



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

Consolidated Financial Statements
(Together with Independent Auditors' Report)

Years Ended June 30, 2010 and 2009



Marks Paneth & Shron^{LLP}
Certified Public Accountants and Consultants

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

CONSOLIDATED FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)

YEARS ENDED JUNE 30, 2010 AND 2009

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Basic Consolidated Financial Statements:	
Consolidated Statements of Financial Position	2
Consolidated Statements of Activities	3
Consolidated Statements of Cash Flows	4
Notes to Consolidated Financial Statements	5-21
Supplementary Information:	
Consolidating Schedules of Financial Position as of June 30, 2010 and 2009	22
Consolidating Schedule of Activities for the Year Ended June 30, 2010	23
Consolidating Schedule of Activities for the Year Ended June 30, 2009	24
Schedules of Functional Expenses (Scenic Hudson, Inc.) for the Years Ended June 30, 2010 and 2009	25
Schedules of Functional Expenses (The Scenic Hudson Land Trust, Inc.) for the Years Ended June 30, 2010 and 2009	26
Schedules of Land Areas (The Scenic Hudson Land Trust, Inc.) as of June 30, 2010 and 2009	27



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated statements of financial position of Scenic Hudson, Inc. and The Scenic Hudson Land Trust, Inc. (collectively, the "Organization") as of June 30, 2010 and 2009, and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Organization's management. 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 audits to obtain reasonable assurance about whether the consolidated 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2010 and 2009, 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.

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements of Scenic Hudson, Inc. and The Scenic Hudson Land Trust, Inc. taken as a whole. The supplementary information (shown on pages 22 through 27) is the responsibility of the Organization's management and is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets and cash flows of the individual entities, and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

Marks Paneth & Shron LLP

New York, NY
September 10, 2010



SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash and cash equivalents (Notes 2C and 16A)	\$ 7,506,272	\$ 3,900,615
Pledges receivable, net (Notes 2D, 2E, 3, 7B, 11 and 16B)	22,017,515	21,105,770
Investments, at fair value (Notes 2F, 6, 11 and 17)	132,170,897	127,913,996
Prepaid expenses and other assets (Note 14A)	532,780	306,861
Property and equipment, net (Notes 2G and 4)	22,163	27,824
Land areas, at cost (Notes 2L, 5, 14D, 14E, 14F and 14G)	57,687,845	53,826,273
Assets held in split-interest agreements (Notes 2K, 7, 15B and 17)	76,069	160,088
Development costs (Note 8)	66,902	1,025,032
Assets whose use is limited - donor restricted (Note 9)	<u>1,200,805</u>	<u>1,200,805</u>
TOTAL ASSETS	<u>\$ 221,281,248</u>	<u>\$ 209,467,264</u>
LIABILITIES		
Accounts payable and accrued expenses (Note 14H)	\$ 1,630,908	\$ 1,202,005
Grants payable (Note 10)	1,401,390	169,540
Notes payable (Note 11)	<u>6,000,000</u>	<u>5,000,000</u>
TOTAL LIABILITIES	<u>9,032,298</u>	<u>6,371,545</u>
COMMITMENTS AND CONTINGENCIES (Note 14)		
NET ASSETS (Note 2B)		
Unrestricted:		
Operating	67,319,329	65,945,801
Board designated - other (Notes 15A and 15C)	9,326,869	7,066,866
Board designated - easement enforcement fund (Notes 15A and 15C)	856,070	663,613
Total unrestricted	<u>77,502,268</u>	<u>73,676,280</u>
Temporarily restricted (Note 15B):		
Endowment (Note 15C)	118,478,529	108,669,275
Other temporarily restricted	16,268,153	20,750,164
Total temporarily restricted	<u>134,746,682</u>	<u>129,419,439</u>
TOTAL NET ASSETS	<u>212,248,950</u>	<u>203,095,719</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 221,281,248</u>	<u>\$ 209,467,264</u>

SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	For the Year Ended June 30, 2010			For the Year Ended June 30, 2009		
	Unrestricted	Temporarily Restricted	Total 2010	Unrestricted	Temporarily Restricted	Total 2009
OPERATING REVENUES AND SUPPORT (Note 2H):						
Contributions (Notes 2D, 11 and 12)	\$ 5,422,659	\$ 2,428,179	\$ 7,850,838	\$ 2,498,407	\$ 2,280,681	\$ 4,779,088
Endowment earnings used to meet spending policy (Notes 6 and 15)	7,448,000	-	7,448,000	7,431,000	-	7,431,000
Investment activity other than endowment earnings	6,392	-	6,392	(46,378)	-	(46,378)
Realized gain on sales of land and other assets (Note 5)	-	-	-	58,619	-	58,619
Other revenues	23,978	-	23,978	36,477	-	36,477
Net assets released from restrictions (Note 15)	6,826,171	(6,826,171)	-	2,237,348	(2,237,348)	-
Total Operating Revenues and Support	19,727,200	(4,397,992)	15,329,208	12,215,473	43,333	12,258,806
OPERATING EXPENSES (Note 2I):						
Program services (Notes 5, 8, 11 and 14H)	16,160,755	-	16,160,755	11,518,910	-	11,518,910
Management and general	627,963	-	627,963	518,891	-	518,891
Fundraising	1,198,376	-	1,198,376	1,132,659	-	1,132,659
Total Operating Expenses	17,987,094	-	17,987,094	13,170,460	-	13,170,460
NET OPERATING ACTIVITY	1,740,106	(4,397,992)	(2,657,886)	(954,987)	43,333	(911,654)
Transfers to board designated endowment	(366,578)	-	(366,578)	(258,941)	-	(258,941)
NET OPERATING ACTIVITY AFTER TRANSFERS	1,373,528	(4,397,992)	(3,024,464)	(1,213,928)	43,333	(1,170,595)
NON-OPERATING ACTIVITIES (Note 2H):						
Bequests and additions to Board designated funds (Notes 2H and 2J)	1,119,976	(112,939)	1,007,037	251,869	-	251,869
Transfers from operating activities	366,578	-	366,578	258,941	-	258,941
Change in value of split-interest agreements (Note 7)	-	31,593	31,593	-	(28,002)	(28,002)
Easement monitoring expenses	(128)	-	(128)	(2,872)	-	(2,872)
Investment activity (Note 6)	1,319,034	16,901,581	18,220,615	(1,149,306)	(29,187,170)	(30,336,476)
Endowment earnings used to meet spending policy (Notes 6, 15A and 15B)	(353,000)	(7,095,000)	(7,448,000)	(335,000)	(7,096,000)	(7,431,000)
NET NON-OPERATING ACTIVITY	2,452,460	9,725,235	12,177,695	(976,368)	(36,311,172)	(37,287,540)
CHANGE IN TOTAL NET ASSETS	3,825,988	5,327,243	9,153,231	(2,190,296)	(36,267,839)	(38,458,135)
Net Assets - Beginning of Year	73,676,280	129,419,439	203,095,719	75,866,576	165,687,278	241,553,854
NET ASSETS - END OF YEAR	\$ 77,502,268	\$ 134,746,682	\$ 212,248,950	\$ 73,676,280	\$ 129,419,439	\$ 203,095,719

