

# **SHERIFF'S MEADOW FOUNDATION**

**FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2021 AND 2020**

**tonneson + co**

Certified Public Accountants & Consultants

# **SHERIFF'S MEADOW FOUNDATION**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Sheriff's Meadow Foundation  
Vineyard Haven, Massachusetts

### Report on the Financial Statements

We have audited the accompanying financial statements of Sheriff's Meadow Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sheriff's Meadow Foundation as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Tonneson & Company, PC*

Wakefield, Massachusetts  
January 10, 2022

tonneson + co

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**SHERIFF'S MEADOW FOUNDATION**

**STATEMENTS OF FINANCIAL POSITION**

**JUNE 30, 2021 AND 2020**

**ASSETS**

	<b><u>2021</u></b>	<b><u>2020</u></b>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 550,700	\$ 338,472
Promises to give	686,336	371,856
Prepaid expenses and other current assets	80,773	88,405
Total current assets	<u>1,317,809</u>	<u>798,733</u>
 <b>PROPERTY, PLANT AND EQUIPMENT, AT COST:</b>		
Land	78,552,361	59,500,051
Land improvements	77,187	77,187
Buildings and improvements	2,495,948	2,444,217
Equipment	383,028	333,149
	<u>81,508,524</u>	<u>62,354,604</u>
Less accumulated depreciation	<u>(1,025,702)</u>	<u>(902,147)</u>
Total property, plant and equipment, net	<u>80,482,822</u>	<u>61,452,457</u>
 <b>OTHER ASSETS:</b>		
Promises to give - long-term, net	597,643	839,626
Investments	12,226,686	9,554,058
Website development and mobile application costs, net	-	15,535
Total other assets	<u>12,824,329</u>	<u>10,409,219</u>
 <b>TOTAL ASSETS</b>	 <u>\$ 94,624,960</u>	 <u>\$ 72,660,409</u>

**SHERIFF'S MEADOW FOUNDATION**

**STATEMENTS OF FINANCIAL POSITION**

**JUNE 30, 2021 AND 2020**

**LIABILITIES AND NET ASSETS**

	<b><u>2021</u></b>	<b><u>2020</u></b>
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 36,300	\$ 27,743
Accrued expenses	42,479	-
Deferred revenue	351,733	384,797
Total current liabilities	<u>430,512</u>	<u>412,540</u>
<b>LONG-TERM LIABILITIES:</b>		
Deferred compensation	208,966	136,557
Note payable, PPP	-	135,100
Note payable, other	1,500,000	-
Total long-term liabilities	<u>1,708,966</u>	<u>271,657</u>
<b>TOTAL LIABILITIES</b>	<u>2,139,478</u>	<u>684,197</u>
<b>NET ASSETS:</b>		
Without donor restrictions	80,957,448	63,169,578
With donor restrictions	11,528,034	8,806,634
<b>TOTAL NET ASSETS</b>	<u>92,485,482</u>	<u>71,976,212</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 94,624,960</u>	<u>\$ 72,660,409</u>

# SHERIFF'S MEADOW FOUNDATION

## STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUE:</b>			
Donations of land and conservation restrictions	\$ 7,015,000	\$ -	\$ 7,015,000
Other donations	2,706,150	9,419,658	12,125,808
Event revenue	568,905	-	568,905
Interest income	762	-	762
Investment income, net	1,095,124	1,293,998	2,389,122
Gain on extinguishment of debt	135,100	-	135,100
Donated services, facilities and materials	8,039	-	8,039
Other income	56,034	-	56,034
Net assets released from restrictions	<u>7,992,256</u>	<u>(7,992,256)</u>	<u>-</u>
Total support and revenue	<u>19,577,370</u>	<u>2,721,400</u>	<u>22,298,770</u>
<b>EXPENSES:</b>			
Program services:			
Land acquisition	39,042	-	39,042
Land stewardship	845,855	-	845,855
Education and advocacy	65,410	-	65,410
Supporting services:			
General and administrative	649,539	-	649,539
Fundraising	<u>189,654</u>	<u>-</u>	<u>189,654</u>
Total expenses	<u>1,789,500</u>	<u>-</u>	<u>1,789,500</u>
<b>INCREASE IN NET ASSETS</b>	17,787,870	2,721,400	20,509,270
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>63,169,578</u>	<u>8,806,634</u>	<u>71,976,212</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 80,957,448</u>	<u>\$ 11,528,034</u>	<u>\$ 92,485,482</u>

