

**MAINE COAST HERITAGE TRUST**

**FINANCIAL STATEMENTS**

**December 31, 2007**

**With Independent Auditors' Report**

# MAINE COAST HERITAGE TRUST

## Table of Contents

December 31, 2007

### Independent Auditors' Report

### Financial Statements

Statement of Financial Position	3
Statement of Activities	4 - 5
Statement of Cash Flows	6 - 7
Notes to Financial Statements	8 - 22

### Supplementary Information

Schedule of Operating Fund Expenses - Schedule 1	23
Schedule of Stewardship Expenses - Schedule 2	24
Schedule of Operating Fund Restricted Land Protection Activity - Schedule 3	25
Schedule of Activity - Selected Funds - Schedule 4	26



## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Maine Coast Heritage Trust

We have audited the accompanying statement of financial position of Maine Coast Heritage Trust (the Organization) as of December 31, 2007, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2006 financial statements and, in our report dated July 24, 2007, we expressed an unqualified opinion on those financial statements prior to the restatement for the impairment of long-lived assets discussed in Note 1.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Maine Coast Heritage Trust as of December 31, 2007 and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

As disclosed in Note 1, the Organization has restated the summarized comparative information derived from its 2006 financial statements due to accounting for impairment of land related to declarations of trust which were placed on the land after its initial acquisition by the Organization. We have audited the adjustments that were applied to restate the 2006 financial statements and in our opinion such adjustments are appropriate and have been properly applied.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the audit procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Berry, Dunn, McNeil & Parker*

Bangor, Maine  
August 7, 2008

# MAINE COAST HERITAGE TRUST

## Statement of Financial Position

December 31, 2007

(With Comparative Totals for December 31, 2006)

### ASSETS

	2007							2006
	<u>Operating</u>	<u>Operating Endowment</u>	<u>Stewardship Investments</u>	<u>Revolving Loan</u>	<u>Special Projects</u>	<u>Aldermere Farm</u>	<u>Total</u>	<u>(As Restated)</u>
Cash	\$ 11,683,385	\$ -	\$ -	\$ -	\$ -	\$ 183,493	\$ <b>11,866,878</b>	\$ 11,556,070
Accounts receivable	9,581	-	-	-	-	606	<b>10,187</b>	24,233
Pledges and grants receivable, net	15,071,095	113,448	-	-	-	-	<b>15,184,543</b>	12,918,799
Due from (to) other funds	1,725,306	(676,297)	(2,089,718)	713,567	336,958	(9,816)	-	-
Notes receivable	-	-	-	1,274,207	-	-	<b>1,274,207</b>	634,255
Investments	-	26,230,419	12,783,857	1,889,423	2,718,280	-	<b>43,621,979</b>	40,228,133
Beneficial interest in split-interest agreements	451,504	-	-	-	-	3,780,554	<b>4,232,058</b>	4,112,102
Property and equipment, net of accumulated depreciation	410,005	-	-	-	-	876,439	<b>1,286,444</b>	1,224,746
Deposits and other assets	617,169	-	-	-	-	4,011	<b>621,180</b>	75,594
Land	<u>46,604,213</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,300,000</u>	<b><u>47,904,213</u></b>	<u>40,965,615</u>
Total assets	<u>\$ 76,572,258</u>	<u>\$ 25,667,570</u>	<u>\$ 10,694,139</u>	<u>\$ 3,877,197</u>	<u>\$ 3,055,238</u>	<u>\$ 6,135,287</u>	<b><u>\$ 126,001,689</u></b>	<u>\$ 111,739,547</u>

