



FINANCIAL STATEMENTS

December 31, 2022

With Independent Auditor's Report





INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Maine Coast Heritage Trust

Opinion

We have audited the accompanying financial statements of Maine Coast Heritage Trust (the Organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S generally accepted accounting principles (U.S. GAAP).

Basis for Opinion

We conducted our audit in accordance with U.S. generally accepted auditing standards (U.S. GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with U.S. GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Organization's 2021 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated June 29, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Berry Dunn McNeil & Parker, LLC

Bangor, Maine
July 10, 2023

MAINE COAST HERITAGE TRUST

Statement of Financial Position

December 31, 2022
(With Comparative Totals for December 31, 2021)

ASSETS

	2022					Total	2021
	<u>Operating</u>	<u>Operating</u>	<u>Stewardship</u>	<u>Revolving</u>	<u>Special</u>		<u>Total</u>
		<u>Endowment</u>	<u>Investments</u>	<u>Loan</u>	<u>Projects</u>		
Cash and cash equivalents	\$ 11,339,447	\$ -	\$ -	\$ 1,169,798	\$ -	\$ 12,509,245	\$ 5,985,570
Cash restricted for long-term purposes	11,616,440	-	-	250,000	-	11,866,440	14,370,730
Accounts and accrued interest receivable	122,473	-	-	-	-	122,473	234,379
Bequests receivable, net	1,379,528	-	4,072,297	-	-	5,451,825	4,182,603
Pledges and grants receivable, net	4,528,964	-	-	-	-	4,528,964	13,528,459
Due (to) from other funds	(3,501,374)	33,439	429,885	3,042,988	(4,938)	-	-
Notes receivable	-	-	-	-	-	-	250,000
Investments	13,593,181	44,240,526	57,851,902	-	3,120,853	118,806,462	124,627,172
Beneficial interest in split-interest agreements	5,353,294	-	-	-	-	5,353,294	6,294,923
Property and equipment, net of accumulated depreciation	5,263,586	-	-	-	-	5,263,586	3,985,914
Deposits and other assets	329,270	-	-	-	-	329,270	268,232
Land	<u>116,284,333</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>116,284,333</u>	<u>115,009,289</u>
Total assets	<u>\$166,309,142</u>	<u>\$ 44,273,965</u>	<u>\$ 62,354,084</u>	<u>\$ 4,462,786</u>	<u>\$ 3,115,915</u>	<u>\$280,515,892</u>	<u>\$288,737,271</u>

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

LIABILITIES AND NET ASSETS

	2022					Total	2021 <u>Total</u>
	<u>Operating</u>	<u>Operating Endowment</u>	<u>Stewardship Investments</u>	<u>Revolving Loan</u>	<u>Special Projects</u>		
Liabilities							
Accounts payable	\$ 703,228	\$ -	\$ -	\$ -	\$ -	\$ 703,228	\$ 385,526
Deferred revenue	500	-	-	-	-	500	600
Accrued expenses and other liabilities	462,715	-	-	-	-	462,715	667,048
Notes payable	<u>75,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,000</u>	<u>75,000</u>
Total liabilities	<u>1,241,443</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,241,443</u>	<u>1,128,174</u>
Net assets							
Without donor restrictions							
Available for operations	6,692,488	-	-	4,106,564	-	10,799,052	10,502,002
Board-designated	936,557	19,916,227	24,842,241	106,222	3,115,915	48,917,162	53,612,161
Net investment in land, property, and equipment	<u>121,547,919</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>121,547,919</u>	<u>118,995,203</u>
Total net assets without donor restrictions	129,176,964	19,916,227	24,842,241	4,212,786	3,115,915	181,264,133	183,109,366
With donor restrictions	<u>35,890,735</u>	<u>24,357,738</u>	<u>37,511,843</u>	<u>250,000</u>	<u>-</u>	<u>98,010,316</u>	<u>104,499,731</u>
Total net assets	<u>165,067,699</u>	<u>44,273,965</u>	<u>62,354,084</u>	<u>4,462,786</u>	<u>3,115,915</u>	<u>279,274,449</u>	<u>287,609,097</u>
Total liabilities and net assets	<u>\$166,309,142</u>	<u>\$ 44,273,965</u>	<u>\$ 62,354,084</u>	<u>\$ 4,462,786</u>	<u>\$ 3,115,915</u>	<u>\$280,515,892</u>	<u>\$288,737,271</u>

MAINE COAST HERITAGE TRUST

Statement of Activities

Year Ended December 31, 2022

(With Comparative Totals for the Year Ended December 31, 2021)

	<u>2022</u>						<u>2021</u>
	<u>Operating</u>	<u>Operating Endowment</u>	<u>Stewardship Investments</u>	<u>Revolving Loan</u>	<u>Special Projects</u>	<u>Total</u>	<u>Total</u>
Changes in net assets without donor restrictions							
Revenues and gains							
Contributions and grants	\$ 3,228,610	\$ 3,026,102	\$ -	\$ -	\$ -	\$ 6,254,712	\$ 4,076,307
Donated land	535,596	-	-	-	-	535,596	1,895,200
Interest and dividend income	222,858	22,214	25,878	8,947	3,883	283,780	208,636
Net (loss) gain on investments	(806,835)	(2,135,730)	(2,731,455)	-	(418,173)	(6,092,193)	7,499,578
Investment income transfers	2,566,236	(663,892)	(1,760,304)	-	(142,040)	-	-
Campaign allocation	(4,000,000)	-	-	-	-	(4,000,000)	-
Farm operations revenue	86,155	-	-	-	-	86,155	65,309
Other, net	149,697	-	-	-	-	149,697	121,911
Net assets released from restrictions							
Investment income transfer	961,152	-	-	-	-	961,152	857,048
Aldermere contributions and investment income	368,573	-	-	-	-	368,573	331,883
Land protection and other	<u>18,125,421</u>	<u>-</u>	<u>359,903</u>	<u>-</u>	<u>-</u>	<u>18,485,324</u>	<u>9,793,436</u>
Total revenues and gains without donor restrictions	<u>21,437,463</u>	<u>248,694</u>	<u>(4,105,978)</u>	<u>8,947</u>	<u>(556,330)</u>	<u>17,032,796</u>	<u>24,849,308</u>
Expenses							
Operations support	1,068,582	-	-	-	-	1,068,582	909,730
Land protection							
Land transaction activity	3,033,677	-	-	-	-	3,033,677	2,631,461
Other land protection expenses	2,554,849	-	-	-	-	2,554,849	2,998,673
Fund raising	1,223,888	-	-	-	-	1,223,888	1,076,725
Public education and outreach	406,711	-	-	-	-	406,711	441,176
Stewardship	2,543,428	-	-	-	-	2,543,428	2,121,086
Farm operations	<u>658,798</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>658,798</u>	<u>574,652</u>
Total expenses	<u>11,489,933</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,489,933</u>	<u>10,753,503</u>
Change in net assets without donor restrictions	<u>9,947,530</u>	<u>248,694</u>	<u>(4,105,978)</u>	<u>8,947</u>	<u>(556,330)</u>	<u>5,542,863</u>	<u>14,095,805</u>