# SHERIFF'S MEADOW FOUNDATION

## STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUE:</b>			
Other donations	\$ 1,516,245	\$ 203,380	\$ 1,719,625
Event revenue	487,107	-	487,107
Interest income	714	-	714
Investment income, net	140,118	145,605	285,723
Donated services, facilities and materials	24,924	-	24,924
Other income	27,226	-	27,226
Net assets released from restrictions	599,143	(599,143)	-
	<u>2,795,477</u>	<u>(250,158)</u>	<u>2,545,319</u>
Total support and revenue			
<b>EXPENSES:</b>			
Program services:			
Land acquisition	176,363	-	176,363
Land stewardship	858,638	-	858,638
Education and advocacy	45,239	-	45,239
Supporting services:			
General and administrative	608,720	-	608,720
Fundraising	259,545	-	259,545
	<u>1,948,505</u>	<u>-</u>	<u>1,948,505</u>
Total expenses			
<b>INCREASE (DECREASE) IN NET ASSETS</b>	846,972	(250,158)	596,814
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>62,322,606</u>	<u>9,056,792</u>	<u>71,379,398</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 63,169,578</u>	<u>\$ 8,806,634</u>	<u>\$ 71,976,212</u>

**SHERIFF'S MEADOW FOUNDATION**

**STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED JUNE 30, 2021**

	Program Services				Supporting Services		
	Land Acquisition	Land Stewardship	Education & Advocacy	Total	General & Administrative	Fundraising	Total
Accounting & audit	\$ -	\$ -	\$ -	\$ -	\$ 72,580	\$ -	\$ 72,580
Advertising	-	-	-	-	30,328	-	30,328
Annual report & newsletter	-	-	23,344	23,344	-	23,344	46,688
Automobile expense	1,025	18,446	-	19,471	1,024	-	20,495
Bank fees	-	-	-	-	8,087	-	8,087
Conferences and meetings	-	-	-	-	313	-	313
Depreciation	-	69,545	-	69,545	69,545	-	139,090
Dues and subscriptions	-	3,158	1,053	4,211	3,157	3,158	10,526
Fundraising events	-	-	-	-	-	22,135	22,135
Health insurance	1,580	47,387	790	49,757	21,324	7,897	78,978
Insurance - other	-	-	-	-	78,486	-	78,486
Interest	-	-	-	-	7,670	-	7,670
Investment & other fees	-	-	-	-	2,062	-	2,062
Legal fees	8,150	13,000	-	21,150	-	-	21,150
Memberships	-	-	-	-	3,030	3,030	6,060
Office supplies & expense	4,488	31,417	4,488	40,393	31,418	17,953	89,764
Other	-	151	11,262	11,413	56,158	7,508	75,079
Payroll	20,264	357,995	20,264	398,523	195,883	81,057	675,463
Payroll taxes	1,520	26,861	1,520	29,901	14,700	6,081	50,682
Postage	-	-	674	674	3,370	9,432	13,476
Property maintenance & expense	-	246,428	-	246,428	-	-	246,428
Rent	-	-	-	-	26,182	-	26,182
Retirement plan expense	1,713	30,258	1,713	33,684	16,556	6,851	57,091
Telephone	302	1,209	302	1,813	3,024	1,208	6,045
Utilities	-	-	-	-	4,642	-	4,642
<b>Total</b>	<b>\$ 39,042</b>	<b>\$ 845,855</b>	<b>\$ 65,410</b>	<b>\$ 950,307</b>	<b>\$ 649,539</b>	<b>\$ 189,654</b>	<b>\$ 1,789,500</b>

See Notes to Financial Statements.

## SHERIFF'S MEADOW FOUNDATION

### STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

	<u>Program Services</u>				<u>Supporting Services</u>		
	<u>Land Acquisition</u>	<u>Land Stewardship</u>	<u>Education &amp; Advocacy</u>	<u>Total</u>	<u>General &amp; Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Accounting & audit	\$ -	\$ -	\$ -	\$ -	\$ 71,415	\$ -	\$ 71,415
Advertising	-	-	-	-	17,437	-	17,437
Annual report & newsletter	-	-	10,771	10,771	-	10,770	21,541
Automobile expense	663	11,941	-	12,604	664	-	13,268
Bank fees	-	-	-	-	5,195	-	5,195
Conferences and meetings	-	-	-	-	4,706	-	4,706
Depreciation	-	86,080	-	86,080	86,079	-	172,159
Dues and subscriptions	-	2,340	780	3,120	2,341	2,340	7,801
Fundraising events	-	-	-	-	-	117,460	117,460
Health insurance	1,851	55,544	926	58,321	24,996	9,256	92,573
Insurance - other	-	-	-	-	71,409	-	71,409
Investment & other fees	-	-	-	-	1,696	-	1,696
Land acquisition expense	104,487	-	-	104,487	-	-	104,487
Land trust accreditation	-	-	-	-	12,190	-	12,190
Legal fees	43,310	15,010	-	58,320	-	-	58,320
Memberships	-	-	-	-	2,927	2,928	5,855
Office supplies & expense	3,615	25,307	3,615	32,537	25,309	14,461	72,307
Other	-	-	6,102	6,102	30,944	4,068	41,114
Payroll	19,175	338,766	19,175	377,116	185,362	76,703	639,181
Payroll taxes	1,328	23,464	1,328	26,120	12,839	5,312	44,271
Postage	-	-	608	608	3,041	8,511	12,160
Property maintenance & expense	-	269,907	-	269,907	-	-	269,907
Rent	-	-	-	-	27,375	-	27,375
Retirement plan expense	1,649	29,140	1,649	32,438	15,945	6,598	54,981
Telephone	285	1,139	285	1,709	2,849	1,138	5,696
Utilities	-	-	-	-	4,001	-	4,001
<b>Total</b>	<u>\$ 176,363</u>	<u>\$ 858,638</u>	<u>\$ 45,239</u>	<u>\$ 1,080,240</u>	<u>\$ 608,720</u>	<u>\$ 259,545</u>	<u>\$ 1,948,505</u>