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

## LIABILITIES AND NET ASSETS

	<b>2007</b>						<b>Total</b>	2006 Total (As Restated)
	<u>Operating</u>	<u>Operating Endowment</u>	<u>Stewardship Investments</u>	<u>Revolving Loan</u>	<u>Special Projects</u>	<u>Aldermere Farm</u>		
<b>Liabilities</b>								
Accounts payable	\$ 32,535	\$ -	\$ -	\$ -	\$ -	\$ 67,168	\$ <b>99,703</b>	\$ 23,090
Accrued expenses and other liabilities	40,185	-	-	-	-	903	<b>41,088</b>	180,442
Life tenancy interest liability	2,000,000	-	-	-	-	-	<b>2,000,000</b>	-
Notes payable	<u>617,528</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<b><u>617,528</u></b>	<u>287,527</u>
Total liabilities	<u>2,690,248</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,071</u>	<b><u>2,758,319</u></b>	<u>491,059</u>
<b>Commitments and contingencies</b> (Notes 3, 5, 6, 8, 11 and 16)								
<b>Net assets</b>								
Unrestricted								
Available for operations	6,490,498	-	-	3,770,975	-	882,157	<b>11,143,630</b>	11,239,067
Board-designated	114,347	7,146,546	4,284,722	106,222	3,055,238	-	<b>14,707,075</b>	13,019,838
Land	<u>46,604,213</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<b><u>46,604,213</u></b>	<u>39,665,615</u>
Total unrestricted	53,209,058	7,146,546	4,284,722	3,877,197	3,055,238	882,157	<b>72,454,918</b>	63,924,520
Temporarily restricted	20,624,632	8,851,594	6,409,417	-	-	4,505	<b>35,890,148</b>	33,232,191
Permanently restricted	<u>48,320</u>	<u>9,669,430</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,180,554</u>	<b><u>14,898,304</u></b>	<u>14,091,777</u>
Total net assets	<u>73,882,010</u>	<u>25,667,570</u>	<u>10,694,139</u>	<u>3,877,197</u>	<u>3,055,238</u>	<u>6,067,216</u>	<b><u>123,243,370</u></b>	<u>111,248,488</u>
Total liabilities and net assets	<u>\$ 76,572,258</u>	<u>\$ 25,667,570</u>	<u>\$ 10,694,139</u>	<u>\$ 3,877,197</u>	<u>\$ 3,055,238</u>	<u>\$ 6,135,287</u>	<b><u>\$ 126,001,689</u></b>	<u>\$ 111,739,547</u>

# MAINE COAST HERITAGE TRUST

## Statement of Activities

Year Ended December 31, 2007

(With Comparative Totals for the Year Ended December 31, 2006)

	2007						2006 Total (As Restated)	
	<u>Operating</u>	<u>Operating Endowment</u>	<u>Stewardship Investments</u>	<u>Revolving Loan</u>	<u>Special Projects</u>	<u>Aldermere Farm</u>		<u>Total</u>
Changes in unrestricted net assets								
Revenues and gains								
Contributions and grants	\$ 1,041,592	\$ 201,695	\$ -	\$ -	\$ -	\$ -	\$ 1,243,287	\$ 1,267,197
Donated land	6,576,400	-	-	-	-	-	6,576,400	3,545,800
Interest and dividend income	338,935	330,046	539,721	100,679	116,565	551	1,426,497	1,061,802
Net gain on investments	8,925	445,729	720,004	134,582	146,880	-	1,456,120	2,090,558
Investment income transfers	813,403	(282,171)	(431,536)	-	(99,696)	-	-	-
Other, net	(795,744)	-	-	-	-	75,370	(720,374)	148,832
Net assets released from restrictions								
Expiration of time restrictions	66,375	-	-	-	-	-	66,375	66,375
Investment income transfer	639,781	-	-	-	-	-	639,781	629,000
Land protection and other	<u>8,651,075</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>293,056</u>	<u>8,944,131</u>	<u>8,904,969</u>
Total unrestricted revenues and gains	<u>17,340,742</u>	<u>695,299</u>	<u>828,189</u>	<u>235,261</u>	<u>163,749</u>	<u>368,977</u>	<u>19,632,217</u>	<u>17,714,533</u>
Expenses								
Operations support	280,682	-	-	-	-	-	280,682	225,947
Land protection	4,769,516	-	-	-	-	-	4,769,516	4,531,988
Fund raising	269,331	-	-	-	-	-	269,331	228,712
Public education and outreach	400,394	-	-	-	-	-	400,394	408,446
Stewardship	690,956	-	-	-	-	-	690,956	546,452
Farm operations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>427,635</u>	<u>427,635</u>	<u>389,275</u>
Total expenses	<u>6,410,879</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>427,635</u>	<u>6,838,514</u>	<u>6,330,820</u>
Change in unrestricted net assets before loss on impairment of land	10,929,863	695,299	828,189	235,261	163,749	(58,658)	12,793,703	11,383,713
Loss on impairment of land	<u>(4,263,305)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,263,305)</u>	<u>-</u>
Change in unrestricted net assets	<u>6,666,558</u>	<u>695,299</u>	<u>828,189</u>	<u>235,261</u>	<u>163,749</u>	<u>(58,658)</u>	<u>8,530,398</u>	<u>11,383,713</u>

