

# **Scenic Hudson, Inc. and The Scenic Hudson Land Trust, Inc.**

**Financial Statements  
(Report of Independent Auditors)  
June 30, 2005 and 2004**

# Scenic Hudson, Inc. and The Scenic Hudson Land Trust, Inc.

## Index

June 30, 2005 and 2004

---

	Page(s)
<b>Report of Independent Auditors</b> .....	1
<b>Financial Statements</b>	
Consolidating Statements of Financial Position .....	2
Consolidating Statements of Activities .....	3-4
Consolidating Statements of Cash Flows .....	5
Notes to Consolidating Financial Statements .....	6-17
<b>Additional Information</b>	
Report of Independent Auditors on Accompanying Information .....	18
<b>Schedules of Functional Expenses</b>	
Scenic Hudson, Inc. ....	19-20
The Scenic Hudson Land Trust, Inc. ....	21
Schedule of Land Areas .....	22

**Report of Independent Auditors**

To the Boards of Directors of  
Scenic Hudson, Inc. and The Scenic Hudson Land Trust, Inc.

In our opinion, the accompanying consolidating statements of financial position and the related statements of activities and of cash flows, present fairly, in all material respects, the financial position of Scenic Hudson, Inc. and The Scenic Hudson Land Trust, Inc. (the "Organizations") at June 30, 2005 and 2004, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Organizations' management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

*PricewaterhouseCoopers LLP*

July 22, 2005

**Scenic Hudson, Inc. and The Scenic Hudson Land Trust, Inc.**  
**Consolidating Statements of Financial Position**  
**June 30, 2005 and 2004**

	2005				2004			
	Scenic Hudson, Inc.	The Scenic Hudson Land Trust, Inc.	Eliminations	Consolidating Total	Scenic Hudson, Inc.	The Scenic Hudson Land Trust, Inc.	Eliminations	Consolidating Total
<b>Assets</b>								
Cash and cash equivalents (Notes 1, 4 and 10)	\$ 1,391,098	\$ 908,511	\$ -	\$ 2,299,609	\$ 2,114,403	\$ 1,176,234	\$ -	\$ 3,290,637
Unconditional promises to give, net (Notes 1 and 3)								
Unrestricted	431,600	-	-	431,600	904,918	-	-	904,918
Restricted to future programs and periods	1,804,655	207,921	-	2,012,576	30,000	253,000	(7,000)	276,000
Prepaid expenses and other current assets	29,304	137,225	-	166,529	41,297	166,089	-	207,386
Investments (Notes 1 and 4)	6,146,896	138,989,794	-	145,136,690	4,514,251	135,608,683	-	140,122,934
Deposits on contracts (Note 11a)	-	50,000	-	50,000	-	143,000	-	143,000
Property and equipment, at cost (net of accumulated depreciation) (Notes 1 and 5)	43,371	14,154	-	57,525	37,103	18,198	-	55,301
Land areas, at cost (Note 6)	-	53,277,389	-	53,277,389	-	52,221,203	-	52,221,203
Assets held in pooled income fund, net (Note 7)	67,332	-	-	67,332	64,280	-	-	64,280
Interest in charitable remainder unitrust (Note 8)	117,423	-	-	117,423	117,302	-	-	117,302
Restricted investment (Note 11e)	-	124,678	-	124,678	-	124,678	-	124,678
Security deposit	19,167	-	-	19,167	22,167	-	-	22,167
Total assets	<u>\$ 10,050,846</u>	<u>\$ 193,709,672</u>	<u>\$ -</u>	<u>\$ 203,760,518</u>	<u>\$ 7,845,721</u>	<u>\$ 189,711,085</u>	<u>\$ (7,000)</u>	<u>\$ 197,549,806</u>
<b>Liabilities and Net Assets</b>								
<b>Liabilities</b>								
Accounts payable and accrued expenses	\$ 153,932	\$ 148,785	\$ -	\$ 302,717	\$ 297,984	\$ 183,222	\$ (7,000)	\$ 474,206
Grants payable	3,842	-	-	3,842	3,842	-	-	3,842
Notes payable (Note 9)	-	64,142	-	64,142	-	128,285	-	128,285
Security deposits payable	-	127,900	-	127,900	-	128,200	-	128,200
Total liabilities	<u>157,774</u>	<u>340,827</u>	<u>-</u>	<u>498,601</u>	<u>301,826</u>	<u>439,707</u>	<u>(7,000)</u>	<u>734,533</u>
Commitments and contingencies (Note 11)								
<b>Net assets</b>								
Unrestricted								
Land trust	-	62,569,032	-	62,569,032	-	59,975,370	-	59,975,370
Board designated - easement enforcement fund (Note 2)	-	483,533	-	483,533	-	375,000	-	375,000
Board designated - other (Note 2)	6,140,289	-	-	6,140,289	4,422,917	-	-	4,422,917
Other unrestricted	1,263,256	-	-	1,263,256	1,743,674	-	-	1,743,674
Total unrestricted	<u>7,403,545</u>	<u>63,052,565</u>	<u>-</u>	<u>70,456,110</u>	<u>6,166,591</u>	<u>60,350,370</u>	<u>-</u>	<u>66,516,961</u>
Temporarily restricted (Note 2)								
Endowment	-	129,356,262	-	129,356,262	-	126,241,432	-	126,241,432
Other	2,489,527	960,018	-	3,449,545	1,377,304	2,679,576	-	4,056,880
Total restricted	<u>2,489,527</u>	<u>130,316,280</u>	<u>-</u>	<u>132,805,807</u>	<u>1,377,304</u>	<u>128,921,008</u>	<u>-</u>	<u>130,298,312</u>
Total net assets	<u>9,893,072</u>	<u>193,368,845</u>	<u>-</u>	<u>203,261,917</u>	<u>7,543,895</u>	<u>189,271,378</u>	<u>-</u>	<u>196,815,273</u>
Total liabilities and net assets	<u>\$ 10,050,846</u>	<u>\$ 193,709,672</u>	<u>\$ -</u>	<u>\$ 203,760,518</u>	<u>\$ 7,845,721</u>	<u>\$ 189,711,085</u>	<u>\$ (7,000)</u>	<u>\$ 197,549,806</u>

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

**Scenic Hudson, Inc. and The Scenic Hudson Land Trust, Inc.**  
**Consolidating Statements of Activities**  
**Years Ended June 30, 2005 and 2004**