See Notes to Financial Statements.

# SHERIFF'S MEADOW FOUNDATION

## STATEMENTS OF CASH FLOWS

### YEARS ENDED JUNE 30, 2021 AND 2020

#### INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase in net assets	\$ 20,509,270	\$ 596,814
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Contributions of land	(7,015,000)	-
Contributions restricted for long-term purposes	(1,555,500)	(15,000)
Net realized and unrealized gains on investments	(2,244,459)	(89,125)
Depreciation	139,090	172,159
Discount on promises to give	(35,607)	(16,081)
Gain on sale of property and equipment	-	(6,238)
Gain on extinguishment of debt	(135,100)	-
Change in certain assets and liabilities:		
Promises to give	174,822	(70,046)
Prepaid expenses and other current assets	7,632	970
Accounts payable	8,558	(40,422)
Accrued expenses	42,479	-
Deferred revenue	(33,064)	(90,303)
Deferred compensation	72,409	28,003
Net cash provided by operating activities	<u>9,935,530</u>	<u>470,731</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sales of investments	8,590,547	10,006,234
Purchase of investments	(9,018,716)	(10,672,804)
Purchase of land	(12,037,310)	-
Purchase of property and equipment	(101,611)	(363,388)
Proceeds from sale of property and equipment	-	6,238
Net cash used in investing activities	<u>(12,567,090)</u>	<u>(1,023,720)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from contributions restricted for long-term purposes:		
Comprehensive campaign	1,343,788	81,500
Proceeds from note payable, PPP	-	135,100
Proceeds from note payable, other	4,500,000	-
Repayments of note payable, other	(3,000,000)	-
Net cash provided by financing activities	<u>2,843,788</u>	<u>216,600</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>212,228</u>	<u>(336,389)</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>338,472</u>	<u>674,861</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 550,700</u>	<u>\$ 338,472</u>

# **SHERIFF'S MEADOW FOUNDATION**

## **NOTES TO FINANCIAL STATEMENTS**

### **YEARS ENDED JUNE 30, 2021 AND 2020**

#### **Note 1 - Summary of Significant Accounting Policies**

**Organization** - The mission of Sheriff's Meadow Foundation is to conserve the natural, beautiful, rural landscape and character of Martha's Vineyard for present and future generations.

**Basis of Accounting** - The financial statements of Sheriff's Meadow Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

**Basis of Presentation** - Under U.S. GAAP, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets as follows:

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 Foundation. These assets may be used at the discretion of the Foundation'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 action of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

**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.

**Concentration of Credit Risk** - The Foundation maintains an investment portfolio consisting of a combination of long-term cash and cash equivalents, government securities, corporate stocks and mutual funds. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the value of these investments will occur in the near term and such changes could materially affect the Foundation's investment account balances. At June 30, 2021 and 2020, the Foundation had \$12,226,686 and \$9,554,058, respectively, in brokerage accounts, which were not insured and subject to various risks, such as interest rate, market and credit risks.

The Foundation maintains operating cash balances at financial institutions located in Massachusetts. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. In addition, the Foundation's financial institutions participate in the Depositors Insurance Fund, which insures all deposits above FDIC limits at Massachusetts chartered savings banks. As of June 30, 2021 and 2020, the Foundation's cash balances were fully insured under these programs.

**Cash Equivalents** - Cash equivalents consist of highly liquid investments with original maturities of ninety days or less. Cash equivalents are carried at cost, which approximates fair value.