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

MAINE COAST HERITAGE TRUST

Statement of Activities (Concluded)

Year Ended December 31, 2022

(With Comparative Totals for the Year Ended December 31, 2021)

	2022					Total	2021 Total
	<u>Operating</u>	<u>Operating Endowment</u>	<u>Stewardship Investments</u>	<u>Revolving Loan</u>	<u>Special Projects</u>		
Changes in net assets with donor restrictions							
Contributions and grants	\$ 9,764,673	\$ 5,000	\$ 1,313,717	\$ -	\$ -	\$ 11,083,390	\$ 9,298,647
Campaign and other allocations	4,000,000	-	-	-	-	4,000,000	-
(Decrease) increase in beneficial interest in split-interest agreements	(857,653)	-	-	-	-	(857,653)	771,823
Interest and dividend income	169,357	23,620	46,483	-	-	239,460	257,692
Net (loss) gain on investments	(949,475)	(3,184,435)	(4,393,749)	-	-	(8,527,659)	11,575,898
Net assets released from restrictions							
Investment income transfer	-	(961,152)	-	-	-	(961,152)	(857,048)
Aldermere contributions and investment income	(368,573)	-	-	-	-	(368,573)	(331,883)
Land protection and other	<u>(18,125,421)</u>	<u>-</u>	<u>(359,903)</u>	<u>-</u>	<u>-</u>	<u>(18,485,324)</u>	<u>(9,793,436)</u>
Change in net assets with donor restrictions	<u>(6,367,092)</u>	<u>(4,116,967)</u>	<u>(3,393,452)</u>	<u>-</u>	<u>-</u>	<u>(13,877,511)</u>	<u>10,921,693</u>
Change in net assets	3,580,438	(3,868,273)	(7,499,430)	8,947	(556,330)	(8,334,648)	25,017,498
Net assets, beginning of year	169,423,880	48,142,238	61,858,529	4,453,839	3,730,611	287,609,097	262,591,599
Transfers between funds without donor restrictions	(7,377,992)	-	48,261	-	(58,366)	(7,388,097)	-
Transfers between funds with donor restrictions	<u>(558,627)</u>	<u>-</u>	<u>7,946,724</u>	<u>-</u>	<u>-</u>	<u>7,388,097</u>	<u>-</u>
Total transfers between funds	<u>(7,936,619)</u>	<u>-</u>	<u>7,994,985</u>	<u>-</u>	<u>(58,366)</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 165,067,699</u>	<u>\$ 44,273,965</u>	<u>\$ 62,354,084</u>	<u>\$ 4,462,786</u>	<u>\$ 3,115,915</u>	<u>\$ 279,274,449</u>	<u>\$ 287,609,097</u>

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

MAINE COAST HERITAGE TRUST

Statement of Functional Expenses

Year Ended December 31, 2022

(With Comparative Totals for the Year Ended December 31, 2021)

	<u>2022</u>								
	<u>Operations</u>	<u>Land</u>	<u>Fund</u>	<u>Public</u>	<u>Stewardship</u>	<u>Farm</u>	<u>Total</u>	<u>2021</u>	
	<u>Support</u>	<u>Protection</u>	<u>Raising</u>	<u>Education</u>	<u>and Outreach</u>	<u>Operations</u>		<u>Total</u>	
Salaries, wages, and payroll taxes	\$ 519,667	\$ 1,387,901	\$ 726,621	\$ 153,270	\$ 1,275,107	\$ 275,211	\$ 4,337,777	\$ 3,930,054	
Employee benefits	103,054	284,143	144,286	39,468	271,143	60,200	902,294	800,079	
Professional and contract services	216,473	428,915	1,761	95,499	25,764	5,796	774,208	1,152,048	
General and administrative	102,508	123,050	135,043	47,259	97,890	46,477	552,227	555,948	
Project expense	3,151	75,453	119,672	33,801	68,962	60,386	361,425	408,541	
Travel	1,578	18,239	23,010	347	45,730	6,564	95,468	58,633	
Board and committee meetings	152	25,774	-	-	1,748	-	27,674	1,090	
Land conference	-	4,480	-	-	-	-	4,480	8,399	
Insurance	20,285	57,892	28,381	7,541	69,081	21,775	204,955	186,757	
Staff training	4,550	19,587	2,998	200	7,030	2,255	36,620	7,979	
Equipment maintenance	26,630	79,506	42,116	29,326	90,392	2,011	269,981	250,629	
Property management	21,231	3,933	-	-	234,176	41,584	300,924	167,273	
Property taxes	-	-	-	-	192,075	5,100	197,175	171,894	
Depreciation	8,838	43,841	-	-	136,836	86,111	275,626	273,150	
Equipment expense	40,465	2,135	-	-	27,494	45,328	115,422	149,568	
Subtotal	<u>1,068,582</u>	<u>2,554,849</u>	<u>1,223,888</u>	<u>406,711</u>	<u>2,543,428</u>	<u>658,798</u>	<u>8,456,256</u>	<u>8,122,042</u>	
Land transaction activity									
Conservation easements purchased	-	308,397	-	-	-	-	308,397	97,234	
Loss on impairment of land and buildings	-	780,735	-	-	-	-	780,735	748,996	
(Gain) loss on sale of land	-	(17,473)	-	-	-	-	(17,473)	367,680	
Transfer of land to other organizations	-	-	-	-	-	-	-	83,345	
Contributions in support of other organizations	-	1,962,018	-	-	-	-	1,962,018	1,334,206	
Subtotal	<u>-</u>	<u>3,033,677</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,033,677</u>	<u>2,631,461</u>	
Total	<u>\$ 1,068,582</u>	<u>\$ 5,588,526</u>	<u>\$ 1,223,888</u>	<u>\$ 406,711</u>	<u>\$ 2,543,428</u>	<u>\$ 658,798</u>	<u>\$ 11,489,933</u>	<u>\$10,753,503</u>	