	2005				2004			
	Scenic Hudson, Inc.	The Scenic Hudson Land Trust, Inc.	Eliminations	Consolidating Total	Scenic Hudson, Inc.	The Scenic Hudson Land Trust, Inc.	Eliminations	Consolidating Total
<b>Changes in unrestricted net assets</b>								
Operating public support, gains and other revenue								
Contributions	\$ 3,669,304	\$ 25,049	\$ (1,370,381)	\$ 2,323,972	\$ 3,265,081	\$ 113,933	\$ (1,532,000)	\$ 1,847,014
Endowment used to meet spending policy (Note 2)	175,200	8,216,266	-	8,391,466	196,580	4,903,765	-	5,100,345
Interest and dividends	42,409	30,315	-	72,724	31,847	20,357	-	52,204
Unrealized (losses) gain on investments	(1,803)	(6)	-	(1,809)	(4,993)	(7,750)	-	(12,743)
Rental income	-	54,253	-	54,253	-	67,336	-	67,336
Miscellaneous	11,098	35,213	-	46,311	33,452	10,686	-	44,138
	3,896,208	8,361,090	(1,370,381)	10,886,917	3,521,967	5,108,326	(1,532,000)	7,098,293
Net assets released from restriction								
Satisfaction of time and program restrictions	945,568	1,812,558	-	2,758,126	1,288,674	1,130,507	-	2,419,181
Total operating public support, gains and other revenue	4,841,776	10,173,648	(1,370,381)	13,645,043	4,810,641	6,238,834	(1,532,000)	9,517,475
Operating expenses								
Program services								
Land management and historic preservation	1,263,323	5,778,787	(1,370,381)	5,671,729	1,159,011	2,565,710	(1,532,000)	2,192,721
Conservation easements	-	1,756,250	(40,000)	1,716,250	-	1,737,231	(365,000)	1,372,231
Riverfront development	586,185	-	-	586,185	724,799	-	-	724,799
Environmental quality	635,133	-	-	635,133	1,011,966	-	-	1,011,966
Education and volunteers	352,322	-	-	352,322	-	-	-	-
Communication and public outreach	481,813	-	-	481,813	671,265	-	-	671,265
Total program services	3,318,776	7,535,037	(1,410,381)	9,443,432	3,567,041	4,302,941	(1,897,000)	5,972,982
Supporting services								
Management and general	379,401	44,948	-	424,349	410,282	26,142	-	436,424
Fundraising	590,941	-	-	590,941	643,226	-	-	643,226
Total supporting services	970,342	44,948	-	1,015,290	1,053,508	26,142	-	1,079,650
Total operating expenses	4,289,118	7,579,985	(1,410,381)	10,458,722	4,620,549	4,329,083	(1,897,000)	7,052,632
Change in operating activities	552,658	2,593,663	40,000	3,186,321	190,092	1,909,751	365,000	2,464,843
Transfers to - board designated endowment	(1,033,000)	-	-	(1,033,000)	-	-	-	-
Change in other unrestricted net assets	(480,342)	2,593,663	40,000	2,153,321	190,092	1,909,751	365,000	2,464,843
Nonoperating activities - board designated endowment and easement enforcement fund								
Contributions - endowments	360,000	50,000	(40,000)	370,000	400,923	375,000	(365,000)	410,923
Transfer from unrestricted	1,033,000	-	-	1,033,000	-	-	-	-
Interest and dividends	98,274	58,532	-	156,806	68,827	-	-	68,827
Realized gain on sale of investments	203,457	-	-	203,457	111,880	-	-	111,880
Unrealized gain on investments	211,027	-	-	211,027	378,249	-	-	378,249
Less: Investment advisory fees	(13,262)	-	-	(13,262)	(11,955)	-	-	(11,955)
Endowment used to meet spending policy (Note 2)	(175,200)	-	-	(175,200)	(196,580)	-	-	(196,580)
Change in nonoperating activities	1,717,296	108,532	(40,000)	1,785,828	751,344	375,000	(365,000)	761,344
Change in unrestricted net assets (carried forward)	1,236,954	2,702,195	-	3,939,149	941,436	2,284,751	-	3,226,187

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

**Scenic Hudson, Inc. and The Scenic Hudson Land Trust, Inc.**  
**Consolidating Statements of Activities**  
**Years Ended June 30, 2005 and 2004**

	2005				2004			
	Scenic Hudson, Inc.	The Scenic Hudson Land Trust, Inc.	Eliminations	Consolidating Total	Scenic Hudson, Inc.	The Scenic Hudson Land Trust, Inc.	Eliminations	Consolidating Total
Change in unrestricted net assets (brought forward)	1,236,954	2,702,195	-	3,939,149	941,436	2,284,751	-	3,226,187
<b>Changes in temporarily restricted net assets</b>								
Unconditional promises to give	2,134,596	93,000	-	2,227,596	517,190	75,508	-	592,698
Discount on unconditional promises to give	(79,979)	-	-	(79,979)	4,556	-	-	4,556
Interest and dividends	-	2,143,461	-	2,143,461	-	2,026,651	-	2,026,651
Unrealized gain on investments	-	4,100,375	-	4,100,375	-	15,123,337	-	15,123,337
Realized gain on sale of investments	-	5,582,337	-	5,582,337	-	4,198,965	-	4,198,965
Investment management and legal fees	-	(495,077)	-	(495,077)	-	(551,841)	-	(551,841)
Endowment used to meet spending policy (Note 2)	-	(8,216,266)	-	(8,216,266)	-	(4,903,765)	-	(4,903,765)
Change in present value of split-interest agreements	3,174	-	-	3,174	13,469	-	-	13,469
	2,057,791	3,207,830	-	5,265,621	535,215	15,968,855	-	16,504,070
Net assets released from restriction	(945,568)	(1,812,558)	-	(2,758,126)	(1,288,674)	(1,130,507)	-	(2,419,181)
Change in temporarily restricted net assets	1,112,223	1,395,272	-	2,507,495	(753,459)	14,838,348	-	14,084,889
Change in net assets	2,349,177	4,097,467	-	6,446,644	187,977	17,123,099	-	17,311,076
Net assets, beginning of year	7,543,895	189,271,378	-	196,815,273	7,355,918	172,148,279	-	179,504,197
Net assets, end of year	<u>\$ 9,893,072</u>	<u>\$ 193,368,845</u>	<u>\$ -</u>	<u>\$ 203,261,917</u>	<u>\$ 7,543,895</u>	<u>\$ 189,271,378</u>	<u>\$ -</u>	<u>\$ 196,815,273</u>