# **SHERIFF'S MEADOW FOUNDATION**

## **NOTES TO FINANCIAL STATEMENTS**

### **YEARS ENDED JUNE 30, 2021 AND 2020**

#### **Note 1 - Summary of Significant Accounting Policies (Continued)**

**Investments** - The Foundation's investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Statements of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statements of Activities. Gains and losses on the disposition of investments are accounted for on the average cost method for mutual funds and specific identification method for other securities. Investment income and gains restricted by donors are reported as increases in net assets with donor restrictions and are reclassified to net assets without donor restrictions when the restrictions are met (either a stipulated time period ends, or a purpose restriction is accomplished).

The Foundation maintains master investment accounts for its donor-restricted endowments, unless specified to be segregated by the donor. Realized and unrealized gains and losses from securities in the master investment account are allocated monthly to the individual endowments based on the relationship of the market value of each endowment to the total market value of the master investment accounts, as adjusted for additions to or deductions from those accounts.

**Promises to Give** - Promises to give are stated at the amounts the Foundation expects to collect from outstanding balances. Foundation management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on historical collection experience, its assessment of current economic conditions, review and assessment of estimated funding sources and the financial condition of the donor. Balances that are still outstanding after Foundation management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to promises to give.

At June 30, 2021 and 2020 promises to give were deemed fully collectible by Foundation management.

**Property, Plant and Equipment** - The Foundation capitalizes all acquisitions of property and equipment and all expenditures for repairs, maintenance, renewals and betterments in excess of \$1,000 that materially prolong the useful lives of assets. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method over the assets estimated useful lives.

**Web Development and Mobile Application Costs** - Website development and mobile application costs are accounted for as capital assets and amortized on a straight-line basis over their estimated useful lives. Costs related to the planning stage of website development and mobile application projects, as well as ongoing operating and support costs are expensed as incurred.

**Donations** - Contributions, including grants, are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts that are designated for future periods or restricted by the donor for specific purposes are reported as contributions with donor restrictions that increase that net asset class. Contributions that are restricted by the donor are reclassified to net assets without donor restrictions when the restriction expires (that is when a stipulated time restriction ends, or purpose restriction is accomplished).

Unconditional promises to give are reported at net realizable value if at the time the promise is made, collection is expected to be received in one year or less. Unconditional promises to give that are expected to be collected in more than one year are initially reported at fair value using present value techniques and a discount rate determined by management of the Foundation. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. At June 30, 2021 and 2020, donors have made conditional pledges in the form of bequests to the Foundation totaling \$775,000.

**SHERIFF'S MEADOW FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Donations (Continued)** - Contributions in the form of property and equipment and other assets are recorded at fair value on the date the donation is received.

During the year ended June 30, 2021, approximately 31% of total support and revenue was contributed by one donor. At June 30, 2021, no promises to give were outstanding from this donor. During the year ended June 30, 2020, approximately 30% of total support and revenue was contributed by two donors. At June 30, 2020 approximately 16% of promises to give were from these donors.

**Revenue Recognition** - Under FASB ASC Topic 606, *Revenue from Contracts with Customers* (ASC 606), revenue is recognized when a customer obtains control of promised goods or services (the performance obligation) in an amount that reflects the consideration expected to be received in exchange for those goods or services (the transaction price).

Revenue from performance obligations satisfied at a point in time consists of event revenue which is recognized when the event takes place. Amounts received in advance are deferred until earned. All of the Foundation's performance obligations are for durations of one year or less. For the years ended June 30, 2021 and 2020, revenue from performance obligations satisfied at a point in time amounted to approximately \$569,000 and \$487,000, respectively. Accounts receivable require payment on a short-term basis and as such the Foundation does not have any significant financing components.

**Donated Services** - Donated services are recognized as contributions if the services create or enhance non-financial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. Donated professional services of \$8,039 and \$21,978 were received during the years ended June 30, 2021 and 2020, respectively. Additionally, individuals volunteer their time and perform a variety of tasks that assist the Foundation, but these services do not meet the criteria for recognition as donated services.

**Functional Allocation of Expenses** - The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and Statements of Functional Expenses. Certain expenses attributed to more than one program or supporting function have been allocated on a reasonable basis that is consistently applied. The expenses that are allocated primarily include payroll and related benefits, occupancy, utilities, and depreciation. These expenses are allocated on the basis of estimates of usage, time and effort.

The following program and supporting services are included in the accompanying financial statements:

**Land acquisition**

Land is acquired for the preservation, administration, and maintenance of natural habitats for wildlife on Martha's Vineyard both for educational purposes and in the interests of conservation.

**Land stewardship**

For the conservation and maintenance of land and walking trails as well as guided tours of the various conservation properties.

**Education and advocacy**

Education of the general public and of children about nature, conservation, and about the natural history of Martha's Vineyard.

**Administrative and general**

Includes the functions necessary to manage the financial and budgetary responsibilities of the Foundation.

**Fundraising**

Provides the structure necessary to encourage and secure private financial support from individuals, foundations and corporations.

