5% of the average asset fair value for the rolling twelve fiscal quarter periods ended December 31, 2015 and 2014, 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 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 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, 2017 AND 2016**

**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 expenses 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 – PLEDGES AND GRANTS RECEIVABLE**

Pledges and grants receivable as of June 30, 2017 and 2016 were as follows:

	<u>2017</u>	<u>2016</u>
Unrestricted	\$ 747,874	\$ 1,038,904
Restricted to future programs and periods	<u>14,085,306</u>	<u>3,620,347</u>
Total pledges and grants receivable, net	<u>\$ 14,833,180</u>	<u>\$ 4,659,251</u>

Pledges and grants receivable were scheduled to be collected as follows as of June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Less than one year	\$ 6,109,149	\$ 3,989,251
One to five years	<u>9,090,000</u>	<u>720,000</u>
	15,199,149	4,709,251
Less: Reserve for uncollectible receivables	(50,000)	(50,000)
Less: Discount to net present value	<u>(315,969)</u>	<u>-</u>
Total pledges and grants receivable, net	<u>\$ 14,833,180</u>	<u>\$ 4,659,251</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. A discount of \$315,969 was applied to unconditional promises to give as of June 30, 2017 based on risk-adjusted discount rates between 1.24% and 1.55%. No discount was applied to unconditional promises to give as of June 30, 2016 since such discount was not material to the consolidated financial statements.

**SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

**NOTE 4 – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>	<u>Estimated Useful Lives</u>
Furniture and equipment	\$ 50,863	\$ 50,863	3-7 Years
Transportation equipment	136,383	123,546	4-5 Years
Leasehold improvements	<u>23,910</u>	<u>23,910</u>	5 Years
Total cost	211,156	198,319	
Less: accumulated depreciation and amortization	<u>(158,273)</u>	<u>(137,515)</u>	
Net book value	<u>\$ 52,883</u>	<u>\$ 60,804</u>	

Depreciation and amortization amounted to \$20,758 and \$28,056 for the years ended June 30, 2017 and 2016, respectively.

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

Land areas and conservation easements consisted of the following as of June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Land areas, at cost	\$ 54,732,044	\$ 61,256,737
Less: reserve for impairment	<u>-</u>	<u>-</u>
Net book value	<u>\$ 54,732,044</u>	<u>\$ 61,256,737</u>

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

During the years ended June 30, 2017 and 2016, the Organization acquired land areas for a total of \$1,813,594 and \$3,110,880, respectively.

During the year ended June 30, 2017, the Organization sold/donated four properties with a carrying value of \$8,338,287, to state and local government agencies, unaffiliated nonprofit entities, and private individuals 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 gain on sale of land areas of \$460,199 and program services expense of \$6,243,986. 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, unaffiliated nonprofit entities, and private individuals, 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 a gain on sale of land areas of \$1,419,100 and program services expense of \$5,569,049.

The Organization held conservation easements on various properties in the State as of June 30, 2017 and 2016. During the years ended June 30, 2017 and 2016, the Organization purchased easements, inclusive of closing costs, for \$2,722,154 and \$2,960,834, 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. 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, 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				<u>7,405,844</u>
Total investments measured at Net Asset Value				<u>48,236,619</u>
Total Investments				<u>\$ 199,278,101</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, 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>

(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, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 19,728,084	\$ 20,808,776
Net appreciation (depreciation)	<u>3,842,805</u>	<u>(1,080,692)</u>
Balance, end of year	<u>\$ 23,570,889</u>	<u>\$ 19,728,084</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, 2017 and 2016, there were no transfers between levels.

The following table summarizes the Organization's investments in pooled investment funds at June 30, 2017:

<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	\$ 40,830,775	\$ -	Monthly	10 business days
Long-only securities	12,533,905	-	Monthly	1st of month
Fixed Income - Private Equity	11,036,984	-	Quarterly	60 days notice
Fixed Income - Hedge Fund	4,446,439	-	Quarterly	60 days notice
Loan Fund <sup>(1)</sup>	<u>2,959,405</u>	<u>678,164</u>	Not permitted	6/18/13 to 6/18/2020
Total	<u>\$ 71,807,508</u>	<u>\$ 678,164</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 \$2,959,000 with unfunded commitments of approximately \$678,000 as of June 30, 2017.