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

MAINE COAST HERITAGE TRUST

Statement of Cash Flows

Year Ended December 31, 2022

(With Comparative Totals for the Year Ended December 31, 2021)

	<u>2022</u>						<u>2021</u> <u>Total</u>
	<u>Operating</u>	<u>Operating Endowment</u>	<u>Stewardship Investments</u>	<u>Revolving Loan</u>	<u>Special Projects</u>	<u>Total</u>	
Cash flows from operating activities							
Change in net assets	\$ 3,580,438	\$ (3,868,273)	\$ (7,499,430)	\$ 8,947	\$ (556,330)	\$ (8,334,648)	\$ 25,017,498
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities							
Depreciation	275,626	-	-	-	-	275,626	273,150
Donated land received	(535,596)	-	-	-	-	(535,596)	(1,895,200)
Loss on impairment of buildings	-	-	-	-	-	-	699,150
Gain on sale of buildings	(13,854)	-	-	-	-	(13,854)	-
Loss on impairment of land	780,735	-	-	-	-	780,735	49,846
(Gain) loss on sale and transfer of land	(17,473)	-	-	-	-	(17,473)	451,025
Gain on sale of cattle and equipment	(74,235)	-	-	-	-	(74,235)	(63,952)
Decrease in allowance for uncollectible pledges receivable	(179,956)	-	-	-	-	(179,956)	(26,725)
Net loss (gain) on investments	1,756,310	5,320,165	7,125,204	-	418,173	14,619,852	(19,075,476)
Loss (gain) on beneficial interest in split-interest agreements	857,855	-	-	-	-	857,855	(771,741)
Contributions and investment income restricted for long-term investment	(5,766,671)	-	(1,273,152)	-	-	(7,039,823)	(5,015,876)
Decrease (increase) in							
Pledges and grants receivable	7,337,412	-	220,503	-	-	7,557,915	1,133,550
Accounts and accrued interest receivable	111,906	-	-	-	-	111,906	(172,977)
Bequests receivable	(13,940)	-	-	-	-	(13,940)	(10,811)
Deposits and other assets	(61,038)	-	-	-	-	(61,038)	36,702
Increase (decrease) in							
Accounts payable	317,705	-	-	-	-	317,705	(157,538)
Deferred revenue	(100)	-	-	-	-	(100)	(14,675)
Accrued expenses and other liabilities	(204,333)	-	-	-	-	(204,333)	19,674
Net cash provided (used) by operating activities	<u>8,150,791</u>	<u>1,451,892</u>	<u>(1,426,875)</u>	<u>8,947</u>	<u>(138,157)</u>	<u>8,046,598</u>	<u>475,624</u>

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

MAINE COAST HERITAGE TRUST

Statement of Cash Flows (Concluded)

Year Ended December 31, 2022

(With Comparative Totals for the Year Ended December 31, 2021)

	<u>2022</u>					<u>Total</u>	<u>2021 Total</u>
	<u>Operating</u>	<u>Operating Endowment</u>	<u>Stewardship Investments</u>	<u>Revolving Loan</u>	<u>Special Projects</u>		
Cash flows from investing activities							
Purchase of land	\$ (2,449,378)	\$ -	\$ -	\$ -	\$ -	\$ (2,449,378)	\$ (4,321,995)
Proceeds from sale of land	946,668	-	-	-	-	946,668	993,541
Purchase of property and equipment	(2,895,596)	-	-	-	-	(2,895,596)	(982,173)
Purchase of investments	(665,104)	(3,075,772)	(8,760,869)	-	3,883	(12,497,862)	(846,989)
Proceeds from sale of investments	118,145	1,625,044	1,760,304	-	195,225	3,698,718	3,026,460
Advances on notes receivable	-	-	-	-	-	-	-
Repayments of notes receivable, net	250,000	-	-	-	-	250,000	42,947
Transfers between funds	(7,936,619)	-	7,994,985	-	(58,366)	-	-
Proceeds from sale of building, cattle and equipment	<u>1,430,386</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,430,386</u>	<u>100,319</u>
Net cash (used) provided by investing activities	<u>(11,201,498)</u>	<u>(1,450,728)</u>	<u>994,420</u>	<u>-</u>	<u>140,742</u>	<u>(11,517,064)</u>	<u>(1,987,890)</u>
Cash flows from financing activities							
Change in due to/from other funds	(342,848)	(1,164)	414,585	(67,988)	(2,585)	-	-
Contributions and investment income received, restricted for long-term investment	7,471,981	-	17,870	-	-	7,489,851	5,119,190
Proceeds from notes payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,000</u>
Net cash provided (used) by financing activities	<u>7,129,133</u>	<u>(1,164)</u>	<u>432,455</u>	<u>(67,988)</u>	<u>(2,585)</u>	<u>7,489,851</u>	<u>5,194,190</u>
Net increase (decrease) in cash and cash equivalents	4,078,426	-	-	(59,041)	-	4,019,385	3,681,924
Cash and cash equivalents, beginning of year	<u>18,877,461</u>	<u>-</u>	<u>-</u>	<u>1,478,839</u>	<u>-</u>	<u>20,356,300</u>	<u>16,674,376</u>
Cash and cash equivalents, end of year	<u>\$ 22,955,887</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,419,798</u>	<u>\$ -</u>	<u>\$ 24,375,685</u>	<u>\$ 20,356,300</u>
Composition of cash and cash equivalents, end of year							
Cash and cash equivalents	\$ 11,339,447	\$ -	\$ -	\$ 1,169,798	\$ -	\$ 12,509,245	\$ 5,985,570
Cash restricted for long-term purposes	<u>11,616,440</u>	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>-</u>	<u>11,866,440</u>	<u>14,370,730</u>
	<u>\$ 22,955,887</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,419,798</u>	<u>\$ -</u>	<u>\$ 24,375,685</u>	<u>\$ 20,356,300</u>