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

# MAINE COAST HERITAGE TRUST

## Statement of Activities (Concluded)

Year Ended December 31, 2007

(With Comparative Totals for the Year Ended December 31, 2006)

	<u>2007</u>						2006	
	<u>Operating</u>	<u>Operating Endowment</u>	<u>Stewardship Investments</u>	<u>Revolving Loan</u>	<u>Special Projects</u>	<u>Aldermere Farm</u>	<u>Total</u>	<u>Total (As Restated)</u>
Changes in temporarily restricted net assets								
Contributions and grants	10,870,899	-	-	-	-	111,705	<b>10,982,604</b>	11,146,440
Campaign for the Coast interim allocation	(901,845)	452,090	449,755	-	-	-	-	-
Increase in beneficial interest in split-interest agreement	-	-	-	-	-	-	-	14,808
Interest and dividend income	-	134,641	-	-	-	180,375	<b>315,016</b>	324,669
Net gain on investments	-	1,010,624	-	-	-	-	<b>1,010,624</b>	1,532,618
Net assets released from restrictions								
Expiration of time restrictions	(66,375)	-	-	-	-	-	<b>(66,375)</b>	(66,375)
Investment income transfer	-	(639,781)	-	-	-	-	<b>(639,781)</b>	(629,000)
Land protection and other	<u>(8,031,935)</u>	<u>-</u>	<u>(619,140)</u>	<u>-</u>	<u>-</u>	<u>(293,056)</u>	<b><u>(8,944,131)</u></b>	<u>(8,904,969)</u>
Change in temporarily restricted net assets	<u>1,870,744</u>	<u>957,574</u>	<u>(169,385)</u>	<u>-</u>	<u>-</u>	<u>(976)</u>	<b><u>2,657,957</u></b>	<u>3,418,191</u>
Changes in permanently restricted net assets								
Contributions and grants	48,320	10,000	-	-	-	-	<b>58,320</b>	560,000
Interest and dividend income	-	613,690	-	-	-	-	<b>613,690</b>	347,470
Increase in beneficial interest in split-interest agreement	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>134,517</u>	<b><u>134,517</u></b>	<u>232,519</u>
Change in permanently restricted net assets	<u>48,320</u>	<u>623,690</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>134,517</u>	<b><u>806,527</u></b>	<u>1,139,989</u>
Change in net assets	<u>8,585,622</u>	<u>2,276,563</u>	<u>658,804</u>	<u>235,261</u>	<u>163,749</u>	<u>74,883</u>	<b><u>11,994,882</u></b>	<u>15,941,893</u>
Net assets, beginning of year, before prior period adjustment	65,296,388	23,391,007	10,035,335	3,641,936	2,891,489	5,992,333	<b>111,248,488</b>	100,263,799
Prior period adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,957,204)</u>
Net assets, beginning of year, as restated	<u>65,296,388</u>	<u>23,391,007</u>	<u>10,035,335</u>	<u>3,641,936</u>	<u>2,891,489</u>	<u>5,992,333</u>	<b><u>111,248,488</u></b>	<u>95,306,595</u>
Net assets, end of year	<u>\$ 73,882,010</u>	<u>\$ 25,667,570</u>	<u>\$ 10,694,139</u>	<u>\$ 3,877,197</u>	<u>\$ 3,055,238</u>	<u>\$ 6,067,216</u>	<b><u>\$ 123,243,370</u></b>	<u>\$ 111,248,488</u>