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, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 3,812,676	\$ 3,668,729
Realized gains	4,434,254	2,934,191
Unrealized gain (loss)	20,769,674	(8,767,535)
Investment fees	<u>(754,177)</u>	<u>(681,280)</u>
Total investment activity, net	<u>\$ 28,262,427</u>	<u>\$ (2,845,895)</u>

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



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**NOTE 7 – SPLIT-INTEREST AGREEMENT**

The present values of the future interest in the Fund (see Note 2J) are summarized as follows as of June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Fair value	\$ -	\$ 15,481
Less: Estimated future liability	<u>-</u>	<u>(2,261)</u>
Present value of future interest	<u>\$ -</u>	<u>\$ 13,220</u>

In September 2016, the split-interest agreement was terminated and the value of the account as of the termination date was distributed to the Organization. The present value of the estimated future interest was calculated using a discount rate of 3.51% as of June 30, 2016 and applicable life expectancy tables.

**NOTE 8 – GRANTS PAYABLE**

As of June 30, 2017 and 2016, grants payable consisted of the following, all of which are scheduled to be paid within one year:

<u>Payable to</u>	<u>2017</u>	<u>2016</u>	<u>Purpose</u>
Town of Lloyd	\$ 100,000	\$ 100,000	Extension of Hudson Valley Rail Trail
Other	<u>225,000</u>	<u>-</u>	Repair and restoration of a park
	<u>\$ 325,000</u>	<u>\$ 100,000</u>	

**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 was repaid during fiscal year 2017. The outstanding loans are collateralized by US Bank accounts holding equity securities with a fair value of approximately \$4,680,000 and \$5,470,000, respectively, as of June 30, 2017 and 2016.

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 \$0 and \$203,573, respectively, was recognized as an in-kind contribution during the years ended June 30, 2017 and 2016. The imputed interest is being amortized over the lives of the loans and imputed interest expense related to the loans amounted to \$257,122 and \$52,168, respectively, including the full amount of unamortized interest expense related to loans repaid prior to maturity date, for the years ended June 30, 2017 and 2016. Notes payable consisted of the following as of June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Principal balance	\$ 2,500,000	\$ 4,000,000
Less: imputed interest	<u>(425,687)</u>	<u>(682,809)</u>
	<u>\$ 2,074,313</u>	<u>\$ 3,317,191</u>

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**NOTE 10 – SPECIAL EVENTS INCOME**

A gala event was held by the Organization during the years ended June 30, 2017 and 2016. 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, 2017 and 2016:

	2017	2016
Proceeds from special events	\$ 567,065	\$ 686,759
Less: costs of direct benefits to donors	(122,900)	(125,361)
Special events income, net	\$ 444,165	\$ 561,398

**NOTE 11 – PENSION PLANS**

The Organization has a tax deferred annuity 403(b) plan for eligible employees. 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, 2017 and 2016 amounted to \$319,020 and \$369,223, 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 to the 457(f) plan during the years ended June 30, 2017 and 2016.

**NOTE 12 – COMMITMENTS AND CONTINGENCIES**

A. As of June 30, 2017, the Organization had made a deposit of \$2,500 on a contract to purchase a land area. Such amount is included as prepaid expenses and other assets in the accompanying consolidated statement of financial position as of June 30, 2017.

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

2018	\$	329,000
2019		305,000
2020		293,000
2021		296,000
2022		222,000
		\$ 1,445,000

During the years ended June 30, 2017 and 2016, rent expense amounted to \$328,700 and \$327,500, respectively.

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

- 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, 2018. 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, 2017 and 2016, there were no borrowings outstanding.
- 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.

**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’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 \$658,000 and \$622,000, 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, 2017 and 2016, 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 \$55,900 and \$55,800, 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, 2017 and 2016, respectively. The easement enforcement fund net asset balance amounted to \$994,758 and \$1,038,033 as of June 30, 2017 and 2016, 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.