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

SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 9,153,231	\$ (38,458,135)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	5,661	7,683
Change in value of split-interest agreements	(31,593)	28,002
Change in discount on pledges receivable	(883,272)	(617,126)
Increase in reserve for uncollectible pledges	-	17,250
Realized gain on sales of investments	(4,294,251)	(1,051,726)
Unrealized (gain) loss on investments	(11,592,970)	34,213,083
Realized gain on sales of land and other assets	-	(58,619)
Loss on sale/transfer of property interests to state and local governmental agencies and other nonprofit organizations	385,251	-
Write down of development costs	958,130	-
Donated securities	(1,075,845)	(145,844)
Restricted contributions	-	(350,000)
Subtotal	(7,375,658)	(6,415,432)
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Pledges receivable	(28,473)	(165,824)
Other unrestricted receivables	-	1,260,664
Prepaid expenses and other assets	(225,919)	(38,859)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	428,903	213,050
Grants payable	1,231,850	(830,460)
Net Cash Used by Operating Activities	<u>(5,969,297)</u>	<u>(5,976,861)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from termination of split-interest agreement	115,612	-
Proceeds from sales of investments	56,075,472	33,281,520
Purchases of investments	(43,369,307)	(23,783,251)
Acquisitions of land areas and property and equipment	(5,579,025)	(3,994,602)
Proceeds from sales of land areas and property and equipment	1,332,202	537,800
Increase in assets whose use is limited - donor restricted	-	(350,805)
Increase in development costs	-	(200,000)
Net Cash Provided by Investing Activities	<u>8,574,954</u>	<u>5,490,662</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	1,000,000	-
Cash collected on restricted contributions	-	350,000
Net Cash Provided by Financing Activities	<u>1,000,000</u>	<u>350,000</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,605,657	(136,199)
Cash and Cash Equivalents - Beginning of Year	<u>3,900,615</u>	<u>4,036,814</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 7,506,272</u>	<u>\$ 3,900,615</u>
Supplemental Disclosure of Cash Flow Information:		
Non-cash investing activities:		
Write down of development costs	<u>\$ 958,130</u>	<u>\$ -</u>

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, 2010 AND 2009

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"), along with two limited liability companies of which the Land Trust holds a 100% interest: Highlands Battlesite Properties, LLC and Beacon Waterfront, LLC. 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.

The Organization works to protect and restore the Hudson River and its majestic landscape as an irreplaceable national treasure and a vital resource for residents and visitors. A crusader for the valley since 1963, the Organization is credited with saving fabled Storm King Mountain from a destructive industrial project and launching the modern grass-roots environmental movement. Today, with approximately 25,000 ardent supporters, the Organization is the largest environmental group focused on the Hudson River Valley. The Organization's teams 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.

The Organization is 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.

Contributions 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.
- 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. 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.

SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *Continued*

- C. **Cash and 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 Receivable/Contributions** – 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.

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

- E. **Allowance for Uncollectible Receivables** – The Organization determines whether an allowance for uncollectible pledges and other unrestricted receivables should be provided based on prior years' experience and management's analysis of specific pledges made. As of June 30, 2010 and 2009, the Organization determined an allowance of \$50,000 was necessary.

- 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 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.

Investments are stated at fair value. Equities and fixed income securities are reported at publicly quoted market prices. The fair values of alternative investments that are not readily marketable are based on values provided by the investment managers, which are reviewed for reasonableness by management.

It is the Organization's policy, at the discretion of the Board of Directors, to make an annual election for the support of operations an amount equal to a designated percentage of the average asset fair values of the respective endowments, at the end of the rolling twelve fiscal quarters ending December 31, 2008 and December 31, 2007. For the years ended June 30, 2010 and 2009, the amount to support operations was 5%.

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

- H. **Operating and Non-Operating Activities** – The Organization includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities, including an authorized investment income allocation and all contributions, except for bequests 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.

SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Continued

- I. **Functional Allocation of Expenses** – The cost of providing the various program 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. **Bequests and Legacies** – The Organization is the beneficiary of bequests and legacies under various wills, the ultimate realization of which is not always readily determinable. The Organization recognizes bequests and legacies when the proceeds are measurable and an irrevocable right to the proceeds has been established by the Organization. As of June 30, 2010 and 2009, the Organization received indications of gifts in the form of bequests, which are revocable during the donors' lifetime, amounting to \$2,500,000. Such amounts have not been recognized as an asset or contribution revenue due to the uncertain nature of these intentions.
- K. **Split-Interest Agreements** – The Organization's split-interest agreements with donors consist of assets held in a pooled income fund (the "Fund"), which are held by third parties. The Fund 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 to the Organization. Payments to the donor are made based on the rate of return earned by the Fund.

The Organization recognizes assets and temporarily restricted contribution revenue for its split-interest agreements at the date the agreements are established, net of the liability recorded for the present value of the estimated future payments to be made to the donors and other beneficiaries based upon their life expectancies using IRS mortality tables and the appropriate discount rates. The carrying value of the split-interest agreement assets is adjusted to fair value at the end of the year. The adjustment to fair value of the split-interest agreements is reflected as change in value of split-interest agreements in the accompanying consolidated statements of activities.

- L. **Land Areas and Conservation Easements** – Purchased land areas are recorded at cost. Donated land areas are recognized at fair value at the date of the contribution. Land project expenses, such as park development and management costs, are expensed in the period incurred. Purchased easements are expensed in the period acquired.
- M. **Subsequent Events** – Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the consolidated statement of financial position through September 10, 2010, the date the consolidated financial statements were available to be issued. No events have occurred subsequent to the consolidated statement of financial position date through September 10, 2010 that would require adjustment to or disclosure in the consolidated financial statements.
- N. **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 17.

The Organization has adopted Accounting Standards Update No. 2009-12, Fair Value Measurements and Disclosures, "Investments in Certain Entities that Calculate Net Asset Value Per Share (or its Equivalent)" (Topic 820) ("ASU No. 2009-12"), issued by the Financial Accounting Standards Board ("FASB") in September 2009, for investments which will be redeemed with the investee at net asset value ("NAV") per share. Such investments have been categorized under Level 2 fair value measurements, as defined in Note 17, in accordance with ASU No. 2009-12.

SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Continued

- O. **Income Taxes** – Effective July 1, 2009, the Organization adopted the provisions of FASB Interpretation No. 48 (“FIN 48”), “Accounting for Uncertainties in Income Taxes – an Interpretation of FASB Statement No. 109,” now incorporated in Accounting Standards Codification (“ASC”) 740, which provides standards for establishing and classifying any tax provisions for uncertain tax positions. The adoption of FIN 48 did not have an effect on the Organization’s consolidated financial position as of July 1, 2009 or the Organization’s consolidated results of operations and cash flows for the year ended June 30, 2010. The Organization is no longer subject to federal or state and local income tax examinations by tax authorities for tax years before 2006.