# **SHERIFF'S MEADOW FOUNDATION**

## **NOTES TO FINANCIAL STATEMENTS**

### **YEARS ENDED JUNE 30, 2021 AND 2020**

#### **Note 1 - Summary of Significant Accounting Policies (Continued)**

**Advertising** - The Foundation uses advertising to promote its programs and educational materials among the audience it serves. The production costs of advertising are expensed as incurred. Advertising expenses totaled \$30,328 and \$17,437 for the years ended June 30, 2021 and 2020, respectively.

**Income Taxes** - The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income. The Foundation had no unrelated business income for the years ended June 30, 2021 and 2020.

In determining the recognition of uncertain tax positions, the Foundation applies a more-likely-than-not recognition threshold and determines the measurement of uncertain tax positions considering the amounts and probabilities of the outcomes that could be realized upon ultimate settlement with taxing authorities. As of June 30, 2021 and 2020, the Foundation has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Foundation is not currently under examination by any taxing jurisdiction. The Foundation's federal and state tax returns are generally open for examination for three years following the date filed.

**Subsequent Events** - The date to which events occurring after June 30, 2021 have been evaluated for possible adjustment to the financial statements or disclosures is the date of the Independent Auditor's Report which is the date the financial statements were available to be issued.

#### **Note 2 - Availability and Liquidity**

The Foundation strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures, approximately \$500,000. Financial assets in excess of daily cash requirements are invested in certificates of deposit, money market funds and other short-term investments.

In addition, the Foundation receives contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund programs. The Foundation also receives support without donor restrictions.

The Foundation considers investment income without donor restrictions, appropriated earnings from donor-restricted endowments, contributions without donor restrictions, and contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include program service expenses, administrative and general expenses and fundraising expenses expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the Foundation's fiscal year.

The Foundation manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that long term grant commitments and obligations under endowments with donor restrictions and quasi-endowments that support mission fulfillment will continue to be met, ensuring the sustainability of the Foundation.

## SHERIFF'S MEADOW FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

#### YEARS ENDED JUNE 30, 2021 AND 2020

##### Note 2 - Availability and Liquidity (Continued)

The table below presents financial assets available for general expenditures within one year at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 550,700	\$ 338,472
Promises to give	1,283,979	1,211,482
Investments	<u>12,226,686</u>	<u>9,554,058</u>
Total financial assets	<u>14,061,365</u>	<u>11,104,012</u>
Less amounts not available to be used within one year:		
Promises to give for restricted gifts, net	1,019,015	808,149
Promises to give due after one year, net	99,265	241,333
Investments held to fund deferred compensation	199,408	117,537
Investments held as endowments	3,274,333	1,953,499
Investments held with donor restrictions	<u>4,618,025</u>	<u>3,601,053</u>
Financial assets not available to be used within one year	<u>9,210,046</u>	<u>6,721,571</u>
Financial assets available to meet general expenditures within one year	<u>\$ 4,851,319</u>	<u>\$ 4,382,441</u>

##### Note 3 - Conservation Easements

The Foundation has acquired and holds a number of conservation easements, each representing a legal interest in land owned by another person or entity. The easements grant the Foundation the right to use, control, and/or protect the land for conservation purposes. Because of the unique nature of these assets, the impracticality of obtaining consistent and reliable estimates of the values ascribed to these interests, and consistent with the practice followed by many environmental land trusts, the accompanying financial statements do not include any amounts for these property interests. At June 30, 2021 and 2020, the Foundation held 41 conservation easements, on approximately 825 acres of land.

##### Note 4 - Investments

The Foundation maintains a master investment account to fund operating and endowment related activities and an investment account to fund a deferred compensation plan. During the year ended June 30, 2021, the Foundation adopted a fossil fuel free investment policy, resulting in a change in the consistency of the investments of the Foundation. The cost and fair value of these investments at June 30, 2021 and 2020 were as follows:

	<u>June 30, 2021</u>	
	<u>Cost</u>	<u>Value</u>
Mutual funds	\$ 3,545,493	\$ 3,458,925
Exchange traded and closed-end funds	6,263,722	8,757,400
Stocks	<u>8,390</u>	<u>10,361</u>
	<u>\$ 9,817,605</u>	<u>\$ 12,226,686</u>

# SHERIFF'S MEADOW FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### YEARS ENDED JUNE 30, 2021 AND 2020

#### Note 4 - Investments (Continued)

	June 30, 2020	
	Cost	Value
Mutual funds	\$ 2,791,166	\$ 2,821,595
Exchange traded and closed-end funds	6,426,847	6,722,102
Stocks	8,390	10,361
	<u>\$ 9,226,403</u>	<u>\$ 9,554,058</u>

For the years ended June 30, 2021 and 2020, investments were segregated into the following categories:

	June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Without donor restrictions	\$ 4,334,328	\$ -	\$ 4,334,328
Board designated endowments	470,264	-	470,264
Donor designated endowments	-	2,804,069	2,804,069
With donor restrictions	-	4,618,025	4,618,025
	<u>\$ 4,804,592</u>	<u>\$ 7,422,094</u>	<u>\$ 12,226,686</u>

	June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Without donor restrictions	\$ 3,999,506	\$ -	\$ 3,999,506
Board designated endowments	388,996	-	388,996
Donor designated endowments	-	1,564,503	1,564,503
With donor restrictions	-	3,601,053	3,601,053
	<u>\$ 4,388,502</u>	<u>\$ 5,165,556</u>	<u>\$ 9,554,058</u>

Fair value is defined under U.S. GAAP as the price that would be received to sell an asset, or paid to transfer a liability, in orderly transactions between market participants. Further, the Foundation is required to maximize the use of observable market inputs, minimize the use of unobservable market inputs, and disclose in the form of an outlined hierarchy the details of such fair value measurements. The hierarchy of valuation techniques is based on whether inputs to a fair value measurement are considered to be observable or unobservable in a marketplace. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Foundation's market assumptions.

# SHERIFF'S MEADOW FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### YEARS ENDED JUNE 30, 2021 AND 2020

#### Note 4 - Investments (Continued)

This hierarchy requires the use of observable market data when available. These inputs have created the following fair value hierarchy:

- Level 1 - Quoted market prices in active markets for identical assets or liabilities.
- Level 2 - Observable inputs other than those included in Level 1. For example, quoted prices for similar assets in active markets or quoted prices for identical assets in inactive markets.
- Level 3 - Unobservable inputs reflecting management's own assumptions about the inputs used in estimating the value of the asset.

Following is a description of the Foundation's valuation methodologies for assets measured at fair value.

*Stocks, Corporate Fixed Income, and Government Securities:* These investments are valued at the closing price of the active market in which the individual securities are traded. Investments in stocks, corporate fixed income, and government securities are classified as Level 1 of the valuation hierarchy.

*Exchange Traded and Closed-End Funds and Mutual Funds:* These investments are public investment vehicles valued using the Net Asset Value ("NAV") provided by the administrator of the fund and calculated at the close of business on various stock exchanges. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. Investments in exchange traded and closed-end funds and mutual funds are classified as Level 1 of the valuation hierarchy.

The following table summarizes the Foundation's financial assets measured at fair value on a recurring basis in accordance with U.S. GAAP as of June 30, 2021 and 2020:

	June 30, 2021		June 30, 2020	
	Level 1	Total	Level 1	Total
Investments				
Stocks:				
Financial services	\$ 10,361	\$ 10,361	\$ 10,361	\$ 10,361
Exchange traded and closed-end funds:				
Large blend	4,048,231	4,048,231	3,058,144	3,058,144
Foreign large blend	4,226,877	4,226,877	3,278,447	3,278,447
Small blend	482,292	482,292	385,511	385,511
Mutual funds:				
Short-term bond	2,123,568	2,123,568	1,606,354	1,606,354
Inflation protected bond	-	-	227,438	227,438
Intermediate-term bond	1,033,695	1,033,695	771,850	771,850
Long-term bond	301,662	301,662	215,953	215,953
Total investments	\$ 12,226,686	\$ 12,226,686	\$ 9,554,058	\$ 9,554,058

# **SHERIFF'S MEADOW FOUNDATION**

## **NOTES TO FINANCIAL STATEMENTS**

### **YEARS ENDED JUNE 30, 2021 AND 2020**

#### **Note 5 - Endowment**

The Foundation's endowment consists of eleven individual funds established for a variety of purposes. The endowment also includes funds designated by the Board of Directors to function as endowments. In conformity with accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

*Interpretation of relevant law:* The Board of Directors of the Foundation has interpreted the Massachusetts Uniform Prudent Management of Institutional Funds Act (the Act) as requiring the preservation of the fair value of the original gift as of the gift date on the donor-restricted endowment funds, absent explicit donor stipulations to the contrary, and the fair value of the Board-designated endowment funds absent explicit stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner that is consistent with the standard of prudence prescribed by the Act.

The Foundation may accumulate so much of the annual net income as deemed prudent to meet (1) the long and short-term needs of the Foundation in carrying out its mission, (2) problems specific to the Foundation, (3) present and anticipated financial requirements, (4) expected total return on its investments, (5) price level trends, and (6) general economic conditions. In addition, the Foundation may hold any or all of such accumulated income for subsequent expenditure for the uses and purposes for which the Board-designated endowments were established or may add any or all of the accumulated income to the principal endowment funds that is deemed prudent.