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**NOTE 13 – 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, 2017 and 2016, 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, 2015 and December 31, 2014, and that management may withdraw these amounts at their discretion to meet program needs. Accordingly, investment income of \$7,542,000 and \$7,289,000, 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, 2017 and 2016, 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, investment income of \$234,000 and \$239,000, 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, 2017 and 2016, respectively.

Temporarily restricted net assets consisted of the following as of June 30, 2017 and 2016:

	2017	2016
Scenic Hudson, Inc.:		
Restricted to future programs and periods	\$ 2,829,068	\$ 1,921,310
Kathryn W. Davis Fund for Park Planning and Community Land Use Endowment	4,866,160	4,414,550
Future interest in pooled income fund	-	13,220
	7,695,228	6,349,080
The Scenic Hudson Land Trust, Inc.:		
Lila Acheson and DeWitt Wallace Hudson Valley Land Preservation Endowment	166,247,125	147,879,767
Land acquisitions and other land preservation and conservation expenses	21,215,585	9,703,120
	187,462,710	157,582,887
Total temporarily restricted net assets	\$ 195,157,938	\$ 163,931,967

During the years ended June 30, 2017 and 2016, the Organization released temporarily restricted net assets by incurring expenses or the passage of time, thus satisfying the restrictions.

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**NOTE 13 – 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, 2017 and 2016.

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, 2017 and 2016.

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.

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

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	\$ 16,125,880	\$ 152,294,317	\$ 168,420,197
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	(52,651)	(701,526)	(754,177)
Total return on investments	1,667,459	26,594,968	28,262,427
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 13A)	(713,900)	(234,000)	(947,900)
Endowment earnings used to meet spending policy for Wallace Endowment (Note 13B)	-	(7,542,000)	(7,542,000)
	2,205,279	18,818,968	21,024,277
Endowment net assets, end of year	\$ 18,331,159	\$ 171,113,285	\$ 189,444,444

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

**SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

**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, 2017 and 2016, there was approximately \$6,812,000 and \$4,357,000, 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 \$13,165,000 and \$11,445,000 as of June 30, 2017 and 2016, 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 November 13, 2017, 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, 2017 AND 2016**

	As of June 30, 2017				As of June 30, 2016			
	Scenic Hudson, Inc.	The Scenic Hudson Land Trust, Inc.	Consolidating Eliminations	Consolidated Total 2017	Scenic Hudson, Inc.	The Scenic Hudson Land Trust, Inc.	Consolidating Eliminations	Consolidated Total 2016
<b>ASSETS</b>								
Cash and cash equivalents	\$ 3,671,134	\$ 16,500,231	\$ -	\$ 20,171,365	\$ 1,755,614	\$ 14,207,206	\$ -	\$ 15,962,820
Pledges and grants receivable, net	2,737,940	12,095,240	-	14,833,180	1,978,904	2,680,347	-	4,659,251
Investments, at fair value	21,094,316	178,183,785	-	199,278,101	19,284,217	156,638,103	-	175,922,320
Due from related party	-	32,109	(32,109)	-	-	40,235	(40,235)	-
Prepaid expenses and other assets	41,315	434,680	-	475,995	37,713	422,162	-	459,875
Property and equipment, net	19,070	33,813	-	52,883	30,377	30,427	-	60,804
Land areas, at cost	920,000	53,812,044	-	54,732,044	920,000	60,336,737	-	61,256,737
Assets held in split-interest agreement	-	-	-	-	13,220	-	-	13,220
<b>TOTAL ASSETS</b>	<b>\$ 28,483,775</b>	<b>\$ 261,091,902</b>	<b>\$ (32,109)</b>	<b>\$ 289,543,568</b>	<b>\$ 24,020,045</b>	<b>\$ 234,355,217</b>	<b>\$ (40,235)</b>	<b>\$ 258,335,027</b>
<b>LIABILITIES</b>								
Accounts payable and accrued expenses	\$ 555,058	\$ 561,730	\$ -	\$ 1,116,788	\$ 429,020	\$ 649,917	\$ -	\$ 1,078,937
Grants payable	-	325,000	-	325,000	-	100,000	-	100,000
Due to related party	32,109	-	(32,109)	-	40,235	-	(40,235)	-
Notes payable	-	2,074,313	-	2,074,313	-	3,317,191	-	3,317,191
<b>TOTAL LIABILITIES</b>	<b>587,167</b>	<b>2,961,043</b>	<b>(32,109)</b>	<b>3,516,101</b>	<b>469,255</b>	<b>4,067,108</b>	<b>(40,235)</b>	<b>4,496,128</b>
<b>NET ASSETS</b>								
Unrestricted:								
Operating	2,864,979	69,673,391	-	72,538,370	2,113,863	71,667,189	-	73,781,052
Board designated - other endowment	17,336,401	-	-	17,336,401	15,087,847	-	-	15,087,847
Board designated - easement enforcement fund	-	994,758	-	994,758	-	1,038,033	-	1,038,033
Total unrestricted	<u>20,201,380</u>	<u>70,668,149</u>	<u>-</u>	<u>90,869,529</u>	<u>17,201,710</u>	<u>72,705,222</u>	<u>-</u>	<u>89,906,932</u>
Temporarily restricted:								
Endowment	4,866,160	166,247,125	-	171,113,285	4,414,550	147,879,767	-	152,294,317
Other temporarily restricted	2,829,068	21,215,585	-	24,044,653	1,934,530	9,703,120	-	11,637,650
Total temporarily restricted	<u>7,695,228</u>	<u>187,462,710</u>	<u>-</u>	<u>195,157,938</u>	<u>6,349,080</u>	<u>157,582,887</u>	<u>-</u>	<u>163,931,967</u>
<b>TOTAL NET ASSETS</b>	<b>27,896,608</b>	<b>258,130,859</b>	<b>-</b>	<b>286,027,467</b>	<b>23,550,790</b>	<b>230,288,109</b>	<b>-</b>	<b>253,838,899</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 28,483,775</b>	<b>\$ 261,091,902</b>	<b>\$ (32,109)</b>	<b>\$ 289,543,568</b>	<b>\$ 24,020,045</b>	<b>\$ 234,355,217</b>	<b>\$ (40,235)</b>	<b>\$ 258,335,027</b>