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

MAINE COAST HERITAGE TRUST

Notes to Financial Statements

December 31, 2022

Purpose of the Organization

Maine Coast Heritage Trust's (the Organization) mission is to conserve and steward Maine's coastal lands and islands for their renowned scenic beauty, ecological value, outdoor recreational opportunities, and contribution to community well-being. The Organization provides statewide conservation leadership through its work with land trusts, coastal communities, and other partners. The Organization negotiates conservation easements and gifts of fee interest in land on behalf of landowners and various holding agencies and organizations operating in Maine. The Organization accepts gifts of interest in lands that are of statewide significance and, in addition, has also purchased a number of critically important coastal properties. The Organization is also involved in the stewardship of various properties throughout the state of Maine. The Organization's support comes primarily from contributions and return on investments. The Organization is the owner of Conservation Limited Development, LLC, whose purpose is to support limited conservation development through ownership, management, leasing, buying, selling, and developing property as authorized by the Organization.

During 2022, the Organization received contributions from approximately 4,000 donors, totaling approximately \$17,300,000.

Approximately \$7,516,000 of these total contributions were received from two donors.

1. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

MAINE COAST HERITAGE TRUST

Notes to Financial Statements

December 31, 2022

The assets, liabilities, and net assets of the Organization are reported in five self-balancing fund groups as follows:

- Operating fund, which includes resources with and without donor restriction, represents the portion of funds available for support of the Organization's operations. Functions within the operating fund include operations support, land protection, fund raising, public education and outreach, stewardship contributions and expenses (stewardship investment activity is reported in the stewardship investments fund), and Conservation Limited Development, LLC. Included in the Operating fund is Aldermere Farm, which represents resources without donor restrictions and with donor restrictions received through a bequest, including a beneficial interest in a perpetual trust. Distributions from this trust are to be used to fund farm operations in furtherance of the Organization's mission.
- Operating endowment represents contributions without donor restrictions and with donor restrictions, the income from which is to be used for operating fund purposes (excluding land and conservation easement acquisitions), except as needed to be retained in the operating endowment fund so the purchasing power of the contributions with donor restrictions is not eroded.
- Stewardship investments represent the investment activity of the stewardship operations and contribution revenue related thereto. Stewardship investments also includes contributions without donor restrictions and with donor restrictions, the income from which is to be used for stewardship purposes, except as needed to be retained in the stewardship investments fund so the purchasing power of the contributions with donor restrictions is not eroded.
- Revolving loan represents resources held for conservation purposes, including acquisition of land and loans to other conservation organizations.
- Special projects represent resources that are held for board-designated special projects, the income from which is reflected in the operating or special projects fund.

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements as of and for the year ended December 31, 2021, from which the summarized information was derived.

MAINE COAST HERITAGE TRUST

Notes to Financial Statements

December 31, 2022

Recent Accounting Standards

The Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) Topic 842, *Leases* (Topic 842), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities in the statement of financial position and disclosing key information about leasing arrangements. Management evaluated the impact of this guidance and determined the impact of the adoption was not material to the financial statements for the year ended December 31, 2022.

The Organization adopted FASB Accounting Standards Update (ASU) No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which supersedes accounting standards that previously existed under U.S. GAAP and increases the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. This ASU has been adopted retrospectively; therefore, the financial statements and the related notes have been presented accordingly. No material changes to financial reporting were required as a result of this adoption.

Cash and Cash Equivalents

The Organization considers all highly liquid savings deposits and certificates of deposit with maturities of one year or less when purchased to be cash equivalents.

Pledges, Grants, and Bequests Revenue and Receivables

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions to be received beyond one year from the statement of financial position date are reduced by a discount rate, which is commensurate with the risk involved, to reflect the present value of the future payments to be received. The periodic reduction in the discount is recorded as contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. The Organization recognizes bequests revenue and the related receivable when it has obtained an irrevocable bequest agreement from a donor or a donor's will has been through probate. All donor-restricted contributions are reported as increases in net assets with donor restriction. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities as net assets released from restrictions.

The Organization uses the allowance method to determine uncollectible, unconditional pledges receivable. The allowance is based on prior years' experience, history of prior uncollectible accounts, and management's analysis of specific pledges made.

MAINE COAST HERITAGE TRUST

Notes to Financial Statements

December 31, 2022

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position based on quoted market prices. Other investments, for which no such quotations or valuations are readily available, are carried at fair value as estimated by management using values provided by external investment managers. The Organization reviews and evaluates the valuations provided by the investment managers and believes that these valuations are a reasonable estimate of fair value at December 31, 2022, but are subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investments existed.

Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in value in the near term would materially affect the amounts reported in the statements of financial position and activities.

Easements

Contributed conservation easements held by the Organization are not recorded because easements do not represent economic assets or resources. Purchased conservation easements are expensed on the date purchased.

Property and Equipment

Purchased property and equipment are stated at cost at the date of acquisition. Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Depreciation is computed on the straight-line basis over the estimated useful lives of the respective assets.