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

**Scenic Hudson, Inc. and The Scenic Hudson Land Trust, Inc.**  
**Consolidating Statements of Cash Flows**  
**Years Ended June 30, 2005 and 2004**

	2005			2004		
	Scenic Hudson, Inc.	The Scenic Hudson Land Trust, Inc.	Consolidating Total	Scenic Hudson, Inc.	The Scenic Hudson Land Trust, Inc.	Consolidating Total
<b>Cash flows from operating activities</b>						
Increase in net assets	\$ 2,349,177	\$ 4,097,467	\$ 6,446,644	\$ 187,977	\$ 17,123,099	\$ 17,311,076
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities						
Depreciation	30,606	4,044	34,650	23,957	2,022	25,979
Change in present value of split-interest agreements	(3,174)	-	(3,174)	(13,469)	-	(13,469)
Realized gain loss on sale of investments	(203,458)	(5,582,337)	(5,785,795)	(111,880)	(4,198,965)	(4,310,845)
Unrealized gain on investments	(211,027)	(4,100,375)	(4,311,402)	(378,249)	(15,125,612)	(15,503,861)
Loss on sale/transfer disposal of property interest	-	2,565,456	2,565,456	-	-	-
Gain on sale of fixed assets	(7,094)	-	(7,094)	-	-	-
Investment fees paid by endowment	13,262	491,625	504,887	11,955	496,781	508,736
(Increase) decrease in						
Unconditional promises to give	(1,314,175)	38,079	(1,276,096)	521,035	(106,000)	415,035
Prepaid expenses and other current assets	11,993	71,863	83,856	(18,856)	(139,858)	(158,714)
Increase (decrease) in						
Accounts payable and accrued expenses	(131,360)	(52,467)	(183,827)	100,477	108,437	208,914
Security deposits receivable/payable	3,000	(300)	2,700	-	(5,000)	(5,000)
Net cash provided by (used in) operating activities	537,750	(2,466,946)	(1,929,196)	322,947	(1,845,096)	(1,522,149)
<b>Cash flows from investing activities</b>						
Proceeds from sale of investments	-	8,037,000	8,037,000	-	3,084,000	3,084,000
Purchase of investments	(1,231,274)	(2,201,992)	(3,433,266)	(495,856)	(2,030,303)	(2,526,159)
Acquisition of land areas, property and equipment	(39,781)	(5,180,422)	(5,220,203)	-	(1,614,628)	(1,614,628)
Proceeds from sale of land areas, property and equipment	10,000	1,558,780	1,568,780	-	18,000	18,000
Deposits on contracts	-	50,000	50,000	-	72,500	72,500
Net cash (used in) provided by investing activities	(1,261,055)	2,263,366	1,002,311	(495,856)	(470,431)	(966,287)
<b>Cash flows from financing activities</b>						
Principal repayment of notes payable	-	(64,143)	(64,143)	-	(64,143)	(64,143)
Net cash used in financing activities	-	(64,143)	(64,143)	-	(64,143)	(64,143)
Net decrease in cash and cash equivalents	(723,305)	(267,723)	(991,028)	(172,909)	(2,379,670)	(2,552,579)
Cash and cash equivalents, beginning of year	2,114,403	1,176,234	3,290,637	2,287,312	3,555,904	5,843,216
Cash and cash equivalents, end of year	\$ 1,391,098	\$ 908,511	\$ 2,299,609	\$ 2,114,403	\$ 1,176,234	\$ 3,290,637
<b>Supplemental data</b>						
Interest paid	\$ -	\$ 12,829	\$ 12,829	\$ -	\$ 19,243	\$ 19,243

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

**Scenic Hudson, Inc. and The Scenic Hudson Land Trust, Inc.**  
**Notes to Consolidating Financial Statements**  
**June 30, 2005 and 2004**

---

**1. Organization and Summary of Significant Accounting Policies**

**Principles of Combination**

The accompanying consolidating financial statements include Scenic Hudson, Inc. and its supporting organization, The Scenic Hudson Land Trust, Inc. (the "Organizations"). On January 13, 2003, Highlands Battlesite Properties, LLC was formed. The Highlands Battlesite Properties, LLC has been consolidated into Scenic Hudson Land Trust, Inc. as it holds 100% interest in the LLC. All inter-company transactions and balances have been eliminated in the consolidation.

**Organization**

Scenic Hudson, Inc. 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 valley since 1963, we are credited with saving fabled Storm King Mountain from a destructive industrial project and launching the modern grass-roots environmental movement. Today with more than 10,000 ardent supporters, we are the largest environmental group focused on the Hudson River Valley. Our team of experts combines land acquisition, 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 valley's inspiring natural beauty.

We are guided by these enduring principles:

- An outstanding quality of life 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 forever.

Scenic Hudson, Inc. 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 Scenic Hudson Land Trust, Inc. was founded exclusively for the benefit of and to serve the purposes of Scenic Hudson, Inc. 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. The Scenic Hudson Land Trust, Inc. 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, Inc.

Contributions and investment income constitute the Organizations' primary sources of revenue.

The Scenic Hudson Land Trust, Inc. 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 (Wallace Endowment), the

**Scenic Hudson, Inc. and The Scenic Hudson Land Trust, Inc.**  
**Notes to Consolidating Financial Statements**  
**June 30, 2005 and 2004**

---

annual spending from which will be determined by the Board of Directors of Scenic Hudson, Inc. by applying its established spending policy. In addition, up to 20% of the original fair market 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 market value of assets on the dates of transfer, consistent with the terms of the endowment agreement. The assets had a fair market value of \$124,225,420 on the dates of transfer.

**Financial Statement Presentation**

In accordance with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*, the Organizations report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Organizations consider 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 Organizations' investment managers as part of their long-term investment strategies.

**Unconditional Promises to Give/Contributions**

Contributions are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*.

Contributions are recognized when the donor makes a promise to give to the Organizations that is, in substance, unconditional. 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.

The Organizations use the allowance method to determine uncollectible promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made.

**Investments**

Under SFAS No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*, the Organizations reflect investments at fair value in the statement of financial position. Interest, dividends, gains and losses on investments are reflected in the statement of activities as increases and 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 is recognized.