**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		
<b>OPERATING REVENUES AND SUPPORT:</b>								
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 earnings 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)	-	-	-
<b>Total Operating Revenues and Support</b>	<b>9,440,357</b>	<b>907,758</b>	<b>10,348,115</b>	<b>11,555,655</b>	<b>11,512,465</b>	<b>23,068,120</b>	<b>(1,899,475)</b>	<b>31,516,760</b>
<b>OPERATING EXPENSES:</b>								
Program services:								
Sales/donations of property interests below cost to state and 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
<b>Total Operating Expenses</b>	<b>7,547,729</b>	<b>-</b>	<b>7,547,729</b>	<b>13,536,828</b>	<b>-</b>	<b>13,536,828</b>	<b>(1,899,475)</b>	<b>19,185,082</b>
<b>NET OPERATING ACTIVITY</b>	<b>1,892,628</b>	<b>907,758</b>	<b>2,800,386</b>	<b>(1,981,173)</b>	<b>11,512,465</b>	<b>9,531,292</b>	<b>-</b>	<b>12,331,678</b>
Transfers to board designated endowment	(1,141,512)	-	(1,141,512)	-	-	-	-	(1,141,512)
<b>NET OPERATING ACTIVITY AFTER TRANSFERS</b>	<b>751,116</b>	<b>907,758</b>	<b>1,658,874</b>	<b>(1,981,173)</b>	<b>11,512,465</b>	<b>9,531,292</b>	<b>-</b>	<b>11,190,166</b>
<b>NON-OPERATING ACTIVITIES:</b>								
Bequests and additions to Board designated funds	97,583	(11,144)	86,439	-	-	-	-	86,439
Transfers to 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 earnings used to meet spending policy	(658,000)	(234,000)	(892,000)	(55,900)	(7,542,000)	(7,597,900)	-	(8,489,900)
<b>NET NON-OPERATING ACTIVITY</b>	<b>2,248,554</b>	<b>438,390</b>	<b>2,686,944</b>	<b>(55,900)</b>	<b>18,367,358</b>	<b>18,311,458</b>	<b>-</b>	<b>20,998,402</b>
<b>CHANGES IN TOTAL NET ASSETS</b>	<b>2,999,670</b>	<b>1,346,148</b>	<b>4,345,818</b>	<b>(2,037,073)</b>	<b>29,879,823</b>	<b>27,842,750</b>	<b>-</b>	<b>32,188,568</b>
<b>Net assets - Beginning 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>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 20,201,380</b>	<b>\$ 7,695,228</b>	<b>\$ 27,896,608</b>	<b>\$ 70,668,149</b>	<b>\$ 187,462,710</b>	<b>\$ 258,130,859</b>	<b>\$ -</b>	<b>\$ 286,027,467</b>

**SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.**  
**SUPPLEMENTARY INFORMATION**  
**CONSOLIDATING SCHEDULE OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Scenic Hudson, Inc.</u>			<u>The Scenic Hudson Land Trust, Inc.</u>			<u>Consolidating Eliminations</u>	<u>Consolidated 2016 Total</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2016</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2016</u>		
<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 agreement	-	(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>CHANGES 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**  
**(SCENIC HUDSON, INC.)**  
**SCHEDULES OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>For the Year Ended June 30, 2017</u>				<u>For the Year Ended June 30, 2016</u>			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total 2017</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total 2016</u>
Salaries	\$ 3,222,723	\$ 753,406	\$ 737,453	\$ 4,713,582	\$ 3,096,242	\$ 776,234	\$ 767,173	\$ 4,639,649
Payroll taxes and employee benefits	<u>838,235</u>	<u>195,962</u>	<u>191,812</u>	<u>1,226,009</u>	<u>827,320</u>	<u>207,409</u>	<u>204,990</u>	<u>1,239,719</u>
Total salaries and related costs	4,060,958	949,368	929,265	5,939,591	3,923,562	983,643	972,163	5,879,368
Occupancy	275,604	50,756	53,999	380,359	275,370	40,851	58,358	374,579
Consultants and experts	294,144	45,423	15,528	355,095	191,647	22,337	5,012	218,996
Legal and audit	101,653	103,022	-	204,675	136,919	67,409	-	204,328
Employee travel and training	108,507	19,467	16,894	144,868	108,052	18,132	12,218	138,402
Office - general	82,141	15,127	16,094	113,362	72,865	10,810	15,442	99,117
Equipment	18,445	5,991	585	25,021	8,725	1,799	130	10,654
Program and public outreach costs	172,444	48,992	152,015	373,451	108,044	49,394	134,629	292,067
Depreciation and amortization	11,307	-	-	11,307	16,222	-	-	16,222
Costs of direct benefits to donors	<u>-</u>	<u>-</u>	<u>122,900</u>	<u>122,900</u>	<u>-</u>	<u>-</u>	<u>125,361</u>	<u>125,361</u>
Subtotal	5,125,203	1,238,146	1,307,280	7,670,629	4,841,406	1,194,375	1,323,313	7,359,094
Less: expenses deducted directly from revenues on the consolidated statements of activities	<u>-</u>	<u>-</u>	<u>(122,900)</u>	<u>(122,900)</u>	<u>-</u>	<u>-</u>	<u>(125,361)</u>	<u>(125,361)</u>
<b>TOTAL</b>	<u>\$ 5,125,203</u>	<u>\$ 1,238,146</u>	<u>\$ 1,184,380</u>	<u>\$ 7,547,729</u>	<u>\$ 4,841,406</u>	<u>\$ 1,194,375</u>	<u>\$ 1,197,952</u>	<u>\$ 7,233,733</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, 2017 AND 2016**