Gifts of long-lived assets such as buildings or equipment are reported as revenues and gains without donor restrictions, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets, are reported as increases in net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Land

Purchased land is recorded at cost and donated land is recorded at appraised fair value at the date of the gift. Donated land is appraised using the market approach and is utilized (not monetized) upon donation as part of the Organization's overall mission. Gifts of land are reported as increases of net assets without donor restrictions, unless explicit donor stipulations specify how the donated land must be used. Gifts of land with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire land, are reported as increases of net assets with donor restrictions. Absent explicit donor stipulations about how long the land must be maintained, expirations of donor restrictions are reported when the donated or purchased land is acquired.

MAINE COAST HERITAGE TRUST

Notes to Financial Statements

December 31, 2022

Impairment of Long-Lived Assets

In accordance with FASB ASC Topic 360-10-35-17, *Measurement of an Impairment Loss*, long-lived assets are reviewed for impairment when circumstances indicate the carrying value of an asset may not be recoverable. If impairment exists, an adjustment is made to write the asset down to its fair value, and a loss is recorded as the difference between the carrying value and fair value. Fair values are determined based on quoted market values, discounted cash flows, or internal and external appraisals, as applicable. Assets to be disposed of are carried at the lower of carrying value or estimated net realizable value.

Subsequent to the initial purchase or donation of certain land, the Organization has placed conservation easements, declarations of trust, or other similar restrictions on the land which subject the land to certain covenants regarding its preservation and use in perpetuity. These arrangements result in the fair market value of the land being less than the original carrying value of the land by \$10,962,825 at December 31, 2022. The Organization has determined placing these perpetual restrictions impairs land values by 70%, in line with the State of Maine Open Space Tax Law, which recommends a 70% reduction for purposes of property taxation for forever wild open space land protected by easement or preserve. In accordance with ASC Topic 360-10-35-17, impairment losses were reflected in prior years for restrictions placed on land. There were \$780,735 in impairment losses in 2022.

Credit Risk

The Organization maintains its cash in deposit accounts that may at times exceed federally insured limits. The Organization has not experienced any losses in these accounts. The Organization believes it is not exposed to any significant credit risk with respect to these accounts.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and is also exempt from Maine income taxes on its not-for-profit activities. However, it is subject to federal and state income taxes on unrelated business income, as defined by Section 512(a)(1) of the Code. The Organization is not a private foundation.

Conservation Limited Development, LLC is a single-member limited liability company and is a disregarded entity under the Code. Income or loss for Conservation Limited Development, LLC is required to be reported by the member on the Organization's tax return.

MAINE COAST HERITAGE TRUST

Notes to Financial Statements

December 31, 2022

Notes and Accounts Receivable

Notes and accounts receivable are stated at the amount management expects to collect from outstanding balances. The Organization considers notes and accounts receivable to be fully collectible based on its historical collection experience, accordingly, no allowance for doubtful accounts has been established. If accounts become uncollectible, they will be charged to operations when that determination is made.

Functional Expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Those expenses include the salaries and wages, payroll taxes, and employee benefits of staff, as well as occupancy and other costs which are allocated based on estimates of time and effort. Total program expenses for the year ended December 31, 2022 were \$9,197,463.

Office Space

The Organization has entered into an immaterial lease agreement through April 2024 for office space in Topsham. The Organization has agreed to pay approximately \$184,000 in 2024 and \$63,000 in 2025 under this agreement. A member of the Organization's Board Council owns a 25% interest in the lessor of this lease.

Transfers Between Funds and Other Allocations

During capital campaigns and other fundraising efforts, the Organization receives funding restricted to meeting the goals of the overall fundraising effort. These goals highlighted in the fundraising literature may be geared towards multiple projects. These include projects that are restricted for specific or future uses, as well as those for more general purposes. When donors contribute to these efforts without specifying any further restrictions, the Organization allocates the funds between the categories communicated to the donors as part of the fundraising efforts. These allocations are included in the statement of activities as transfers between funds and other allocations.

Subsequent Events

For purposes of the preparation of these financial statements in conformity with U.S. GAAP, the Organization has considered transactions or events occurring through July 10, 2023, which was the date that the financial statements were available to be issued.

MAINE COAST HERITAGE TRUST

Notes to Financial Statements

December 31, 2022

2. Pledges, Grants, and Bequests Receivable

Pledges, grants, and bequests receivable consist of unconditional promises to give as of December 31, 2022 as follows:

Pledges, grants, and bequests receivable	\$ 10,497,836
Less discount to net present value at 0.39 - 4.29%	(429,047)
Less allowance for uncollectible pledges	<u>(88,000)</u>
Net pledges, grants, and bequest receivable	<u>\$ 9,980,789</u>

Pledges, grants and bequest receivable are expected to be received as follows:

Within one year	\$ 6,582,136
Between one and five years	3,450,250
More than five years	<u>465,450</u>
	<u>\$ 10,497,836</u>

Amounts expected to be collected beyond one year are discounted to present value as required using a risk free rate of return.

In addition, the Organization has received conditional grant funding from the United States Department of the Interior Coastal Wetlands Conservation Grant Program as well as the Fish and Wildlife Service Grant Program, and the State of Maine Land for Maine's Future Program.

As certain conditions of the grants have not been met at December 31, 2022, these are not recognized as assets in the statement of financial position. Grants totaling \$2,939,061 are contingent upon the acquisition of the respective preserves.

3. Investments

Investments consist of the following:

Mutual and exchange traded funds	\$ 22,325,177
Money market portfolios	5,691,442
Corporate bonds	3,594,124
Other investments	<u>87,195,719</u>
Total investments	<u>\$ 118,806,462</u>

The Organization's investment income during 2022 was comprised of interest and dividend income of \$523,240, total loss on investments of \$13,373,710, fees from the Organization's various investment managers of \$1,071,142, and fees from the Organization's investment advisor of \$175,000.