**Scenic Hudson, Inc. and The Scenic Hudson Land Trust, Inc.**  
**Notes to Consolidating Financial Statements**  
**June 30, 2005 and 2004**

---

**Property and Equipment**

Property and equipment are recorded at cost. Depreciation is provided on a straight-line basis over the estimated life of the asset or term of the lease, whichever is shorter.

**Estimates**

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

**Reclassification**

Certain 2004 amounts have been reclassified to conform to the 2005 presentation. Contributions to the easement enforcement fund were reclassified from temporarily restricted net assets to unrestricted net assets in the 2004 statement of activities. In addition, investments were reclassified from limited partnerships to equity securities on the 2004 balance sheet.

**2. Restrictions on Assets**

**Board Designated Net Assets**

Board designated net assets, known as the Board designated endowment, are used to account for funds set aside by Scenic Hudson, Inc.'s Board of Directors, as well as investment income earned on those funds, to be used as determined upon approval by the Board. Investment income of \$175,200 and \$196,580, designated as endowment gains used to meet spending policy on the consolidating statement of activities, was appropriated to support fiscal 2005 and 2004 operations, respectively. During 2005, the Board of Directors approved the transfer of \$1,033,000 of net assets from unrestricted net assets to the Board designated endowment to grow the endowment for future spending needs.

In fiscal year 2004, the Board of Directors established a Board designated – easement enforcement fund. The Board of Directors has restricted the fund as a reserve to pay legal and other costs that may be incurred to defend the Organizations' contractual rights and privileges established through conservation easements owned. The easement enforcement net asset balance was \$483,533 and \$375,000 on June 30, 2005 and June 30, 2004, respectively.

The Lila Acheson and DeWitt Wallace Hudson Valley Land Preservation Endowment (Endowment) is classified as temporarily restricted due to the Organizations' ability to spend a percentage of the 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 Organizations.

On June 16, 2005 and June 17, 2004, the Board of Directors approved that amounts released for spending from the Board Designated Endowment and the Wallace Endowment for fiscal year ending June 30, 2005 and 2004, shall be an amount equal to 5% of the average asset fair market values of the respective endowments, at the end of the rolling twelve fiscal quarters ending December 31, 2003 and December 31, 2002 and that management may withdraw these amounts at their discretion to meet program needs.

**Scenic Hudson, Inc. and The Scenic Hudson Land Trust, Inc.**  
**Notes to Consolidating Financial Statements**  
**June 30, 2005 and 2004**

---

**Temporarily Restricted Net Assets**

Temporarily restricted net assets are as follows at June 30:

	2005	2004
Scenic Hudson, Inc.		
Restricted to future programs and periods	\$ 2,304,772	\$ 1,195,722
Future interest in pooled income fund	67,332	64,280
Future interest in charitable remainder trust	117,423	117,302
	<u>2,489,527</u>	<u>1,377,304</u>
The Scenic Hudson Land Trust, Inc.		
Lila Acheson and DeWitt Wallace Hudson Valley Land Preservation Endowment	129,356,262	126,241,432
Land acquisitions and other land preservation and conservation expenses	960,018	2,679,576
	<u>130,316,280</u>	<u>128,921,008</u>
	<u>\$ 132,805,807</u>	<u>\$ 130,298,312</u>

**3. Unconditional Promises to Give**

Unconditional promises to give are due as follows at June 30:

	2005	2004
Receivable in less than one year	\$ 1,294,521	\$ 1,175,735
Receivable in one to five years	1,265,000	40,000
	<u>2,559,521</u>	<u>1,215,735</u>
Less: Discount to net present value	(82,595)	(2,317)
Reserve for uncollectible pledges	<u>(32,750)</u>	<u>(32,500)</u>
	<u>\$ 2,444,176</u>	<u>\$ 1,180,918</u>

Unconditional promises to give due after one year are discounted to net present value using the current risk free interest rate of return, which approximates the net present value which would be obtained if using the risk free interest rate in effect on the date of the gift.

**Scenic Hudson, Inc. and The Scenic Hudson Land Trust, Inc.**  
**Notes to Consolidating Financial Statements**  
**June 30, 2005 and 2004**

**4. Investments**

Investments are stated at fair value and consist of the following at June 30:

	<b>2005</b>		<b>2004</b>	
	<b>Fair Market Value</b>	<b>Cost</b>	<b>Fair Market Value</b>	<b>Cost</b>
Mutual funds	\$ 85,754,098	\$ 78,380,041	\$ 80,895,944	\$ 77,158,630
Equity securities and fixed income funds	23,778,846	18,511,815	31,127,098	24,353,187
Limited partnership and investment companies	34,408,168	27,228,116	26,602,180	21,604,598
Cash and money market funds	1,124,863	1,124,863	1,351,489	1,351,489
U.S. Government obligations	70,716	50,617	146,223	127,617
	<u>\$ 145,136,690</u>	<u>\$ 125,295,452</u>	<u>\$ 140,122,934</u>	<u>\$ 124,595,521</u>

Equities and fixed income securities are reflected on the basis of quoted market value. The limited partnership and investment companies are reflected at fair value as determined by the general partners or fund management. Such investments are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with these securities and the level of uncertainty related to changes in their value, it is at least reasonably possible that changes in risks in the near term would materially affect account balances and the amounts reported in the statements of financial position and the statements of activities.

At June 30, 2005, concentration of the Organizations' investments in excess of 10% of the fair value of its portfolio included approximately 14% invested in a GMO mutual fund, 20% invested in PIMCO mutual funds, 12% invested in Silchester, L.P., and 15% invested in a Vanguard mutual fund. At June 30, 2004, concentration of the Organizations' investments in excess of 10% of the fair value of its portfolio included approximately 12% invested in a GMO mutual fund, 21% invested in PIMCO mutual funds, 11% invested in Silchester, L.P., and 12% invested in a Vanguard mutual fund.