NOTE 3 – PLEDGES RECEIVABLE

Pledges receivable as of June 30, 2010 and 2009 are as follows:

	<u>2010</u>	<u>2009</u>
Unrestricted	\$ 1,023,534	\$ 411,164
Restricted to future programs and periods	<u>20,993,981</u>	<u>20,694,606</u>
Total pledges receivable, net	<u>\$ 22,017,515</u>	<u>\$ 21,105,770</u>

Pledges receivable are scheduled to be collected as follows as of June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Less than one year	\$ 2,347,577	\$ 1,834,104
One to four years	<u>20,549,000</u>	<u>21,034,000</u>
	22,896,577	22,868,104
Less: Discount to net present value	(829,062)	(1,712,334)
Reserve for uncollectible pledges	<u>(50,000)</u>	<u>(50,000)</u>
Total pledges receivable, net	<u>\$ 22,017,515</u>	<u>\$ 21,105,770</u>

Pledges receivable due after one year are discounted to net present value using the risk-free interest rate in effect on the date of the gifts. Interest rates used to discount the unconditional promises ranged from .93% to 4.75% as of June 30, 2010 and 2009.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>	<u>Estimated Useful Lives</u>
Furniture and equipment	\$ 72,628	\$ 72,628	3-7 Years
Transportation equipment	48,184	48,184	4-5 Years
Leasehold improvements	<u>23,910</u>	<u>23,910</u>	5 Years
Total cost	144,722	144,722	
Less: Accumulated depreciation and amortization	<u>(122,559)</u>	<u>(116,898)</u>	
Net book value	<u>\$ 22,163</u>	<u>\$ 27,824</u>	

SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 5 – LAND AREAS AND CONSERVATION EASEMENTS

Land areas for the public benefit consist of land held for conservation or for transfer/resale. During the years ended June 30, 2010 and 2009, the Organization acquired land areas for a total of \$5,579,025 and \$3,994,602, respectively. For the year ended June 30, 2010, the Organization sold three properties with a carrying value of \$1,699,453, for proceeds of \$1,314,202, resulting in a net realized loss of \$385,251, which is included in the accompanying consolidated statements of activities as program services expense. During the year ended June 30, 2009, the Organization sold one property with a carrying value of \$461,181, for proceeds of \$519,800, resulting in a net realized gain of \$58,619, which is included in the accompanying consolidated statements of activities as realized gain on sale of land and other assets.

In addition, the Organization and the Village of Haverstraw (the "Village") are tenants-in-common in certain property. The agreement provides that the Village's ownership interest will increase by 5% each year, provided the Village makes semi-annual payments of \$9,000 to the Organization. The \$18,000 in payments received by the Organization each year reduces the cost basis of the land area and are reflected as proceeds from the sales of land areas in the accompanying consolidated financial statements. See Note 14E for additional information related to this agreement.

The Organization held conservation easements on various properties in New York State as of June 30, 2010 and 2009. During the years ended June 30, 2010 and 2009, the Organization purchased easements, inclusive of closing costs, for \$3,081,891 and \$4,293,949, respectively.

NOTE 6 – INVESTMENTS

Investments consist of the following as of June 30, 2010 and 2009:

	2010		2009	
	Fair Value	Cost	Fair Value	Cost
Equity securities	\$ 42,230,319	\$ 46,450,948	\$ 40,918,338	\$ 49,883,141
Limited partnerships - equity securities	28,412,197	29,422,250	19,045,944	21,260,333
Mutual funds - equity securities	19,551,054	21,505,583	26,916,858	30,357,999
Fixed income - securities and mutual funds	29,052,096	26,982,985	25,640,417	25,601,036
Alternative investments (hedge funds and funds of funds)	12,924,731	10,148,273	10,067,209	9,406,730
Money market funds	-	-	5,325,230	5,325,230
	<u>\$ 132,170,897</u>	<u>\$ 134,510,039</u>	<u>\$ 127,913,996</u>	<u>\$ 141,834,469</u>

Limited partnerships and alternative investments are recorded at fair value, as determined by the general partners or investment manager. Hedge funds may trade in derivative instruments that involve varying degrees of market risk including credit exposure, liquidity and interest rates. Due to the level of risk associated with securities and the level of uncertainty related to changes in their value, it is possible that market conditions could have a near-term material effect on balances reported in the accompanying consolidated statements of financial position and activities.

The Organization's investment in The Silchester International Investors International Value Equity Trust ("Silchester"), which is classified as limited partnerships – equity securities, and the investment in Arden Endowment Advisers, Ltd. ("Arden"), which is classified as alternative investments, are recorded at fair value in an amount equal to the NAV, as reported by the investment managers, of shares or units held by the Organization at year end. Such investments are categorized under Level 2 fair value measurements, as defined in Note 17, in accordance with ASU No. 2009-12 (see Note 2N). The financial statements of Silchester and Arden are prepared in accordance with U.S. GAAP and are audited annually by independent auditors. As of June 30, 2010, the Organization had no unfunded capital commitments to invest in Silchester or Arden.

SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 6 – INVESTMENTS (Continued)

Silchester's investment objective is to principally invest in a diversified portfolio of equity securities of companies located in any country other than the United States of America. The Silchester NAV is recalculated monthly and the Organization can redeem its investment on a monthly basis as of the first business day of each month. Investors must provide six business days' notice of redemption. All contributions or redemptions take place at the NAV as of the last business day of the month preceding the contribution or redemption. Silchester does not impose any redemption restrictions or impose any gates, side pockets, NAV waivers, suspensions in valuations, restrictions on the maximum amount of capital that could be redeemed or limit the ability of investors to access their invested funds.

Arden's investment objective is to achieve capital appreciation through the allocation of its assets among a select group of money managers, limited partnerships and investment funds, each of which employs a variety of investment strategies. Shares may be redeemed upon written request on the last business day of each calendar quarter with 60 days' prior notice. Redemption proceeds are based on the NAV at the end of the quarter for the tranches of a series redeemed and are paid as soon as reasonably practicable after Arden's receipt of the corresponding redemption proceeds from the underlying investment funds.

As of June 30, 2010, concentrations of the Organization's investments in excess of 10% of the fair value of its portfolio included approximately 22% invested in a PIMCO fixed income mutual fund, 16% in Silchester, 15% in a Vanguard mutual fund and 13% in the iShares S&P 100 Index Fund. As of June 30, 2009, concentrations of the Organization's investments in excess of 10% of the fair value of its portfolio included approximately 20% invested in a PIMCO fixed income mutual fund, 15% invested in Silchester, 13% invested in a Vanguard mutual fund and 10% in the iShares S&P 100 Index Fund.

Certain fixed income investments serve as collateral for the Organization's note payable as further described in Note 11 of the consolidated financial statements.

The components of investment activity by entity for the year ended June 30, 2010 is as follows:

	Scenic Hudson, Inc.	The Scenic Hudson Land Trust, Inc.	Total
Investments, at fair value as of June 30, 2009	\$ 6,943,436	\$ 120,970,560	\$ 127,913,996
Interest and dividends	183,632	2,673,341	2,856,973
Net change in realized/unrealized gain on investments reported at fair value from 7/1/09-6/30/10	982,300	14,904,921	15,887,221
Investment fees	(24,083)	(499,496)	(523,579)
Total investment activity	1,141,849	17,078,766	18,220,615
Purchases of new investments	1,316,163	-	1,316,163
Investments sold to fund program activities	(20,887)	(15,258,990)	(15,279,877)
Subtotal	1,295,276	(15,258,990)	(13,963,714)
Net increase in investments	2,437,125	1,819,776	4,256,901
Investments, at fair value as of June 30, 2010	\$ 9,380,561	\$ 122,790,336	\$ 132,170,897
Net return on investments during the year	16.45%	14.12%	14.24%

SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 6 – INVESTMENTS (Continued)

The components of investment activity by entity for the year ended June 30, 2009 is as follows:

	Scenic Hudson, Inc.	The Scenic Hudson Land Trust, Inc.	Total
Investments, at fair value as of June 30, 2008	\$ 8,115,910	\$ 162,311,868	\$ 170,427,778
Interest and dividends	197,041	3,098,566	3,295,607
Net change in realized/unrealized gain (loss) on investments reported at fair value from 7/1/08-6/30/09	(1,064,103)	(32,097,254)	(33,161,357)
Investment fees	(18,300)	(452,426)	(470,726)
Total investment activity	(885,362)	(29,451,114)	(30,336,476)
Investment activity allocated to operating activities	3,208	(96,014)	(92,806)
Purchases of new investments	15,500	-	15,500
Investments sold to fund program activities	(305,820)	(11,794,180)	(12,100,000)
Subtotal	(287,112)	(11,890,194)	(12,177,306)
Net decrease in investments	(1,172,474)	(41,341,308)	(42,513,782)
Investments, at fair value as of June 30, 2009	\$ 6,943,436	\$ 120,970,560	\$ 127,913,996
Net return on investments during the year	(10.91%)	(18.14%)	(17.80%)

The classification of investment activity in the consolidated statement of activities for the year ended June 30, 2010 is as follows:

	Unrestricted	Temporarily Restricted	Total
Interest and dividends	\$ 183,632	\$ 2,673,341	\$ 2,856,973
Realized gains	383,224	3,911,027	4,294,251
Unrealized gains	599,076	10,993,894	11,592,970
Investment fees	(24,083)	(499,496)	(523,579)
Total return on investments	1,141,849	17,078,766	18,220,615
Earnings allocated to Board designated easement enforcement fund (Note 15A)	177,185	(177,185)	-
	1,319,034	16,901,581	18,220,615
Endowment earnings used to meet spending policy (Note 2F)	7,448,000	-	7,448,000
Endowment earnings used to meet spending policy for Board designated – other (Note 15A)	(353,000)	-	(353,000)
Endowment earnings used to meet spending policy for Wallace Endowment (Note 15B)	-	(7,095,000)	(7,095,000)
	\$ 8,414,034	\$ 9,806,581	\$ 18,220,615

SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 6 – INVESTMENTS Continued

The classification of investment activity in the consolidated statement of activities for the year ended June 30, 2009 is as follows:

	Unrestricted	Temporarily Restricted	Total
Interest and dividends	\$ 197,041	\$ 3,098,566	\$ 3,295,607
Realized gains	(7,367)	1,059,093	1,051,726
Unrealized losses	(1,056,736)	(33,156,347)	(34,213,083)
Investment fees	(18,300)	(452,426)	(470,726)
Total return on investments	(885,362)	(29,451,114)	(30,336,476)
Earnings (loss) allocated to Board designated easement enforcement fund (Note 15A)	(263,944)	263,944	-
	(1,149,306)	(29,187,170)	(30,336,476)
Endowment earnings used to meet spending policy (Note 2F)	7,431,000	-	7,431,000
Endowment earnings used to meet spending policy for Board designated – other (Note 15A)	(335,000)	-	(335,000)
Endowment earnings used to meet spending policy for Wallace Endowment (Note 15B)	-	(7,096,000)	(7,096,000)
	\$ 5,946,694	\$ (36,283,170)	\$ (30,336,476)

NOTE 7 – SPLIT-INTEREST AGREEMENTS

A. **Pooled Income Fund** - The present value of the future interest is summarized as follows as of June 30, 2010 and 2009:

	2010	2009
Fair value	\$ 91,595	\$ 86,518
Less: Estimated future liability	(15,526)	(16,533)
Present value of future interest	\$ 76,069	\$ 69,985

The present value of the estimated future interest is calculated using a discount rate of 4.592% and 4.948%, respectively, as of June 30, 2010 and 2009 and applicable life expectancy tables. The majority of the underlying assets of the Fund are held in equities and fixed income securities.

B. **Charitable Remainder Unitrust** - The present value of the future interest is summarized as follows as of June 30, 2010 and 2009:

	2010	2009
Fair value	\$ -	\$ 101,863
Less: Estimated future liability	-	(11,760)
Present value of future interest	\$ -	\$ 90,103

The present value of the estimated future interest was calculated using a discount rate of 2.8% and applicable life expectancy tables as of June 30, 2009.

SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 7 – SPLIT-INTEREST AGREEMENTS Continued

The Organization's charitable remainder unitrust was a time-restricted contribution that was not available to the Organization until after the death of the donor and other beneficiaries, who, while living, received payouts from the trust based on a fixed percentage of the fair value of the invested funds each year, as stated in the trust agreement. During the year ended June 30, 2010, the beneficiary of the charitable remainder unitrust passed away. Upon the death of the beneficiary, the trust was terminated and the balance of the trust assets was payable to the Organization. Accordingly, all of the trust assets have been recognized as assets by the Organization. A partial distribution of \$90,000 was received in June 2010 and the residual balance of assets within the trust, amounting to \$25,616 as of June 30, 2010, is included in pledges receivable in the accompanying consolidated statements of financial position.

NOTE 8 – DEVELOPMENT COSTS

The Organization has made substantial park improvements to a 25-acre parcel of land it owns on the City of Beacon waterfront, including remediation of contaminants from the site's industrial past, construction of boardwalks, landscaping, parking facilities and a waterfront sculpture that also serves as a public fishing pier. Construction is about to begin on a major expansion of this park that will entail adaptive reuse of an on-site barn as an environmental and arts education facility, a kayak pavilion, an outdoor education facility and restoration of marshland and native vegetation as well as additional cleanup of contaminants. These improvements have been made possible by over \$8 million of state and private grants. Some of these grants were secured in anticipation of development of an environmentally sensitive hotel on the site by a private development team under a development agreement with the Organization. The Organization incurred approximately \$1,025,000 in support of this project, which has been written-down by \$958,530 during the year ended June 30, 2010 due to uncertainties about the timing of resuming work on the hotel project. While experts in the field advised the Organization that lesser write-downs were feasible given the circumstance of the project, the Organization chose the most conservative approach to address this uncertainty. The Organization has recognized the write-down of development costs as program services expense in the accompanying consolidated statements of activities.

NOTE 9 – ASSETS WHOSE USE IS LIMITED – DONOR RESTRICTED

As of June 30, 2010 and 2009, the Organization had received cash of \$200,805, including accumulated earnings, from a donor, which is to be invested in a high yield money market account and is subject to future designation by the donor. In addition, as of June 30, 2010 and 2009, assets whose use is limited – donor restricted included \$1,000,000 with donor-imposed restrictions designated for a specific project.

NOTE 10 – GRANTS PAYABLE

As of June 30, 2010 and 2009, grants payable are scheduled to be paid as follows:

	<u>2010</u>	<u>2009</u>
Payable within one year	\$ <u>1,401,390</u>	\$ <u>169,540</u>

The grants payable as of June 30, 2010 represents grants payable to another nonprofit organization for the Kathryn W. Davis Riverwalk Center.

NOTE 11 – NOTES PAYABLE

In fiscal year 2008, the Organization secured an interest-free loan from a donor to purchase land and build parks for public use. The loan is collateralized by fixed income securities and the collateral must be at least \$7,500,000. The loan is repayable upon the collection of certain pledges receivable and the life (maturity date) of the loan is estimated based on the estimated date of collection of the pledges receivable. The loan has been discounted using the Organization's estimated borrowing rate of 5.68%. The discount is being amortized over the expected life of the loan.

SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 11 – NOTES PAYABLE (Continued)

Imputed interest expense and a related contribution in-kind of \$255,000 and \$242,000 were recognized for the loan for the years ended June 30, 2010 and 2009, respectively. Such amounts are included in contribution revenue and program services expense in the accompanying consolidated statements of activities.