	<u>For the Year Ended June 30, 2017</u>			<u>For the Year Ended June 30, 2016</u>				
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total 2017</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total 2016</u>
Conservation easements and monitoring costs	\$ 2,715,994	\$ -	\$ -	\$ 2,715,994	\$ 2,972,255	\$ -	\$ -	\$ 2,972,255
Land project expenses	1,359,265	-	-	1,359,265	1,949,900	-	-	1,949,900
Program and business management services	1,895,191	91,434	55,187	2,041,812	1,786,401	121,530	56,680	1,964,611
Grants and contributions	256,500	-	-	256,500	10,280	-	-	10,280
Remediation expense	24,004	-	-	24,004	60,862	-	-	60,862
Sales/donations of property interests below cost to state and local government agencies and unaffiliated nonprofit entities	6,243,986	-	-	6,243,986	5,569,049	-	-	5,569,049
Property taxes	195,333	-	-	195,333	224,692	-	-	224,692
Insurance	148,533	-	-	148,533	141,445	-	-	141,445
Legal and audit fees	238,428	46,400	-	284,828	147,755	47,500	-	195,255
Interest	257,122	-	-	257,122	52,168	-	-	52,168
Depreciation and amortization	9,451	-	-	9,451	11,834	-	-	11,834
<b>TOTAL</b>	<b><u>\$ 13,343,807</u></b>	<b><u>\$ 137,834</u></b>	<b><u>\$ 55,187</u></b>	<b><u>\$ 13,536,828</u></b>	<b><u>\$ 12,926,641</u></b>	<b><u>\$ 169,030</u></b>	<b><u>\$ 56,680</u></b>	<b><u>\$ 13,152,351</u></b>

**SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULES OF LAND AREAS**  
**AS OF JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</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 - Murrillo	964,368	964,368
Phillipstown, 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
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
Irvington - Interstate Trading	-	3,240,065
Olana View Shed - ALDD Co. Inc	929,190	929,190
Dansky	578,187	578,187
Fort Montgomery Marina	-	744,335
Hohenstein/Bronck Island	420,072	420,072
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	46,408
Dominican Sisters - Falling Waters	2,581,387	2,581,387
Illinois Mountain - Alsdorf	59,105	51,855
Olson Property	69,743	69,743
Paparelli	63,149	63,149
Popo/Rothlein	4,293,404	4,293,404
Shanok Property	150,488	150,488
Lambert Property	640,187	638,473
Orsi-Dickerson	10,599	10,599
Cicccone Property	442,435	440,269
Wally Property	416,437	416,437
Girl Scouts Heart of the Hudson, Inc. (Camp Addison Boyce)	-	1,614,209
Muise Property	13,956	13,043
Kalin Property	1,237,846	-
Foundry Cove (Kemble), Cold Spring	188,372	-
Catskill Creek LLC	562,072	-
	<u>53,812,044</u>	<u>60,336,737</u>
Land areas, at cost	\$ 54,732,044	\$ 61,256,737

**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, 2017 AND 2016**

	<b>2017</b>	<b>2016</b>
<b>SOURCES OF FUNDS:</b>		
Unrestricted contributions	\$ 7,894,800	\$ 6,312,281
Releases of temporarily restricted contributions	2,046,308	1,225,667
Endowment earnings used to meet spending policy	8,489,900	8,205,800
Proceeds from sales of natural land areas and improvements	2,554,500	2,215,001
Other revenues	205,330	151,047
<b>Total Sources of Funds</b>	<b>21,190,838</b>	<b>18,109,796</b>
<b>USES OF FUNDS:</b>		
Purchases of natural land areas and improvements (in fee)	1,813,594	3,110,880
Program services expenses:		
Purchases of conservation easements and easement monitoring costs	2,715,994	2,972,255
Park construction and management	1,359,265	1,949,900
Salaries and related benefits	4,060,958	3,923,562
Other	8,433,318	7,040,030
Supporting services expenses	2,615,547	2,618,037
<b>Total Uses of Funds</b>	<b>20,998,676</b>	<b>21,614,664</b>
<b>NET SOURCES AND USES OF FUNDS</b>	<b>\$ 192,162</b>	<b>\$ (3,504,868)</b>
<b>OTHER KEY FINANCIAL INFORMATION:</b>		
Land areas, at cost - beginning of year	\$ 61,256,737	\$ 64,510,807
Purchases of natural land areas and improvements (in fee)	1,813,594	3,110,880
Sales/donations of property interests to state and local governmental agencies and unaffiliated nonprofit entities at cost	(8,338,287)	(6,364,950)
Land areas, at cost - end of year	<b>\$ 54,732,044</b>	<b>\$ 61,256,737</b>