At June 30, 2005, the Organizations have investments in limited partnerships of the following:

	<b>2005</b>		<b>2004</b>	
<b>Limited Partnership</b>	<b>Fair Market Value</b>	<b>Share of total L.P. Capital</b>	<b>Fair Market Value</b>	<b>Share of total L.P. Capital</b>
Absolute Return Fund 1	\$ 5,145,267	0.18%	\$ 4,727,332	0.40%
Absolute Return Fund 2	7,678,860	1.36%	7,083,240	2.20%
Emerging Market	4,680,453	27.40%	-	0.00%
Silchester	16,903,588	0.17%	14,791,608	0.18%
Total	<u>\$ 34,408,168</u>		<u>\$ 26,602,180</u>	

**Scenic Hudson, Inc. and The Scenic Hudson Land Trust, Inc.**  
**Notes to Consolidating Financial Statements**  
**June 30, 2005 and 2004**

The limited partnership and investment companies hold investments in domestic and international equities and debt securities. The operating activities of the investment company may involve trading, directly or indirectly, in derivative financial investments that involve varying degrees of market risk.

In addition, the Organizations invest cash in excess of daily requirements in short-term investments held by financial institutions. These investments are included as cash equivalents in the consolidating statements of financial position and consist of the following at June 30:

	2005	2004
Scenic Hudson, Inc.		
Alliance Institutional Reserves Trust Port CLA	\$ 811,768	\$ 258,222
PIMCO short term fund #37	393,497	1,575,871
	<u>1,205,265</u>	<u>1,834,093</u>
The Scenic Hudson Land Trust, Inc.		
PIMCO short term fund #37	507,181	324,154
Bank of New York (Hamilton)	368,767	872,723
	<u>875,948</u>	<u>1,196,877</u>
	<u>2,081,213</u>	<u>3,030,970</u>
Other cash balances	218,376	259,667
	<u>\$ 2,299,609</u>	<u>\$ 3,290,637</u>

Investment return for the year ended June 30 is summarized as follows:

	2005		2004	
	Scenic Hudson, Inc.	The Scenic Hudson Land Trust, Inc.	Scenic Hudson, Inc.	The Scenic Hudson Land Trust, Inc.
Interest and dividends on assets held by:				
Wachovia	\$ 4,459	\$ -	\$ -	\$ -
Bank of New York	14,266	20,613	3,885	3,801
PIMCO	21,497	9,699	27,076	15,103
Other	2,187	3	886	1,453
	<u>42,409</u>	<u>30,315</u>	<u>31,847</u>	<u>20,357</u>
Endowment assets:				
Interest and dividends	98,274	2,201,993	68,827	2,026,651
Realized gain on sale of investments	203,457	5,582,337	111,880	4,198,965
Unrealized gain on investments	211,027	4,100,375	378,249	15,123,337
	<u>\$ 555,160</u>	<u>\$ 11,884,705</u>	<u>\$ 590,803</u>	<u>\$ 21,369,310</u>

**Scenic Hudson, Inc. and The Scenic Hudson Land Trust, Inc.**  
**Notes to Consolidating Financial Statements**  
**June 30, 2005 and 2004**

---

**5. Property and Equipment**

Property and equipment at June 30 consist of the following:

	2005	2004	Estimated Useful Lives
Furniture and equipment	\$ 96,294	\$ 101,065	3-7 years
Transportation equipment	20,220	20,220	5 years
Leasehold improvements	23,910	23,910	10 years
	<u>140,424</u>	<u>145,195</u>	
Less: Accumulated depreciation	<u>(82,899)</u>	<u>(89,894)</u>	
	<u>\$ 57,525</u>	<u>\$ 55,301</u>	

Depreciation expense for the years ended June 30, 2005 and 2004 was \$34,650 and \$25,979, respectively.

**6. Land Areas**

Land areas, for the public benefit, consist of land held by The Scenic Hudson Land Trust, Inc. for conservation or for transfer/resale. During the years ended June 30, 2005 and 2004, the Organizations acquired land areas for a total of \$5,180,422 and \$1,614,628, respectively. During the year ended June 30, 2005, the Organizations sold for proceeds of \$1,558,780, three properties to New York State that cost \$1,585,598 thereby recording expenses of \$26,818. In addition, the Organizations donated one parcel of land to New York State that cost \$2,538,638 thereby recording an expense for the same amount.

As of June 30, 2005 and 2004, The Scenic Hudson Land Trust, Inc. held conservation easements on various properties in New York State. Purchased easements are expensed in the period acquired. During the years ended June 30, 2005 and 2004, the Organizations purchased easements, inclusive of closing costs, for \$1,716,250 and \$1,372,231, respectively.

**7. Pooled Income Fund**

Scenic Hudson, Inc. administers a pooled income fund (split interest agreement). The trust agreement provides for the payment of income to designated beneficiaries over their lifetime, based on their interest in the fund. Upon the termination of the income interest of the designated beneficiary, the related remaining assets are available for the Organizations' use. Assets held in the trust are reported at fair market value, net of the related estimated future liability. The present value of the future interest is summarized as follows:

	2005	2004
Fair market value	\$ 88,301	\$ 85,716
Less: Estimated future liability	<u>(20,969)</u>	<u>(21,436)</u>
Present value of future interest	<u>\$ 67,332</u>	<u>\$ 64,280</u>

**Scenic Hudson, Inc. and The Scenic Hudson Land Trust, Inc.**  
**Notes to Consolidating Financial Statements**  
**June 30, 2005 and 2004**

---

The present value of the estimated future interest is calculated using a discount rate of 6% and applicable life expectancy tables.

**8. Charitable Remainder Unitrust**

Scenic Hudson, Inc. is the beneficiary under a Charitable Remainder Unitrust (split interest agreement) administered by a bank. The trust agreement provides for the payment of 6% of the net fair market value of the trust assets each year valued as of January 1 to the grantor and survivor recipient during their life times. At the end of the trust's term, the remaining assets will be transferred to the Organizations. Assets held in the trust are reported at fair market value, net of the related estimated future liability. The present value of the future interest is summarized as follows:

	2005	2004
Fair market value	\$ 139,296	\$ 140,575
Less: Estimated future liability	<u>(21,873)</u>	<u>(23,273)</u>
Present value of future interest	<u>\$ 117,423</u>	<u>\$ 117,302</u>

The present value of the estimated future interest is calculated using a discount rate of 6% and applicable life expectancy tables.

**9. Notes Payable**

Notes payable for land areas acquired by The Scenic Hudson Land Trust, Inc. is due as follows:

Term	Interest Rate	2005	2004
Scenic Hudson Land Trust			
Principal payable in equal annual installments of \$64,143 plus interest through September 2005, secured by property purchased for \$499,000.	10%	\$ 64,142	\$ 128,285
Less: Current portion		<u>64,142</u>	<u>64,143</u>
Long-term portion		<u>\$ -</u>	<u>\$ 64,142</u>

Interest expense for the years ended June 30, 2005 and 2004 was \$7,751 and \$14,165, respectively.