In fiscal year 2010, the Organization secured a ten-year, \$1 million interest-free loan, which is repayable in full in January 2020. The proceeds from the loan were used for the purchase of and preservation from commercial and residential development on a parcel of land in Orange County, New York and the loan is secured by a first mortgage on such property. The loan has been discounted using the Organization's estimated borrowing rate of 0.98%. The discount is being amortized over the term of the loan. Imputed interest expense and a related contribution in-kind of \$3,687 were recognized for the loan for the year ended June 30, 2010. Such amount is included in contribution revenue and program services expense in the accompanying consolidated statements of activities.

The notes payable are as follows as of June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Present value of the notes payable	\$ 5,657,082	\$ 4,495,000
Imputed interest	<u>342,918</u>	<u>505,000</u>
Total notes payable	<u>\$ 6,000,000</u>	<u>\$ 5,000,000</u>

NOTE 12 – SPECIAL EVENTS INCOME

Special events income, net of costs of direct benefits to donors such as meals, facilities rental, etc., is included in contributions in the accompanying consolidated statements of activities and consists of the following for the years ended June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Proceeds from special events	\$ 458,367	\$ -
Less: costs of direct benefits to donors	<u>(80,639)</u>	<u>-</u>
Special events income, net	<u>\$ 377,728</u>	<u>\$ -</u>

NOTE 13 – PENSION PLANS

The Organization has a tax deferred annuity 403(b) plan for eligible employees. Through March 31, 2009, the Organization contributed 6% of eligible employees' salaries to the plan annually. Contributions to the 403(b) plan were suspended on April 1, 2009. As of January 1, 2010, contributions to the 403(b) plan were restored with employer contributions of 3% of eligible employees' salaries to the plan and a matching contribution equal to 1% for those employees who contribute at least 2% to the plan, effective April 24, 2010. The cost to the Organization for this plan for the years ended June 30, 2010 and 2009 amounted to \$59,246 and \$132,408, 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 \$107,845 and \$49,530 to the 457(f) plan for the years ended June 30, 2010 and 2009, respectively.

SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 14 – COMMITMENTS AND CONTINGENCIES

- A. As of June 30, 2010 and 2009, the Organization had deposits of \$281,158 and \$131,158, respectively, on contracts to purchase land areas and conservation easements. Such amounts are included as prepaid expenses and other assets in the accompanying consolidated statements of financial position and pertained to the purchase of land areas and conservation easements as follows as of June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Shanok property	\$ 131,158	\$ 131,158
Plotkin property	<u>150,000</u>	<u>-</u>
	<u>\$ 281,158</u>	<u>\$ 131,158</u>

- B. The Organization's lease agreement for office space provides for future minimum rental payments as follows:

2011	\$ 289,100
2012	<u>216,825</u>
	<u>\$ 505,925</u>

The minimum rental payments are subject to adjustments based on increases in real estate taxes, insurance and other operating expenses. The rent expense for the years ended June 30, 2010 and 2009 amounted to approximately \$278,000 and \$306,000, respectively.

- 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 consolidated financial statements.
- D. The Organization and the Village of Irvington (the "Village") are tenants-in-common with a 60% and 40% undivided interest, respectively, in certain property and have entered into a co-ownership agreement on February 11, 1997 with a twenty-year term. The Organization purchased two parcels of land for \$5,493,268 and the Village 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 Organization has the right to enforce it and to approve all of the steps along the way, choice of consultants, design of improvements, etc. The Village cannot sell, lease, mortgage or otherwise encumber the property without the Organization's prior approval. The Village indemnifies and holds the Organization harmless against costs, expenses and liabilities associated with the project. At the end of the twenty-year term, if the Village has fulfilled its obligations, the Village may purchase the property from the Organization for \$1, but must grant a conservation easement to the Organization, which dedicates the use of the land to public park purposes in perpetuity.

- E. The Organization and the Village of Haverstraw (the "Village") are tenants-in-common with a 30% and 70% 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.

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 (see Note 5). 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 Organization, 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 CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 14 – COMMITMENTS AND CONTINGENCIES Continued

- F. The Organization and the City of Peekskill (the “City”) are tenants-in-common with a 60% and 40% undivided interest, respectively, in certain waterfront property located in the City. 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 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 Organization’s interest in the property for \$1 and will grant the Organization a conservation easement restricting the development of the property, insuring its management and use as a public park and not-for-profit touristic, interpretive and educational amenity.

- G. The Organization, the County of Westchester and the Town of Cortland (the “Town”) jointly purchased the Hillpoint property in Cortland. The Organization received the “Northerly” portion (203 acres) and the County of Westchester and the Town received the “Southerly” portion (147 acres). The Organization 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 Organization until the fifteenth anniversary of the commencement date, which will be July 10, 2014. At that time, the Organization will transfer the “Northerly” portion to the Town. The Town, in turn, will grant the Organization a conservation easement as called for by the agreement.
- H. The Organization has recently cooperated in settlement of mechanics liens that were placed on our Long Dock Beacon property in conjunction with the private development of an environmentally sensitive hotel project (see Note 8). While the preponderance of expenses that were placed on the property were incurred and the responsibility of a private development team working on the hotel project, the Organization contributed \$473,000 to the settlement of the liens to clear the site of any encumbrances in order to move forward with construction of a major expansion of park facilities in conjunction with creation of an outdoor recreation and education destination serving Beacon and the Hudson Valley. Such payment is included as program services expense in the accompanying consolidated statements of activities.

NOTE 15 – RESTRICTIONS ON NET ASSETS

- A. **Board Designated Net Assets** - Board designated net assets, reflected as Board designated – other in the accompanying consolidated statements of financial position, are used to account for funds set aside by Scenic Hudson, Inc.’s Board of Directors (the “Board Designated Endowment”), as well as investment income earned on those funds, to be used as determined upon approval by the Board. Investment income of \$353,000 and \$335,000, designated as endowment gains 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, 2010 and 2009, 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. The easement enforcement fund net asset balance amounted to \$856,070 and \$663,613 as of June 30, 2010 and 2009, respectively.

SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 15 – RESTRICTIONS ON NET ASSETS Continued

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

The Wallace Endowment is classified as temporarily restricted due to the Organization's ability to spend a percentage of the Wallace Endowment, as established by the Board of Directors, so long as the spending policy is in accordance with the spending policy adopted for other endowments of the Organization. The Board of Directors approved that amounts released for spending from the Board Designated Endowment and the Wallace Endowment for the years ended June 30, 2010 and 2009, 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, 2008 and December 31, 2007, and that management may withdraw these amounts at their discretion to meet program needs. Accordingly, investment income of \$7,095,000 and \$7,096,000, designated as endowment gains 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, 2010 and 2009, respectively.

Temporarily restricted net assets consist of the following as of June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Scenic Hudson, Inc.		
Restricted to future programs and periods	\$ 13,444,242	\$ 17,936,643
Future interest in pooled income fund	76,069	69,985
Future interest in charitable remainder trust	-	90,103
	<u>13,520,311</u>	<u>18,096,731</u>
The Scenic Hudson Land Trust, Inc.		
Lila Acheson and DeWitt Wallace Hudson Valley Land Preservation Endowment	118,478,529	108,669,275
Land acquisitions and other land preservation and conservation expenses	<u>2,747,842</u>	<u>2,653,433</u>
	<u>121,226,371</u>	<u>111,322,708</u>
Total temporarily restricted net assets	<u>\$ 134,746,682</u>	<u>\$ 129,419,439</u>

During the years ended June 30, 2010 and 2009, the Organization released temporarily restricted net assets by incurring expenses or the passage of time, thus satisfying the restrictions.