MAINE COAST HERITAGE TRUST

Notes to Financial Statements

December 31, 2022

The net assets with donor restrictions fund that is of perpetual duration in the operating endowment and stewardship funds are invested to maintain their real value relative to inflation. Investments are managed for total return rather than income production. The Organization's policy for investment asset allocation includes approximately 85-95% of investments to be held in equity securities, private investments, and marketable alternatives, with the remaining 5-15% in fixed income securities. The Organization's investment committee monitors the underlying asset allocation of the multi-asset fund managers and regularly tracks their performance against an agreed benchmark which reflects the policy asset allocation. Under the fund's spending criteria, a portion of the total return is required to be retained in the fund to preserve its purchasing power relative to inflation. The Organization utilizes a hybrid spending model, whereby 30% of 4.4% of the trailing four quarter average market value of the investments, in addition to 70% of the preceding year draws from the investments, adjusted for inflation, may be used for general operating purposes, and the remainder is retained for use in future years. In 2020, the Organization approved a strategy to reduce the percentage draw of the beginning market value of the investments from 4.5% to 4.0% in annual 0.1% increments. Therefore, in 2022, the hybrid spending model utilized 4.3% of the trailing four quarter average market value of the investments. This spending model is utilized for the operating endowment, stewardship, special projects, and operating investment funds.

Maine legislation requires that appreciation on investments of net assets with donor restrictions that are of perpetual duration be considered a donor-restricted asset until appropriated pursuant to proper governing-board action. Pursuant to the Board of Directors' interpretation of this legislation, the appreciation on the operating endowment that is not of perpetual duration and appreciation on the stewardship investments fund is classified as funds subject to use or time restriction and released from restriction upon appropriation by the Board of Directors in accordance with the spending policy as described above. Earnings on net assets with funds subject to use or time restriction are classified as net assets without donor restrictions unless explicitly restricted by the donor. The Organization has also interpreted the legislation to permit spending from funds with deficiencies in accordance with prudent measures required under the legislation. There were no funds with such deficiencies as of December 31, 2022.

The majority of other investments are invested in private investment funds and asset and mortgage-backed securities. These private investment interests are generally not securities for which market quotations are readily available.

Fair value of private investment interests ordinarily is based on the estimated value of the private investment fund, as provided to the funds by the management of the private investment fund. Fair value is intended to represent a good faith approximation of the amount that a fund could reasonably expect to receive from the private investment fund if the fund's interest in the private investment was sold at the time of valuation, based on information that is reasonably available at the time valuation is made and that the fund believes is reliable. The fair values of these investment funds are based on available information and do not necessarily represent the amounts that might ultimately be realized.

MAINE COAST HERITAGE TRUST

Notes to Financial Statements

December 31, 2022

The donor-restricted and board-designated endowment investment net asset composition by type of fund as of December 31, 2022 is as follows:

	<u>Board- Designated</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 65,884,890	\$ 65,884,890
Board-designated stewardship endowment funds	24,842,244	-	24,842,244
Board-designated endowment funds	19,887,071	-	19,887,071
Board-designated special projects funds	<u>3,120,853</u>	<u>-</u>	<u>3,120,853</u>
 Total endowment investments	 <u>\$ 47,850,168</u>	 <u>\$ 65,884,890</u>	 113,735,058
 Investments without donor or board restriction			 <u>5,071,404</u>
 Total investments	 <u>\$ 47,850,168</u>	 <u>\$ 65,884,890</u>	 <u>\$118,806,462</u>

Changes in donor-restricted and board-designated endowment investment net assets for the year ended December 31, 2022 are as follows:

	<u>Without donor restriction - Board Designated</u>	<u>With donor Restriction</u>	<u>Total</u>
Endowment investment net assets, beginning of year	\$ 53,034,119	\$ 66,138,666	\$119,172,785
Investment return, net	(5,815,410)	(8,008,595)	(13,824,005)
Contributions and other deposits	3,075,076	9,007,245	12,082,321
Release for spending for Stewardship project expenses	546,691	(546,691)	-
Appropriation of endowment investment assets for expenditure	(1,555,084)	(2,080,012)	(3,635,096)
Other, net	<u>(1,435,224)</u>	<u>1,374,277</u>	<u>(60,947)</u>
 Endowment investment net assets, end of year	 <u>\$ 47,850,168</u>	 <u>\$ 65,884,890</u>	 <u>\$113,735,058</u>

MAINE COAST HERITAGE TRUST

Notes to Financial Statements

December 31, 2022

4. Property and Equipment

Property and equipment as of December 31, 2022 consists of:

Land improvements	\$ 368,312
Buildings	5,938,076
Farm equipment	595,066
Farm furnishings	2,200
Livestock	56,134
Equipment – office and other	<u>659,223</u>
	7,619,011
Accumulated depreciation	<u>(2,355,425)</u>
	<u>\$ 5,263,586</u>

5. Land and Conservation Easements

Following is a summary of land held by the Organization at December 31, 2022 and related activity for the year then ended:

Land purchased	\$ 65,813,453
Land donated	50,361,978
Land in process	<u>108,902</u>
Total land	<u>\$ 116,284,333</u>

Land purchased during 2022:

<u>Name</u>	<u>Location</u>
Forbes Pond West	Gouldsboro
Haycock Harbor Access	Trescott
Noah's Ballast	Swans Island
Stave Island Harbor Access	Gouldsboro
Upper Wass Cove	Addison
Western Lake	Whiting
York River Marsh View (purchased by LLC)	York

Land purchased during 2022 – bargain purchase:

<u>Name</u>	<u>Location</u>
Bar Island	Jonesport
Chris's Pond Expansion II	Southwest Harbor
Hodgdon Pond Inlet	Mount Desert
Mount Waldo Trail	Frankfort
Turner Stream Marsh	Cutler

MAINE COAST HERITAGE TRUST

Notes to Financial Statements

December 31, 2022

Land donations received during 2022:

<u>Name</u>	<u>Location</u>
Bowline Head Island	Harrington
Mason Bay	Jonesport & Jonesboro
Morse Cove Land Castine	Castine

Conservation easements purchased during 2022:

<u>Name</u>	<u>Location</u>
Bagaduce Watershed Winslow Stream South (purchased from LLC)	Penobscot
Schooner Cove East	Pembroke
The Narrows Edmunds	Edmunds

Conservation easement donations during 2022:

<u>Name</u>	<u>Location</u>
Babson Creek Learning Forest	Mount Desert
Bayberry Lane	Deer Isle
Preble Cove East	Cranberry Isles

6. **Borrowings**

The Organization has available a \$4,000,000 line of credit, with interest at 7%, collateralized by investments or pledges at the option of the Organization. There were no outstanding advances on the line at December 31, 2022. The line of credit expires in September 2023. The Organization does not pay any availability fees on this line of credit.