**Scenic Hudson, Inc. and The Scenic Hudson Land Trust, Inc.**  
**Notes to Consolidating Financial Statements**  
**June 30, 2005 and 2004**

---

**10. Concentration of Credit Risk**

The Organizations maintain their cash and cash equivalent balances in financial institutions located in New York, New York. The cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) and the Securities Investors Protection Corporation up to \$100,000 at each institution. Cash balances in excess of FDIC insured amounts totaled \$982,592 and \$931,025 at June 30, 2005 and 2004, respectively. However, management believes the risk of loss is minimal.

**11. Commitments and Contingencies**

- a. As of June 30, 2005 and 2004, The Scenic Hudson Land Trust, Inc. had deposits totaling \$50,000 and \$143,000 on contracts to purchase land areas as follows:

	2005	2004
FDR – Valkill	\$ -	\$ 1,600,000
Snakehill	-	1,060,000
Tivioli Bay Inholdings	500,000	-

- b. Scenic Hudson, Inc.'s lease agreement for office space provides for minimum rental payments as follows:

Year ending June 30, 2006	\$ 230,000
Year ending June 30, 2007	172,500

Rent expense for the years ended June 30, 2005 and 2004 \$222,334, respectively for both years.

- c. Government supported programs are subject to audit by the granting agency. Management expects that any changes that could result from the audits would not have a material impact on the financial statements.
- d. The Scenic Hudson Land Trust, Inc. and the other tenant-in-common owning the Manitou property (a.k.a. Mystery Point) have leased the property to another not-for-profit entity, commencing September 1, 1993. The Organizations' interest in the property and carrying value is \$4,975,768 at June 30, 2005 and 2004. The terms of the lease are summarized in part as follows: Under the lease, which has an initial term of ten years and may be renewed for three successive ten year periods, the tenant is responsible for all costs of operating the property including but not limited to repairs, maintenance, taxes, insurance, and the like, in addition to a fixed rent of \$1 per year. At the end of the final lease term extension (i.e., after 40 years), the tenant has the option to purchase the property based on terms as more fully described in the lease. The property would be conveyed at that time subject to a conservation easement severely restricting future development of the property and a purchase money mortgage, the principal amount to be evidenced by a Deferred Purchase Note in the amount of \$9,860,000. The Note will be due on the Maturity Date, the date on which the Tenant sells or transfers the Property, with interest payable under the Deferred Purchase Note also deferred and payable on the Maturity Date in amounts as more fully described in the lease.

**Scenic Hudson, Inc. and The Scenic Hudson Land Trust, Inc.**  
**Notes to Consolidating Financial Statements**  
**June 30, 2005 and 2004**

---

- e. The Scenic Hudson Land Trust, Inc. has leased the property, having a carrying value of \$1,795,277, known as Kenridge Farm to another not-for-profit entity, commencing October 25, 1993. The terms of the lease are summarized in part as follows: Under the lease, the tenant is responsible for all costs of operating the property including but not limited to repairs, maintenance, taxes, insurance and the like, in addition, to a fixed rent of \$1 per year. At June 30, 2005 and 2004, a \$125,000 security deposit, in the form of a 2-year Treasury Note, is being held by the Organizations to secure the lessee's obligations under the lease. The cost of the Note approximates fair value at June 30, 2005 and 2004. The tenant has agreed to purchase the leased property and to grant to the Organizations a perpetual conservation easement over the property on a date not earlier than the end of the third year of the lease and no later than December 31, 2009, the lease termination date.

On the commencement date of the lease, the tenant was required to invest a sum of money, which will yield the agreed upon purchase price of \$425,000, by the lease expiration date, December 31, 2009 and which was pledged to the Organizations as security for the payment of the purchase price. The value of the investment as of June 30, 2005 and 2004 is \$365,534 and \$347,314, respectively.

- f. The Scenic Hudson Land Trust, Inc. (60% interest) and The Village of Irvington (40% interest), as tenants in common, entered into a co-ownership agreement on February 11, 1997 with a twenty year term. The Organizations purchased 2 parcels of land for \$5,493,268 and the Village agreed to invest money for planning, remediation of site contamination and for the creation of a park on the land.

The Village is solely responsible to manage the property and the project, and the Village assumes the total responsibility for costs and expenses associated with carrying out the project. The Organizations 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 cannot sell, lease, mortgage or otherwise encumber the property without the Organizations' prior approval. The Village indemnifies and holds the Organizations harmless against costs, expenses, and liabilities associated with the project. At the end of the twenty year term, if the Village has fulfilled its obligations, the Village may purchase the property from the Organizations for \$1, but must grant a conservation easement to the Organizations which dedicates the use of the land to public park purposes in perpetuity.

- g. The Scenic Hudson Land Trust, Inc. and the Village of Haverstraw are tenants-in-common with a 45% and 55% undivided interest, respectively, in certain riverfront property located in the Village. The tenants-in-common entered into a co-ownership agreement on February 11, 1998 (the "Agreement") providing for the use, occupancy, management, development and improvement of the subject property by the Village of Haverstraw.

The agreement also provides for an annual 5% increase in the Village's ownership interest of the property and corresponding semi-annual payments of \$9,000 commencing August 1, 1998 through February 1, 2013. If the Village fulfills its obligations under the terms of the Agreement, it may purchase the property at the end of the fifteen year term for \$1, but must grant a conservation easement to the Organizations which dedicates the use of the land to public park purposes in perpetuity.

**Scenic Hudson, Inc. and The Scenic Hudson Land Trust, Inc.**  
**Notes to Consolidating Financial Statements**  
**June 30, 2005 and 2004**

- h. The Scenic Hudson Land Trust, Inc. and the City of Peekskill ("City") are tenants in common with a 60% and 40% undivided interest, respectively, in certain waterfront property located in the City of Peekskill. The tenants-in-common entered into a co-ownership agreement (the "Agreement") on July 31, 1998 for a fifteen year term commencing August 12, 1998. The City is fully and solely responsible for all costs in connection with the condition, operation, repair, replacement, maintenance and management of the property, including spending not less than \$1.5 million over the first three years to complete Phase 1 and 2 improvements, exclusive of remediation costs, in accordance with an approved land use plan and the other provisions as more fully described in the Agreement.