- C. **Endowment Net Assets** – During the year ended June 30, 2009, the Organization adopted certain provisions of the FASB Staff Position ("FSP") No. FAS 117-1 ("FSP 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.

SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 15 – RESTRICTIONS ON NET ASSETS Continued

FSP No. FAS No. 117-1 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"). FSP No. FAS 117-1 also improves disclosure about the organization's endowment funds, whether or not the organization is subject to UPMIFA. UPMIFA has not been enacted in New York State; therefore, the Organization has implemented only the disclosure guidance provided for in FSP No. FAS 117-1.

The Organization maintains three endowment funds. None of the endowment funds are subject to historic value rules by either donor stipulation or law. The policy for valuing the Organization's investments is described in Notes 2F and 6. 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 deficiencies may result from unfavorable market fluctuations that occurred in the economy as a whole that may have affected the donor-restricted endowment fund where the fair value of the donor-restricted endowment fund fell below the amount that is required to be retained permanently. The Organization has not incurred such deficiencies in its endowment funds as of June 30, 2010 and 2009.

The Organization's endowment investment policy is to invest primarily in a mix of equities, alternative investments and fixed income securities 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 fund is described in Notes 2F and 15B.

Changes in endowment net assets for the year ended June 30, 2010 are as follows:

	Board Designated - Unrestricted	Temporarily Restricted	Total
Endowment net assets, beginning of year	\$ 7,730,479	\$ 108,669,275	\$ 116,399,754
Investment activity:			
Interest and dividends	183,632	2,673,341	2,856,973
Realized gains	383,224	3,911,027	4,294,251
Unrealized gains	599,076	10,993,894	11,592,970
Investment fees	(24,083)	(499,496)	(523,579)
Total return on investments	1,141,849	17,078,766	18,220,615
Earnings allocated to Board designated easement enforcement fund (Note 15A)	177,185	(177,185)	-
	1,319,034	16,901,581	18,220,615
Bequests and additions to Board designated fund and temporarily restricted fund	1,004,364	2,673	1,007,037
Proceeds from termination of split-interest agreement	115,612	-	115,612
Transfers from operating activities	366,578	-	366,578
Easement monitoring expenses	(128)	-	(128)
Endowment earnings used to meet spending policy for Board designated – other (Note 15A)	(353,000)	-	(353,000)
Endowment earnings used to meet spending for Wallace Endowment (Note 15B)	-	(7,095,000)	(7,095,000)
	2,452,460	9,809,254	12,261,714
Endowment net assets, end of year	\$ 10,182,939	\$ 118,478,529	\$ 128,661,468

SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 15 – RESTRICTIONS ON NET ASSETS Continued

Changes in endowment net assets for the year ended June 30, 2009 are as follows:

	Board Designated - Unrestricted	Temporarily Restricted	Total
Endowment net assets, beginning of year	\$ 8,706,847	\$ 144,952,445	\$ 153,659,292
Investment activity:			
Interest and dividends	197,041	3,098,566	3,295,607
Realized gains (losses)	(7,367)	1,059,093	1,051,726
Unrealized losses	(1,056,736)	(33,156,347)	(34,213,083)
Investment fees	(18,300)	(452,426)	(470,726)
Total return on investments	(885,362)	(29,451,114)	(30,336,476)
Earnings (loss) allocated to Board designated easement enforcement fund (Note 15A)	(263,944)	263,944	-
	(1,149,306)	(29,187,170)	(30,336,476)
Bequests and additions to Board designated fund and temporarily restricted fund	251,869		251,869
Transfers from operating activities	258,941		258,941
Easement monitoring expenses	(2,872)		(2,872)
Endowment earnings used to meet spending policy for Board designated – other (Note 15A)	(335,000)	-	(335,000)
Endowment earnings used to meet spending for Wallace Endowment (Note 15B)		(7,096,000)	(7,096,000)
	(976,368)	(36,283,170)	(37,259,538)
Endowment net assets, end of year	\$ 7,730,479	\$ 108,669,275	\$ 116,399,754

NOTE 16 – CONCENTRATIONS

- A. **Concentration of Credit Risk** – The Organization maintains its cash and cash equivalent balances in financial institutions located in the United States of America. Cash accounts that potentially subject the Organization to a concentration of credit risk include cash accounts with banks (including donor-restricted cash, as described in Note 9) that exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits. Effective October 14, 2008, the basic limit on federal deposit insurance coverage was increased from \$100,000 to \$250,000 for interest-bearing accounts until December 31, 2013 and such coverage was unlimited for non-interest-bearing accounts through June 30, 2010, for participating banks, through the Transaction Account Guarantee Program (“TAGP”). Effective January 1, 2010, the financial institutions opted out of the TAGP and as such the FDIC insurance limit for the Organization’s cash accounts was \$250,000 as of June 30, 2010. Subsequent to June 30, 2010, the FDIC insurance limit was permanently increased to \$250,000 and, beginning December 31, 2010 through December 31, 2012, deposits held in non-interest-bearing accounts will be fully insured, regardless of the amount in the account, at all FDIC-insured institutions.

As of June 30, 2010 and 2009, the Organization had cash accounts that exceeded the FDIC insurance limits by approximately \$5,392,000 and \$0, respectively. In addition, the Organization had cash held in money market funds that were not insured by the FDIC, which amounted to approximately \$673,000 and \$4,821,000 as of June 30, 2010 and 2009, respectively.

SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 16 – CONCENTRATIONS Continued

- B. **Concentration of Pledges Receivable** – During the year ended June 30, 2007, a single donor contributed \$20,000,000 to the Organization. Such promise to give was recorded net of a discount to present value. As of June 30, 2010 and 2009, the net pledge receivable associated with this contribution amounted to approximately 87% and 86%, respectively, of the total net pledges receivable.

NOTE 17 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value hierarchy defines three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives lowest priority to Level 3 inputs.

In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value.

Financial assets carried at fair value at June 30, 2010 are classified in the table in one of the three levels as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets carried at fair value:				
Investments:				
Equity securities	\$ 42,230,319	\$ -	\$ -	\$ 42,230,319
Limited partnerships - equity securities	-	21,512,800	6,899,397	28,412,197
Mutual funds - equity securities	19,551,054	-	-	19,551,054
Fixed income - securities and mutual funds	29,052,596	-	-	29,052,596
Alternative investments (hedge funds and funds of funds)	-	6,072,370	6,852,361	12,924,731
Total investments	90,833,969	27,585,170	13,751,758	132,170,897
Assets held in split-interest agreements	-	76,069	-	76,069
Total assets carried at fair value	<u>\$ 90,833,969</u>	<u>\$ 27,661,239</u>	<u>\$ 13,751,758</u>	<u>\$ 132,246,966</u>

SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 17 – FAIR VALUE OF FINANCIAL INSTRUMENTS Continued