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

# MAINE COAST HERITAGE TRUST

## Statement of Cash Flows

Year Ended December 31, 2007

(With Comparative Totals for the Year Ended December 31, 2006)

	<u>2007</u>						<u>Total</u>	<u>2006 Total (As Restated)</u>
	<u>Operating</u>	<u>Operating Endowment</u>	<u>Stewardship Investments</u>	<u>Revolving Loan</u>	<u>Special Projects</u>	<u>Aldermere Farm</u>		
Cash flows from operating activities								
Change in net assets	\$ 8,585,622	\$ 2,276,563	\$ 658,804	\$ 235,261	\$ 163,749	\$ 74,883	\$ <b>11,994,882</b>	\$ 15,941,893
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities								
Depreciation	46,884	-	-	-	-	60,131	<b>107,015</b>	102,261
Donated land received	(6,576,400)	-	-	-	-	-	<b>(6,576,400)</b>	(4,037,900)
Land donated to others	1,441,812	-	-	-	-	-	<b>1,441,812</b>	1,985,246
Loss on impairment of land	4,263,305	-	-	-	-	-	<b>4,263,305</b>	-
Loss on sale of land	866,154	-	-	-	-	-	<b>866,154</b>	8,775
Loss (gain) on sale of cattle and equipment	451	-	-	-	-	(17,884)	<b>(17,433)</b>	1,132
Forgiven note payable	(150,000)	-	-	-	-	-	<b>(150,000)</b>	-
Provision for uncollectible pledges receivable	30,000	-	-	-	-	-	<b>30,000</b>	-
Net gain on investments	(8,925)	(1,456,353)	(720,004)	(134,582)	(146,880)	-	<b>(2,466,744)</b>	(3,603,403)
Increase in beneficial interest in split-interest agreements	-	-	-	-	-	(134,517)	<b>(134,517)</b>	(232,519)
Contributions and investment income restricted for long-term investment	(9,601,878)	(623,690)	-	-	-	-	<b>(10,225,568)</b>	(7,631,891)
Decrease (increase) in								
Pledges receivable	(439,453)	-	-	-	-	-	<b>(439,453)</b>	(152,277)
Accounts receivable	(2,298)	-	-	-	-	16,344	<b>14,046</b>	(4,150)
Bequest receivable	-	-	-	-	-	-	-	492,100
Deposits and other assets	(545,386)	-	-	-	-	(202)	<b>(545,588)</b>	(10,704)
Increase (decrease) in								
Accounts payable	19,749	-	-	-	-	56,864	<b>76,613</b>	4,528
Accrued expenses and other liabilities	(139,354)	-	-	-	-	-	<b>(139,354)</b>	143,095
Net cash provided (used) by operating activities	<u>(2,209,717)</u>	<u>196,520</u>	<u>(61,200)</u>	<u>100,679</u>	<u>16,869</u>	<u>55,619</u>	<u><b>(1,901,230)</b></u>	<u>3,006,186</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, 2007

(With Comparative Totals for the Year Ended December 31, 2006)