Provided that the Agreement is in full force and effect on the fifteenth anniversary of the commencement date, the City will purchase the Organizations' interest in the property for \$1 and will grant the Organizations a conservation easement restricting the development of the property and insuring its management and use as a public park and not-for-profit touristic, interpretive and educational amenity.

- i. The Organizations, the County of Westchester and the Town of Cortland jointly purchased the Hillpoint property in Cortland. The Organizations received the "Northerly" portion (203 acres) and the County of Westchester and the Town of Cortland received the "Southerly" portion (147 acres). Scenic Hudson and the Town entered into a "Park Management Agreement". The terms of this agreement are summarized as follows: The Town will operate and manage and incur the expenses thereof, both the "Northerly" and "Southerly" portions. The "Northerly" portion shall remain in the ownership of the Organizations until the 15<sup>th</sup> anniversary of the commencement date, which will be July 10, 2014. At that time, the Organizations will transfer the "Northerly" portion to the Town. The Town, in turn, will grant the Organizations a conservation easement as called for by the agreement.
- j. Hudson Highland Battlesite LLC has leased the property known as Fort Montgomery to the Palisades Interstate Park Commission (PIPC) as of December 10, 2002. The agreement states that no rent will be paid by PIPC, however, PIPC is responsible for the management and environmental cleanup of Fort Montgomery.

At the end of the lease term, PIPC will purchase the property for \$200,000 in equal installments over three years.

**12. Benefit Income**

A benefit was held during the year ended June 30, 2005. Benefit income and solicitation consists of the following:

	2005	2004
Proceeds	\$ 437,648	\$ 351,415
Less: Cost of direct benefit to donors	(18,312)	(33,808)
Benefit income, net of direct expenses	419,336	317,607
Less: Indirect expenses	(43,894)	(103,534)
Benefit income, net	\$ 375,442	\$ 214,073

**Scenic Hudson, Inc. and The Scenic Hudson Land Trust, Inc.**  
**Notes to Consolidating Financial Statements**  
**June 30, 2005 and 2004**

---

**13. Pension Plan**

Scenic Hudson, Inc. has a tax deferred annuity 403(b) plan for eligible employees. The Organizations contributes 6% of eligible employees' salaries to the plan annually. The cost to the Organizations for this plan for the years ended June 30, 2005 and 2004 was \$131,803 and \$125,462, respectively.

**14. Functional Allocation of Expenses**

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

**15. Fair Value of Financial Instruments**

The provisions of Statement of Financial Accounting Standards No. 107, *Disclosures About Fair Value of Financial Instruments*, require disclosure of the fair value of financial instruments for which it is practical to estimate the fair value. The fair value of investments and unconditional promises to give have been presented in Notes 3 and 4, respectively. The carrying amount of all other financial instruments approximates fair value because of their short maturity.

**Report of Independent Auditors on Accompanying Information**

To the Boards of Directors of  
Scenic Hudson, Inc. and The Scenic Hudson Land Trust, Inc.

The report on our audit of the basic consolidating financial statements of Scenic Hudson, Inc. and The Scenic Hudson Land Trust, Inc. as of June 30, 2005 and 2004 and for the years then ended appears on page 1 of this document. The audits were conducted for the purpose of forming an opinion on the basic consolidating financial statements taken as a whole. The Schedules of Functional Expenses for Scenic Hudson, Inc. and The Scenic Hudson Land Trust, Inc. for the years ended June 30, 2005 and 2004 and the Schedule of Land Areas at June 30, 2005 and 2004 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*PricewaterhouseCoopers LLP*

July 22, 2005

**Scenic Hudson, Inc.**  
**Schedule of Functional Expenses**  
**Year Ended June 30, 2005**

	Program Services					Supporting Services		2005 Total Expenses
	Land and Historic Preservation	Riverfront Development	Environmental Quality	Education and Volunteers	Communication	Management and General	Development	
Salaries	\$ 842,949	\$ 409,583	\$ 390,077	\$ 207,680	\$ 294,717	\$ 178,438	\$ 248,239	\$ 2,571,683
Payroll taxes and employee benefits	181,285	88,711	84,625	44,505	62,802	41,222	50,441	553,591
Total salaries and benefits	<u>1,024,234</u>	<u>498,294</u>	<u>474,702</u>	<u>252,185</u>	<u>357,519</u>	<u>219,660</u>	<u>298,680</u>	<u>3,125,274</u>
Consultants								
Outside experts	33,697	14,699	41,270	44,448	19,513	11,701	29,745	195,073
Legal and audit	-	2,850	47,351	-	-	18,240	-	68,441
Total consulting costs	<u>33,697</u>	<u>17,549</u>	<u>88,621</u>	<u>44,448</u>	<u>19,513</u>	<u>29,941</u>	<u>29,745</u>	<u>263,514</u>
Program and public outreach costs	22,358	6,156	24,852	29,308	67,392	32,132	177,121	359,319
Occupancy costs	80,982	41,137	30,841	15,272	23,702	43,892	62,263	298,089
Employee travel and training costs	39,698	7,157	6,852	6,657	674	15,432	3,763	80,233
Equipment and interest expense	5,964	4,873	4,403	2,771	8,379	9,670	7,445	43,505
Depreciation expense	30,606	-	-	-	-	-	-	30,606
Office - general	25,784	11,019	4,862	1,681	4,634	28,674	11,924	88,578
Total expenses	<u>\$ 1,263,323</u>	<u>\$ 586,185</u>	<u>\$ 635,133</u>	<u>\$ 352,322</u>	<u>\$ 481,813</u>	<u>\$ 379,401</u>	<u>\$ 590,941</u>	<u>\$ 4,289,118</u>