Financial assets carried at fair value at June 30, 2009 are classified in the table in one of the three levels as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets carried at fair value:				
Investments:				
Equity securities	\$ 40,918,338	\$ -	\$ -	\$ 40,918,338
Limited partnerships - equity securities	-	19,045,944	-	19,045,944
Mutual funds - equity securities	26,916,858	-	-	26,916,858
Fixed income - securities and mutual funds	25,640,417	-	-	25,640,417
Alternative investments (hedge funds and funds of funds)	-	-	10,067,209	10,067,209
Money market funds	<u>5,325,230</u>	<u>-</u>	<u>-</u>	<u>5,325,230</u>
Total investments	98,800,843	19,045,944	10,067,209	127,913,996
Assets held in split-interest agreements	<u>-</u>	<u>160,088</u>	<u>-</u>	<u>160,088</u>
Total assets carried at fair value	<u>\$ 98,800,843</u>	<u>\$ 19,206,032</u>	<u>\$ 10,067,209</u>	<u>\$ 128,074,084</u>

Investments in money market funds, equity and fixed-income securities and actively traded mutual funds are valued using market prices in active markets (Level 1). Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets. Assets held in split-interest agreements are designated as Level 2 since the determination of fair value is based on a model-derived valuation using discount rates and published life expectancy tables. The Organization's investments in Silchester and Arden are valued at the NAV, as reported by the investment managers, of shares or units held by the Organization at year end. Such investments are categorized under Level 2 fair value measurements, in accordance with ASU No. 2009-12 (see Notes 2N and 6). Investments in hedge funds, funds of funds and private equity funds are designated as Level 3, as indicative of the investment manager's classification of the Organization's investment in the funds. It is not meant to be indicative of the classification of the investments in the underlying portfolio of the investment in alternative investments into the fair value hierarchy.

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, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Balance, beginning of the year	\$ 10,067,209	\$ 16,228,403
Transfers out of Level 3 due to the adoption of ASU 2009-12	(5,598,255)	-
Purchases	7,725,000	4,258,457
Redemptions	(225,000)	(8,654,263)
Realized gains (losses)	(23,414)	2,646,183
Net appreciation (depreciation)	<u>1,806,218</u>	<u>(4,411,571)</u>
Balance, end of the year	<u>\$ 13,751,758</u>	<u>\$ 10,067,209</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.

The carrying amounts of all other financial instruments approximate fair value because of their short maturities.

SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.
SUPPLEMENTARY INFORMATION
CONSOLIDATING SCHEDULES OF FINANCIAL POSITION
AS OF JUNE 30, 2010 AND 2009

	As of June 30, 2010				As of June 30, 2009			
	Scenic Hudson, Inc.	The Scenic Hudson Land Trust, Inc.	Consolidating Eliminations	Consolidated Total 2010	Scenic Hudson, Inc.	The Scenic Hudson Land Trust, Inc.	Consolidating Eliminations	Consolidated Total 2009
ASSETS								
Cash and cash equivalents	\$ 1,739,974	\$ 5,766,298	\$ -	\$ 7,506,272	\$ 1,656,286	\$ 2,244,329	\$ -	\$ 3,900,615
Pledges receivable, net	19,952,721	2,064,794	-	22,017,515	19,491,197	1,614,573	-	21,105,770
Investments, at fair value	9,380,561	122,790,336	-	132,170,897	6,943,436	120,970,560	-	127,913,996
Due from related party	-	1,995,107	(1,995,107)	-	3,116,334	-	(3,116,334)	-
Prepaid expenses and other assets	50,420	482,360	-	532,780	60,624	246,237	-	306,861
Property and equipment, net	22,163	-	-	22,163	27,824	-	-	27,824
Land areas, at cost	-	57,687,845	-	57,687,845	-	53,826,273	-	53,826,273
Assets held in split-interest agreements	76,069	-	-	76,069	160,088	-	-	160,088
Development costs	-	66,902	-	66,902	-	1,025,032	-	1,025,032
Assets whose use is limited - donor restricted	200,805	1,000,000	-	1,200,805	200,805	1,000,000	-	1,200,805
TOTAL ASSETS	\$ 31,422,713	\$ 191,853,642	\$ (1,995,107)	\$ 221,281,248	\$ 31,656,594	\$ 180,927,004	\$ (3,116,334)	\$ 209,467,264
LIABILITIES								
Accounts payable and accrued expenses	\$ 407,128	\$ 1,223,780	\$ -	\$ 1,630,908	\$ 299,420	\$ 902,585	\$ -	\$ 1,202,005
Grants payable	-	1,401,390	-	1,401,390	-	169,540	-	169,540
Due to related party	1,995,107	-	(1,995,107)	-	-	3,116,334	(3,116,334)	-
Notes payable	5,000,000	1,000,000	-	6,000,000	5,000,000	-	-	5,000,000
TOTAL LIABILITIES	7,402,235	3,625,170	(1,995,107)	9,032,298	5,299,420	4,188,459	(3,116,334)	6,371,545
NET ASSETS								
Unrestricted								
Operating	1,173,298	66,146,031	-	67,319,329	1,193,577	64,752,224	-	65,945,801
Board designated - other	9,326,869	-	-	9,326,869	7,066,866	-	-	7,066,866
Board designated - easement enforcement fund	-	856,070	-	856,070	-	663,813	-	663,813
Total unrestricted	10,500,167	67,002,101	-	77,502,268	8,260,443	65,415,837	-	73,676,280
Temporarily restricted:								
Endowment	-	118,478,529	-	118,478,529	-	108,669,275	-	108,669,275
Other temporarily restricted	13,520,311	2,747,842	-	16,268,153	18,096,731	2,653,433	-	20,750,164
Total temporarily restricted	13,520,311	121,226,371	-	134,746,682	18,096,731	111,322,708	-	129,419,439
TOTAL NET ASSETS	24,020,478	188,228,472	-	212,248,950	26,357,174	176,738,545	-	203,095,719
TOTAL LIABILITIES AND NET ASSETS	\$ 31,422,713	\$ 191,853,642	\$ (1,995,107)	\$ 221,281,248	\$ 31,656,594	\$ 180,927,004	\$ (3,116,334)	\$ 209,467,264

See independent auditors' report.

SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.
SUPPLEMENTARY INFORMATION
CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