7. **Employee Benefit Plans**

The Organization has established various defined contribution plans for employees. Contributions to the plans were \$314,900 for 2022.

8. **Beneficial Interest in Split-Interest Agreements**

The Organization is the beneficiary of a trust created by a donor, the assets of which are not in the possession of the Organization. The Organization has the legally enforceable right to receive the greater of actual net income collected on the account or 5% of the fair market value (based on the average month-end market value for the calendar year) of the trust in perpetuity. This income is expendable to support Aldermere Farm operations. The Organization's share of the fair value of the underlying trust assets, which approximates the present value of the estimated future cash receipts from the trust, is included in the Organization's financial statements and totaled \$4,889,937 at December 31, 2022. Distributions from the trust were \$251,455 in 2022.

The Organization is also a remainder beneficiary of three charitable remainder unitrusts, the assets of which are not in the possession of the Organization. The present value of estimated future cash receipts from the trusts, using a discount rate ranging from 2.5% to 6.0%, was \$181,592 at December 31, 2022.

MAINE COAST HERITAGE TRUST

Notes to Financial Statements

December 31, 2022

In prior years, the Organization received contributions under charitable gift annuity agreements. The Organization is to remit payments to the income beneficiaries in various installments for the remainder of the beneficiaries' lives. The present value of the annuity payment liability, using a discount rate ranging from 2.0% to 2.5%, was \$143,928 at December 31, 2022 and is included in accrued expenses and other liabilities in the statement of financial position. The fair value of the assets under these charitable gift annuity agreements was \$281,765 at December 31, 2022.

9. Net Assets with Donor Restrictions

As of December 31, 2022, net assets subject to expenditure for a specified purpose are as follows:

	<u>Operating</u>	<u>Operating Endowment</u>	<u>Stewardship Investments</u>	<u>Revolving Loan Fund</u>	<u>Total</u>
Stewardship	\$ 3,640,421	\$ -	\$ 7,064,079	\$ -	\$ 10,704,500
Land protection	18,257,373	-	-	250,000	18,507,373
General operations – time restricted	1,579,951	-	-	-	1,579,951
Operating endowment earnings, restricted until Board appropriated	<u>-</u>	<u>1,046,676</u>	<u>-</u>	<u>-</u>	<u>1,046,676</u>
Total	<u>\$ 23,477,745</u>	<u>\$ 1,046,676</u>	<u>\$ 7,064,079</u>	<u>\$ 250,000</u>	<u>\$ 31,838,500</u>

As of December 31, 2022, net assets invested in perpetuity are as follows:

Beneficial interest in a trust, the income from which is expendable to support Aldermere Farm operations	\$ 4,889,938
Land and land improvements – Aldermere Farm	1,400,000
Investments in perpetuity, (subject to the Organization's spending policy) the income from which is expendable to support:	
General operations of the Organization	16,811,032
Campaign for the Coast	6,500,030
General operations of Aldermere Farm and Erickson Fields	758,399
The stewardship of conserved land	22,233,825
The stewardship of conserved land in the Acadian region	7,500,000
The Partridge Endowment for People and Places - Care for the Land	445,000
The Places for People - Care for the Land Endowment	268,939
The ESPY Land Heritage award given by the Organization	136,520
Land conservation effort in the Acadian region	2,500,000
The Partridge Endowment for People and Places - Connect People & Land	1,639,835
The Places for People – Connect People & Land Endowment	586,283
Richard Rockefeller Internship Program	250,000
Tim Glidden Conservation Internship Program	<u>252,015</u>
Total	<u>\$ 66,171,816</u>
Total net assets with donor restrictions	<u>\$ 98,010,316</u>

MAINE COAST HERITAGE TRUST

Notes to Financial Statements

December 31, 2022

10. Board-Designated Net Assets

The Board has chosen to designate a portion of net assets at December 31, 2022 for specific purposes as follows:

	<u>Operating</u>	<u>Operating Endowment</u>	<u>Stewardship Investments</u>	<u>Revolving Loan</u>	<u>Special Projects</u>	<u>Total Board- Designated</u>
Stewardship	\$ 118,202	\$ -	\$ 24,842,241	\$ -	\$ -	\$ 24,960,443
Revolving loan – island projects	-	-	-	106,222	-	106,222
Operating endowment	-	19,916,227	-	-	-	19,916,227
Special projects general	-	-	-	-	2,855,969	2,855,969
Legal defense fund – conservation easements	-	-	-	-	250,000	250,000
Conservation innovation	145,000	-	-	-	-	145,000
Capital replacement reserve-operating	<u>673,355</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,946</u>	<u>683,301</u>
	<u>\$ 936,557</u>	<u>\$ 19,916,227</u>	<u>\$ 24,842,241</u>	<u>\$ 106,222</u>	<u>\$ 3,115,915</u>	<u>\$ 48,917,162</u>

11. Fair Value Measurement

ASC Topic 820, *Fair Value Measurement*, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect an entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability. There were no Level 3 investments.

MAINE COAST HERITAGE TRUST

Notes to Financial Statements

December 31, 2022

Assets measured at fair value on a recurring basis are summarized below:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
Beneficial interest in split-interest agreement - Aldermere Farm	\$ 4,889,937	\$ -	\$ 4,889,937
Charitable gift annuities	281,765	281,765	-
Charitable remainder unitrusts	181,592	-	181,592
Corporate bonds	3,594,124	-	3,594,124
Mutual funds	22,325,177	22,325,177	-
Money market portfolios	<u>5,691,442</u>	<u>5,691,442</u>	<u>-</u>
Sub-total	36,964,037	28,298,384	8,665,653
Investment in limited liability companies or limited partnerships at net asset value	<u>87,195,719</u>	<u>-</u>	<u>-</u>
Total	<u>\$124,159,756</u>	<u>\$ 28,298,384</u>	<u>\$ 8,665,653</u>

Level 2 beneficial interest in split-interest agreement and Level 2 charitable remainder unitrusts are valued based on the classification of the underlying investments held by the trusts, which are actively traded. The fair value for Level 2 corporate bonds is primarily based on quoted market prices of comparable securities, interest rates, and credit risk, and is obtained from the Organization's investment custodian.