In accordance with the Act, the Foundation considers the following factors in making a determination to appropriate or accumulate restricted endowment funds: (1) the duration and preservation of various funds, (2) the purpose of the Foundation and the restricted endowment funds, (3) general economic conditions, (4) the possible effects of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

*Investment and spending policies:* The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding while seeking to maintain the purchasing power of the endowment assets. During the year ended June 30, 2021, the Foundation adopted a fossil fuel free investment policy, resulting in a change in the endowment investments of the Foundation. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for donor-specified periods as well as Board-designated funds. Under these policies, as approved by the Finance Committee, the endowment assets are invested in a manner that is intended to contribute to the Foundation's total return objectives and preserve principal while maintaining a competitive yield as market conditions dictate.

To satisfy its long-term rate-of-return objectives, the Foundation 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). The Foundation targets a diversified asset allocation including marketable securities and insured instruments issued by the United States Government or agencies of the United States Government to achieve its long-term return objectives within prudent risk constraints.

# SHERIFF'S MEADOW FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### YEARS ENDED JUNE 30, 2021 AND 2020

#### Note 5 - Endowment (Continued)

The Foundation's policy of appropriating distribution of funds is determined based on the donor's intentions and investment returns as well as taking into consideration the long-term expected return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment to grow at a normal inflationary rate on an annual basis. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specific term as well as to provide additional growth through new gifts and investment return.

*Funds with deficiencies:* From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Act requires the Foundation to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported in net assets with donor restrictions. There were no deficiencies of this nature as of June 30, 2021 and 2020.

Endowment net assets composition by type of fund as of June 30, 2021 and 2020 is as follows:

	June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 3,180,993	\$ 3,180,993
Board-designated endowment funds	470,264	-	470,264
	<u>\$ 470,264</u>	<u>\$ 3,180,993</u>	<u>\$ 3,651,257</u>

  

	June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 2,298,939	\$ 2,298,939
Board-designated endowment funds	388,996	-	388,996
	<u>\$ 388,996</u>	<u>\$ 2,298,939</u>	<u>\$ 2,687,935</u>

Changes in endowment net assets for the years ended June 30, 2021 and 2020 are as follows:

	June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 388,996	\$ 2,298,939	\$ 2,687,935
Reclassification	(35)	(545,080)	(545,115)
Contributions	-	1,208,003	1,208,003
Investment return, net	89,019	233,566	322,585
Appropriation of endowment assets for expenditure	<u>(7,716)</u>	<u>(14,435)</u>	<u>(22,151)</u>
Endowment net assets, end of year	<u>\$ 470,264</u>	<u>\$ 3,180,993</u>	<u>\$ 3,651,257</u>

**SHERIFF'S MEADOW FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2021 AND 2020**

**Note 5 - Endowment (Continued)**

	June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 385,850	\$ 2,060,822	\$ 2,446,672
Reclassification	-	144,161	144,161
Contributions	-	69,987	69,987
Investment return, net	11,054	40,779	51,833
Appropriation of endowment assets for expenditure	(7,908)	(16,810)	(24,718)
Endowment net assets, end of year	<u>\$ 388,996</u>	<u>\$ 2,298,939</u>	<u>\$ 2,687,935</u>

**Note 6 - Promises to Give**

The Foundation had promises to give as follows at June 30, 2021 and 2020:

	June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Promises to give expected to be collected in:			
Less than one year	\$ 165,699	\$ 520,637	\$ 686,336
One to five years	105,461	535,770	641,231
Greater than five years	-	-	-
	<u>271,160</u>	<u>1,056,407</u>	<u>1,327,567</u>
Discount on promises to give	(6,196)	(37,392)	(43,588)
	<u>\$ 264,964</u>	<u>\$ 1,019,015</u>	<u>\$ 1,283,979</u>

	June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Promises to give expected to be collected in:			
Less than one year	\$ 162,000	\$ 209,856	\$ 371,856
One to five years	259,301	559,520	818,821
Greater than five years	-	100,000	100,000
	<u>421,301</u>	<u>869,376</u>	<u>1,290,677</u>
Discount on promises to give	(17,968)	(61,227)	(79,195)
	<u>\$ 403,333</u>	<u>\$ 808,149</u>	<u>\$ 1,211,482</u>

Management has measured promises to give using present value techniques that use a discount rate of 2.75%, which approximates the Foundation's normal rate of return. Management has determined promises to give are fully collectible as of June 30, 2021 and 2020.