	Scenic Hudson, Inc.			The Scenic Hudson Land Trust, Inc.			
	Unrestricted	Temporarily Restricted	Total 2010	Unrestricted	Temporarily Restricted	Total 2010	Consolidated 2010 Total
OPERATING REVENUES AND SUPPORT:							
Contributions	\$ 4,408,588	\$ 1,070,959	\$ 5,479,527	\$ 2,788,091	\$ 1,357,220	\$ 4,145,311	\$ 7,850,838
Endowment earnings used to meet spending policy	353,000	-	353,000	7,095,000	-	7,095,000	7,448,000
Investment activity other than endowment earnings	11	-	11	6,381	-	6,381	6,392
Realized gain on sale of land and other assets	-	-	-	-	-	-	-
Other revenues	6,227	-	6,227	17,751	-	17,751	23,978
Net assets released from restrictions	905,782	(5,563,360)	(4,657,578)	5,920,389	(1,262,811)	4,657,578	-
Total Operating Revenues and Support	5,673,588	(4,492,401)	1,181,187	15,827,612	94,409	15,922,021	15,329,208
OPERATING EXPENSES:							
Program services	3,702,801	-	3,702,801	14,231,954	-	14,231,954	16,160,755
Management and general	508,497	-	508,497	119,466	-	119,466	627,963
Fundraising	1,115,991	-	1,115,991	82,385	-	82,385	1,198,376
Total Operating Expenses	5,327,289	-	5,327,289	14,433,805	-	14,433,805	17,987,094
NET OPERATING ACTIVITY	346,299	(4,492,401)	(4,146,102)	1,393,807	94,409	1,488,216	(2,657,886)
Transfers to board designated endowment	(366,578)	-	(366,578)	-	-	-	(366,578)
NET OPERATING ACTIVITY AFTER TRANSFERS	(20,279)	(4,492,401)	(4,512,680)	1,393,807	94,409	1,488,216	(3,024,464)
NON-OPERATING ACTIVITIES:							
Bequests and additions to Board designated funds	1,104,576	(115,612)	988,964	15,400	2,673	18,073	1,007,037
Transfer from operating activities	366,578	-	366,578	-	-	-	366,578
Change in value of split-interest agreements	-	31,593	31,593	-	-	-	31,593
Easement monitoring expenses	-	-	-	(128)	-	(128)	(128)
Investment activity	1,141,849	-	1,141,849	177,185	16,901,581	17,078,766	18,220,615
Endowment earnings used to meet spending policy	(353,000)	-	(353,000)	-	(7,095,000)	(7,095,000)	(7,448,000)
NET NON-OPERATING ACTIVITY	2,260,003	(84,019)	2,175,984	192,457	9,809,254	10,001,711	12,177,695
CHANGE IN TOTAL NET ASSETS	2,239,724	(4,576,420)	(2,336,696)	1,586,264	9,903,663	11,489,927	9,153,231
Net assets - Beginning of Year	8,260,443	18,096,731	26,357,174	65,415,837	111,322,708	176,738,545	203,095,719
NET ASSETS - END OF YEAR	\$ 10,500,167	\$ 13,520,311	\$ 24,020,478	\$ 67,002,101	\$ 121,226,371	\$ 188,228,472	\$ 212,248,950

- 24 -

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, 2010 AND 2009

	For the Year Ended June 30, 2010			For the Year Ended June 30, 2009				
	Program Services	Management and Administration	Fundraising	Total 2010	Program Services	Management and Administration	Fundraising	Total 2009
Salaries	\$ 2,433,435	\$ 311,326	\$ 651,431	\$ 3,396,192	\$ 2,739,442	\$ 270,620	\$ 615,821	\$ 3,625,883
Payroll taxes and employee benefits	454,147	58,101	121,575	633,823	529,990	52,357	119,141	701,488
Total salaries and related costs	2,887,582	369,427	773,006	4,030,015	3,269,432	322,977	734,962	4,327,371
Occupancy	266,807	32,228	64,545	363,580	290,299	46,169	60,625	397,093
Consultants and experts	10,517	16,142	835	27,494	127,459	12,054	202,164	341,677
Legal and audit	12,474	45,306	-	57,780	22,710	32,121	-	54,831
Employee travel and training	78,085	10,002	18,958	107,045	95,489	11,560	16,969	124,018
Office - general	77,757	7,955	17,555	103,267	86,056	14,604	29,392	130,052
Equipment	35,809	3,169	6,598	45,576	10,180	14,460	181	24,821
Program and public outreach costs	73,109	24,268	234,494	331,871	109,279	27,146	88,366	224,791
Interest	255,000	-	-	255,000	242,000	-	-	242,000
Depreciation and amortization	5,661	-	-	5,661	5,661	-	-	5,661
TOTAL	\$ 3,702,801	\$ 508,497	\$ 1,115,991	\$ 5,327,289	\$ 4,258,565	\$ 481,091	\$ 1,132,659	\$ 5,872,315

See independent auditors' report.

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, 2010 AND 2009

	For the Year Ended June 30, 2010			For the Year Ended June 30, 2009				
	Program Services	Management and Administration	Fundraising	Total 2010	Program Services	Management and Administration	Fundraising	Total 2009
Conservation easements and closing costs	\$ 3,081,891	\$ -	\$ -	\$ 3,081,891	\$ 4,293,949	\$ -	\$ -	\$ 4,293,949
Land project expenses	3,128,981	-	-	3,128,981	1,984,056	-	-	1,984,056
Program management services	1,691,615	107,845	82,385	1,881,845	1,789,070	75,930	189,376	2,054,376
Grants and contributions	5,113,380	-	-	5,113,380	492,272	-	-	492,272
Loss on sale/transfer of property interests to state and local government agencies and other nonprofit organizations	385,251	-	-	385,251	-	-	-	-
Remediation expense	465,741	-	-	465,741	29,287	-	-	29,287
Property taxes	239,978	-	-	239,978	278,943	-	-	278,943
Insurance	70,985	-	-	70,985	72,728	-	-	72,728
Legal and audit fees	45,690	8,292	-	53,982	24,997	37,800	-	62,797
Rental expenses	2,439	-	-	2,439	10,926	-	-	10,926
Interest	6,003	-	-	6,003	-	-	-	-
Miscellaneous	-	3,329	-	3,329	71,165	-	-	71,165
Depreciation and amortization	-	-	-	-	2,022	-	-	2,022
TOTAL	\$ 14,231,954	\$ 119,466	\$ 82,385	\$ 14,433,805	\$ 9,049,415	\$ 113,730	\$ 189,376	\$ 9,352,521

SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.
SUPPLEMENTARY INFORMATION
(THE SCENIC HUDSON LAND TRUST, INC.)
SCHEDULES OF LAND AREAS
AS OF JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Fishkill Ridge, Mt. Beacon	\$ 1,217,608	\$ 1,217,608
Fishkill Ridge, Mt. Beacon, Fishkill (Capolino)	89,400	89,400
Fishkill Ridge, NVC	99,447	99,447
Fishkill Ridge, Reichenstein	249,190	249,190
Mt. Beacon (Bradley), Fishkill	502,799	502,799
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
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
Hyde Park, Drive-In	3,230,345	3,230,345
Hyde Park, FDR/Valkill Link	327,356	327,356
Hyde Park, Piney Property	162,916	162,916
Tivoli Bays	516,409	516,409
Brandow Point, Athens	-	264,202
Binnen Kill - Chi	413,472	413,472
Mt. Merino - Olana	-	1,018,113
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	2,426,765
Vosburgh Swamp, (Tufano), Athens	1,336,199	1,336,199
Vosburgh Swamp, (Bock), Athens	229,664	229,664
Stockport - Saurusaitis	75,172	75,172
Stockport - Almstead	1,174,442	1,174,442
King James Weyant, Ft Montgomery	272,040	272,040
Ft Montgomery Battle Site - Route 9W	-	417,139
Snake Hill, New Windsor	1,092,921	1,092,921
Bear Mountain - RMH	1,641,321	-
Illinois Mountain	1,410,218	1,410,218
FDR Viewshed - WA Lloyd	2,117,223	-
FDR Viewshed - Murillo	964,368	-
Philipstown, Route 9D (Osborn)	40,000	40,000
Philipstown, Canada Hill (Gilbert)	25,364	25,364
Garrison, Route 9D, Manitou (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
Westpoint Foundry Preserve (Campbell), Cold Spring	666,832	666,832
Haverstraw, Palmieri Property	399,035	417,035
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
Black Creek - Route 9W, Esopus	2,840,009	2,840,009
Black Creek - Highland Vineyards, Esopus	1,225,303	1,225,303
Black Creek - Gordon	1,108,701	1,108,701
Black Creek - Laties	714,137	-
Black Creek - Mahairas	141,977	-
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
Cortland, Hillpoint	3,523,465	3,523,465
	<u>\$ 57,687,845</u>	<u>\$ 53,826,273</u>

See independent auditors' report.