MAINE COAST HERITAGE TRUST

Notes to Financial Statements

December 31, 2022

The following table sets forth a summary of the fair value of the Organization's other investments at December 31, 2022 using a reported net asset value per share:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>
Accolade Partners III, L.P.	\$ 1,030,781	\$ 300,000
Accolade Partners IV, L.P.	1,048,682	300,000
Accolade Partners V, L.P.	1,766,227	215,000
Accolade Partners VI, L.P.	1,600,526	255,000
Accolade Partners VII, L.P.	1,348,237	200,000
Accolade Partners VIII, L.P.	518,731	520,000
Accolade Partners VIII-G, L.P.	220,729	250,000
Camber Capital Offshore Fund, Ltd.	3,944,715	-
City of London	4,660,268	-
Davidson Kempner Institutional Partners, L.P.	6,761,729	-
Diameter Offshore Fund, L.P.	4,733,872	-
Garda Capital Partners, L.P.	5,093,660	-
Kline Hill Partners Fund II, L.P.	941,488	304,179
Kline Hill Partners Fund III, L.P.	1,171,990	380,287
Legacy Venture IV	149,704	-
Legacy Venture V	239,457	-
Legacy Venture VI	920,764	10,000
Legacy Venture VII	1,294,142	-
Legacy Venture VIII	1,000,661	10,000
LL Mortgage Fund, L.P.	4,140,315	-
Moonrise China Partners I, L.P.	580,530	83,765
Moonrise China Partners II, L.P.	479,518	579,073
Moonrise Venture Partners I	1,821,694	87,099
Moonrise Venture Partners II	1,264,850	116,737
Overlook Partners Fund, L.P.	3,574,362	-
Ownership Capital Global Equity Fund, L.P.	6,836,721	-
RWC Global Horizon	5,953,836	-
Thirteen Partners Private Equity IV, L.P.	1,191,660	81,030
Thirteen Partners Private Equity V, L.P.	1,378,885	320,402
TIFF Private Equity Partners 2006	28,437	127,500
Two Sigma Active Extension U.S. All Cap Equity Cayman Fund, LTD	14,554,105	-
Two Sigma Risk Premia Enhanced Cayman Fund, LTD	5,440,233	-
Vision Ridge Partners Sustainable Assets Fund II	334,190	360,507
Vision Ridge Partners Sustainable Assets Fund III	<u>462,668</u>	<u>501,834</u>
Private equity total	<u>86,488,367</u>	<u>5,002,413</u>
Venture Investment Associates Energy I, L.P.	100,674	60,000
Venture Investment Associates Energy II, L.P.	410,565	67,500
TIFF Realty and Resources 2008	130,430	86,250
TIFF Realty and Resources II	<u>65,683</u>	<u>82,500</u>
Real assets total	<u>707,352</u>	<u>296,250</u>
Other investments total	<u>\$ 87,195,719</u>	<u>\$ 5,298,663</u>

MAINE COAST HERITAGE TRUST

Notes to Financial Statements

December 31, 2022

During 2022, the Organization committed a combined \$3,500,000 in two additional private equity investments to be made beginning in 2023.

These investments are subject to varying restrictions on the sale and transfer of the Organization's interest in the investment. Distributions are generally at the discretion of the general partner, and redemption is generally only permitted upon liquidation of the partnership.

12. Liquidity and Availability of Financial Assets

The Organization regularly monitors the availability of resources required to meet operating needs, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents and investments.

As of December 31, 2022, the following financial assets could be readily made available within one year of the statement of financial position date to meet general expenditures:

Cash and cash equivalents	\$ 12,509,245
Accounts receivable	122,473
Investments without donor restriction or board designation	<u>5,071,404</u>
Total assets	<u>\$ 17,703,122</u>

At December 31, 2022, \$47,850,168 of the Organization's investments were board designated. Although not expected to be needed, the portion of the Organization's investments without donor restrictions in excess of any budgeted spending amount could be used to meet cash needs if necessary. Prudent investment management, however, must be considered to ensure the preservation of the funds for future use.

Approximately 32% of the Organization's investment portfolio consists of highly liquid investments. See Notes 3 and 11 for further information about the Organization's investment portfolio and net assets, respectively.

The Organization also has a line of credit available to meet short-term needs as discussed in Note 6.

MAINE COAST HERITAGE TRUST

Notes to Financial Statements

December 31, 2022

13. Conservation Limited Development, LLC

During 2008, the Organization formed Conservation Limited Development, LLC (the Company). The Organization is the sole member of the Company. The Company was formed for the purpose of owning, managing, renting, leasing, buying, selling, and developing property as authorized by the Organization. The balances and activities of the Company for 2022 prior to elimination and consolidation into the operating fund are as follows:

Cash	\$ 142,972
Buildings, net of accumulated depreciation	406,631
Land	<u>3,254,437</u>
Total assets	<u>3,804,040</u>
Accounts payable	350
Notes payable	<u>3,542,988</u>
Total liabilities	<u>3,543,338</u>
Net assets without donor restriction	\$ <u>260,702</u>
Donated land	\$ 100,000
Contribution from MCHT	975,000
Gain on sale of land and buildings	<u>63,697</u>
Total revenue	<u>1,138,697</u>
Professional fees and contract services	8,930
Depreciation	25,183
Property taxes	33,342
Partnership distribution	<u>750,000</u>
Total expenses	<u>817,455</u>
Increase in net assets	321,242
Net deficit without donor restriction - beginning of year	<u>(60,540)</u>
Net assets without donor restriction - end of year	\$ <u>260,702</u>