	<u>2007</u>						<u>Total</u>	<u>2006 Total (As Restated)</u>
	<u>Operating</u>	<u>Operating Endowment</u>	<u>Stewardship Investments</u>	<u>Revolving Loan</u>	<u>Special Projects</u>	<u>Aldermere Farm</u>		
Cash flows from investing activities								
Purchase of land	(4,473,315)	-	-	-	-	-	<b>(4,473,315)</b>	(6,642,507)
Proceeds from sale of land	69,846	-	-	-	-	-	<b>69,846</b>	24,945
Purchase of property and equipment	(66,206)	-	-	-	-	(145,153)	<b>(211,359)</b>	(128,732)
Purchase of investments	-	(2,069,660)	(1,016,959)	(83,527)	(116,565)	-	<b>(3,286,711)</b>	(4,097,387)
Proceeds from sale of investments	-	1,319,452	431,536	500,000	99,696	-	<b>2,350,684</b>	1,815,592
Advances on notes receivable	-	-	-	(1,300,000)	-	-	<b>(1,300,000)</b>	(659,255)
Principal repayments on notes receivable	-	-	-	660,048	-	-	<b>660,048</b>	375,000
Proceeds from sale of cattle and equipment	<u>600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,481</u>	<b><u>60,081</u></b>	<u>30,649</u>
Net cash used by investing activities	<u>(4,469,075)</u>	<u>(750,208)</u>	<u>(585,423)</u>	<u>(223,479)</u>	<u>(16,869)</u>	<u>(85,672)</u>	<b><u>(6,130,726)</u></b>	<u>(9,281,695)</u>
Cash flows from financing activities								
Change in due to/from other funds	(649,163)	(119,999)	646,623	122,800	-	(261)	-	-
Contributions and investment income received, restricted for long-term investment	7,719,076	673,687	-	-	-	-	<b>8,392,763</b>	6,019,505
Principal payments on notes payable	<u>(49,999)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<b><u>(49,999)</u></b>	<u>(12,472)</u>
Net cash provided (used) by financing activities	<u>7,019,914</u>	<u>553,688</u>	<u>646,623</u>	<u>122,800</u>	<u>-</u>	<u>(261)</u>	<b><u>8,342,764</u></b>	<u>6,007,033</u>
Net increase (decrease) in cash	341,122	-	-	-	-	(30,314)	<b>310,808</b>	(268,476)
Cash, beginning of year	<u>11,342,263</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>213,807</u>	<b><u>11,556,070</u></b>	<u>11,824,546</u>
Cash, end of year	<u>\$ 11,683,385</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 183,493</u>	<b><u>\$ 11,866,878</u></b>	<u>\$ 11,556,070</u>
Supplemental disclosures								
Noncash transactions								
Donated land received subject to life tenancy liability	\$ 2,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	<b>\$ 2,000,000</b>	\$ -
Purchase of land in exchange for notes payable	530,000	-	-	-	-	-	<b>530,000</b>	-

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

# MAINE COAST HERITAGE TRUST

## Notes to Financial Statements

December 31, 2007

### **Purpose of the Organization**

Maine Coast Heritage Trust's (the Organization's) mission is to conserve coastal and other lands that define Maine's distinct landscape, protect its ecology, sustain its outdoor traditions and promote the well-being of its people. 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.

During 2007, the Organization received approximately 36% of all contributions from three donors.

### **1. Summary of Significant Accounting Policies**

#### **Basis of Presentation**

Net assets and revenues, expenses, gains, and losses are classified and reported based on the existence or absence of donor-imposed restrictions as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions for land acquisition are reclassified to unrestricted net assets when land is acquired in accordance with the donor's instructions and in furtherance of the Organization's mission.

Permanently restricted net assets - Net assets subject to a donor-imposed stipulation that contributed resources be maintained permanently but that permits the Organization to use up or expend part or all of the income or other economic benefits derived from the donated asset.

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

- Operating fund, which includes unrestricted and restricted resources, 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, and stewardship contributions and expenses (stewardship investment activity is reported in the stewardship investments fund).