**Scenic Hudson, Inc.**  
**Schedule of Functional Expenses**  
**Year Ended June 30, 2004**

	Program Services					Supporting Services		2004 Total Expenses
	Land and Historic Preservation	Riverfront Development	Environmental Quality	Education and Volunteers	Communication and Public Outreach	Management and General	Development	
Salaries	\$ 793,844	\$ 445,914	\$ 398,876	\$ -	\$ 377,690	\$ 178,912	\$ 286,897	\$ 2,482,133
Payroll taxes and employee benefits	160,338	90,064	80,563	-	76,284	36,136	57,946	501,331
Total salaries and benefits	954,182	535,978	479,439	-	453,974	215,048	344,843	2,983,464
Consultants								
Outside experts	36,673	102,710	352,024	-	65,446	37,656	19,590	614,099
Legal and audit	-	-	100,276	-	-	18,070	-	118,346
Total consulting costs	36,673	102,710	452,300	-	65,446	55,726	19,590	732,445
Program and public outreach costs	14,015	18,949	32,425	-	95,715	29,492	146,738	337,334
Occupancy costs	79,433	41,431	31,374	-	38,870	49,802	63,054	303,964
Employee travel and training costs	24,711	13,554	8,341	-	6,958	17,427	17,484	88,475
Equipment and interest expense	2,787	4,304	1,572	-	696	10,379	5,545	25,283
Depreciation expense	23,957	-	-	-	-	-	-	23,957
Office - general	23,253	7,873	6,515	-	9,606	32,408	45,972	125,627
Total expenses	<u>\$ 1,159,011</u>	<u>\$ 724,799</u>	<u>\$ 1,011,966</u>	<u>\$ -</u>	<u>\$ 671,265</u>	<u>\$ 410,282</u>	<u>\$ 643,226</u>	<u>\$ 4,620,549</u>

**The Scenic Hudson Land Trust, Inc.**  
**Schedule of Functional Expenses**  
**Years Ended June 30, 2005 and 2004**

	Land Management, Preservation and Conservation Easements	Management and General	2005 Total Expenses	Land Management, Preservation and Conservation Easements	Management and General	2004 Total Expenses
Conservation easements and closing costs	\$ 1,756,250	\$ -	\$ 1,756,250	\$ 1,737,231	\$ -	\$ 1,737,231
Interest	7,751	-	7,751	14,165	-	14,165
Property taxes	259,594	-	259,594	179,667	-	179,667
Land project expenses	1,385,315	-	1,385,315	753,170	-	753,170
Program management services	1,011,594	-	1,011,594	976,940	-	976,940
Insurance	68,808	-	68,808	66,250	-	66,250
Legal and audit fees	21,684	44,948	66,632	17,644	26,142	43,786
Miscellaneous	4,912	-	4,912	490	-	490
Rental expenses	12,454	-	12,454	31,186	-	31,186
Grants and contributions	35,450	-	35,450	2,500	-	2,500
Costs of sale/transfer of property interests to state and local government agencies	2,567,442	-	2,567,442	1,225	-	1,225
Grant to Scenic Hudson	358,787	-	358,787	500,000	-	500,000
Remediation expense	38,869	-	38,869	18,277	-	18,277
Bank charges and fees	2,083	-	2,083	2,174	-	2,174
Total expense before depreciation	7,530,993	44,948	7,575,941	4,300,919	26,142	4,327,061
Depreciation	4,044	-	4,044	2,022	-	2,022
Total expenses	<u>\$ 7,535,037</u>	<u>\$ 44,948</u>	<u>\$ 7,579,985</u>	<u>\$ 4,302,941</u>	<u>\$ 26,142</u>	<u>\$ 4,329,083</u>

**The Scenic Hudson Land Trust, Inc.**  
**Schedule of Functional Expenses**  
**Years Ended June 30, 2005 and 2004**

	2005	2004
Fishkill Ridge, Mt. Beacon	\$ 1,217,608	\$ 1,217,608
Fishkill Ridge, Mt. Beacon, Fishkill (Capolino)	89,400	89,400
Fishkill Ridge, Birznieks	4,559	4,559
Fishkill Ridge, Texaco	37,805	37,805
Fishkill Ridge, Vassar	111,034	111,034
Fishkill Ridge, NVC	99,447	99,447
Fishkill Ridge, Rodman	1,854,940	1,854,940
Mt. Beacon (Bradley), Fishkill	502,799	502,799
Mt. Beacon, Base of, Beacon	444,256	444,256
Beacon Terminal, Beacon	320,886	320,886
Beacon Waterfront - Garrett Storm	881,296	881,296
Beacon Waterfront - Kellam	781,805	781,805
Beacon Waterfront - Cohen	1,608,552	1,608,552
Poet's Walk/Astor Cove I/Mandara	1,726,922	1,726,922
Burger Hill, Rhinebeck	339,093	339,093
Mills North Buffer	-	1,132,264
Wappingers Greenway	229,920	229,920
Hyde Park, Drive-In	3,230,345	3,230,345
Hyde Park, FDR/Valkill Link	1,660,736	-
Hyde Park - Piney Property	162,916	162,916
Brandow Point, Athens	1,372,409	1,372,409
Four Mile Point Road, Coxsackie (Four Mile Point)	217,955	217,955
RamsHorn Marsh, Catskill	237,484	237,484
RamsHorn Marsh, Catskill	402,002	402,002
RamsHorn Marsh, Catskill	167,468	167,468
Vosburgh Swamp, (Rasmussen), Athens	2,426,765	-
Kenridge Farm, Cornwall	1,795,277	1,795,277
Washburn, New Windsor	472,509	472,509
King James Weyant, Ft Montgomery	272,040	272,040
Sterling Forest, Tuxedo	-	2,520,638
Storm King Inholding	-	253,872
Storm King School	-	199,462
Ft Montgomery Battle Site - Route 9W	417,139	417,139
Snake Hill, New Windsor	1,092,921	-
Route 9D, Philipstown (Osborn)	40,000	40,000
Canada Hill, Philipstown (Gilbert)	25,364	25,364
Route 9D, Garrison - Manitou (aka Mystery Point)	4,975,768	4,975,768
Westpoint Foundry Preserve - (Marin), Cold Spring	523,062	523,062
Westpoint Foundry Preserve - (Spevak), Cold Spring	1,924,329	1,924,329
Palmieri Property (Haverstraw)	489,035	507,035
Franny Reese Preserve: Alfano	2,299,813	2,299,813
Franny Reese Preserve: Foglia	80,550	80,550
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
Black Creek - Route 9W, Esopus	2,840,009	2,840,009
Shaupeneak Ridge, Esopus	989,779	989,779
Shaupeneak Ridge, Additions	91,303	91,303
Irvington - Downriver Associates	2,259,585	2,259,585
Irvington - Interstate Trading	3,240,065	3,240,065
Peekskill Waterfront	2,045,585	2,045,585
Hillpoint, Cortland	3,523,465	3,523,465
Stockport - Route 9	461,182	461,182
Stockport - Rod & Gun Road	1,133,227	1,133,227
Totals	\$ 53,277,389	\$ 52,221,203