# **SHERIFF'S MEADOW FOUNDATION**

## **NOTES TO FINANCIAL STATEMENTS**

### **YEARS ENDED JUNE 30, 2021 AND 2020**

#### **Note 7 - Note Payable, PPP**

On April 21, 2020, the Foundation received a loan through the Small Business Administration's ("SBA") Paycheck Protection Program ("PPP") in the amount of \$135,100. The PPP funding was legally structured as a forgivable loan by the SBA. To achieve full or partial forgiveness of the loan, the Foundation was required to spend the funding for specific purposes and generally maintain its full-time equivalent level of staffing and wage related conditions over a defined period. The Foundation elected to account for this loan under FASB ASC Topic 470, Debt (ASC 470). Under ASC 470, the proceeds from the note are initially recorded as a liability, with a gain on the extinguishment of debt recorded at the time of forgiveness, as determined by the SBA. During November 2020, the Foundation received full forgiveness of the \$135,100 of funds received through the SBA's Paycheck Protection Program. As a result, the Foundation has recorded a gain on extinguishment of debt in the amount of \$135,100 which is included in other income on the Statement of Activities for the year ended June 30, 2021.

#### **Note 8 - Note Payable, Other**

During August 2020 the Foundation entered into an agreement to jointly purchase 304 acres of land in Aquinnah from Red Gate Farm, LLC for a total purchase price of \$27,000,000. The Foundation paid \$12 million of the purchase price, with the Martha's Vineyard Land Bank paying \$15 million. The Foundation paid cash of \$7,500,000 and entered into a promissory note agreement for the remaining \$4,500,000. Interest was charged at the rate of .48% per annum for the year ended June 30, 2021. Principal and interest are payable in annual installments beginning December 2022 through December 2024. The Foundation made payments in the amount of \$3,000,000 during the year ended June 30, 2021. Borrowings outstanding under the agreement at June 30, 2021 amounted to \$1,500,000.

#### **Note 9 - Net Assets**

Net assets with donor restrictions consist of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Land preservation and property management	\$ 5,615,910	\$ 3,767,427
Land (use restricted in perpetuity)	2,694,811	2,694,811
Donor-designated endowment (including amounts above original gift amounts of \$2,740,660 and \$2,076,657, respectively)	3,180,993	2,298,939
Other	14,736	29,592
Education	21,584	15,865
	<u>\$ 11,528,034</u>	<u>\$ 8,806,634</u>

# **SHERIFF'S MEADOW FOUNDATION**

## **NOTES TO FINANCIAL STATEMENTS**

### **YEARS ENDED JUNE 30, 2021 AND 2020**

#### **Note 9 - Net Assets (Continued)**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by the donor during the years ended June 30, 2021 and 2020 as follows:

	<u>2021</u>	<u>2020</u>
Land preservation and property management	\$ 7,962,605	\$ 571,180
Appropriations from donor-designated endowment	14,435	16,810
Other	7,500	7,794
Education	<u>7,716</u>	<u>3,359</u>
	<u>\$ 7,992,256</u>	<u>\$ 599,143</u>

Net assets without donor restrictions consists of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Undesignated	\$ 80,487,184	\$ 62,779,388
Board designated		
Working reserve	65,923	53,649
Conservation easement stewardship	209,686	178,125
Conservation easement defense fund	<u>194,655</u>	<u>158,416</u>
	<u>\$ 80,957,448</u>	<u>\$ 63,169,578</u>

#### **Note 10 - Retirement Plan**

The Foundation has a Section 403(b) retirement plan for the benefit of eligible employees. The Foundation makes contributions of 6% of eligible employees' salary into the Section 403(b) retirement plan. Contributions to the plan totaled \$37,553 and \$35,750, respectively for the years ended June 30, 2021 and 2020. While the Foundation expects to continue the plan indefinitely, it has reserved the right to modify, amend or terminate the plan. In the event of termination, the entire amount contributed under the plan must be applied to the payment of benefits to the participants or their beneficiaries, as defined in the plan.

#### **Note 11 - Deferred Compensation Plan**

The Foundation has a deferred compensation plan for the exclusive benefit of the Executive Director. The Foundation makes a discretionary contribution into the deferred compensation plan. Contributions to the plan totaled \$29,000 and \$19,231, respectively for the years ended June 30, 2021 and 2020. The Foundation holds the deferred compensation plan funds in an investment account. At June 30, 2021 and 2020 the investment account totaled \$199,408 and \$117,537, respectively.

#### **Note 12 - Operating Lease**

The Foundation is a tenant at will for the Foundation's office space. Office rental expense totaled \$26,182 and \$27,375 for the years ended June 30, 2021 and 2020, respectively.

**SHERIFF'S MEADOW FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2021 AND 2020**

**Note 13 - COVID-19 Disruption**

The COVID-19 outbreak, which began affecting the operations of the Foundation in March 2020, continues to cause business disruption throughout the United States. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the disruption. Economic uncertainties have also arisen which are likely to impact the valuation of investments and investment income. Operating results may be affected but the Foundation cannot reasonably estimate the financial impact and duration at this time.