# MAINE COAST HERITAGE TRUST

## Notes to Financial Statements

December 31, 2007

- Operating endowment represents unrestricted, temporarily and permanently restricted contributions, 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 permanently restricted contributions is not eroded.
- Stewardship investments represents only the investment activity of the stewardship operations.
- Revolving loan represents resources held for conservation purposes, including acquisition of land and loans to other conservation organizations.
- Special projects represents resources that are held for board-designated special projects, the income from which is reflected in the operating or special projects fund.
- Aldermere Farm represents unrestricted and restricted resources received through a bequest, including a beneficial interest in a perpetual trust. The distributions from this trust are to be used to fund farm operations in furtherance of the Organization's mission.

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. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2006, from which the summarized information was derived.

### **Pledges and Grants Receivable**

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. All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

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

# MAINE COAST HERITAGE TRUST

## Notes to Financial Statements

December 31, 2007

### **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, 2007 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.

### **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. Breeding livestock are carried at the lower of accumulated animal purchase and maintenance costs or market. 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 unrestricted support, 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 restricted support. 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. Gifts of land are reported as unrestricted support, 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 restricted support. 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, 2007

### **Impairment of Long-Lived Assets**

In accordance with Statement of Financial Accounting Standards (SFAS) No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, 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 subjects 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 carrying value of the land by \$9,220,509 at December 31, 2007. The impairment was determined to be 70% of the value of the land prior to the perpetual restrictions and is based on 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 SFAS No. 144, \$4,263,305 has been reflected as an impairment loss in the 2007 statement of activities for restrictions placed on land during 2007. There was no impairment during 2006. A prior period adjustment has been presented to correct an error relating to the exclusion of land impairment adjustments through December 31, 2005 of \$4,957,204. This reduced land and unrestricted net assets at December 31, 2005.

### **Credit Risk**

The Organization maintains its cash in deposit accounts that may exceed 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. generally accepted accounting principles 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.

# MAINE COAST HERITAGE TRUST

## Notes to Financial Statements

December 31, 2007

### **Income Taxes**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue 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 Internal Revenue Code. The Organization is not a private foundation.

### **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; accordingly, no allowance for doubtful accounts has been established. If accounts become uncollectible, they will be charged to operations when that determination is made.

# MAINE COAST HERITAGE TRUST

## Notes to Financial Statements

December 31, 2007

### 2. Pledges and Grants Receivable

Pledges and grants receivable at December 31, 2007 consist of the following:

Unconditional promises expected to be collected in:

	Less than <u>One Year</u>	One to <u>Five Years</u>	More than <u>Five Years</u>	Total Unconditional Promises <u>to Give</u>	Less Discount to Net Present <u>Value at 4-6%</u>	Less Allowance for Uncollectible <u>Pledges</u>	Net Pledges Receivable at December <u>31, 2007</u>
Operating							
Land pledge temporarily restricted	\$ 100,000	\$ -	\$ -	\$ 100,000	\$ -	\$ -	\$ 100,000
Grant temporarily restricted	661,500	-	-	661,500	-	-	661,500
Mitchell Cove/Ingall Shore temporarily restricted	105,000	-	-	105,000	-	-	105,000
Annual fund temporarily restricted	66,780	110,000	-	176,780	(14,871)	-	161,909
Stewardship temporarily restricted	2,000	5,000	17,700	24,700	(6,724)	-	17,976
MDI office construction temporarily restricted	102,500	60,000	-	162,500	(6,632)	-	155,868
MLTN circuit rider temporarily restricted	20,000	-	-	20,000	-	-	20,000
MLTN temporarily restricted	50,000	100,000	-	150,000	(9,322)	-	140,678
Downeast Land Trust collaborative	27,600	-	-	27,600	-	-	27,600
Washington County Office temporarily restricted	35,000	105,000	-	140,000	(11,512)	-	128,488
Stewardship - Marshall Island trails	35,000	-	-	35,000	-	-	35,000
SFS Campaign temporarily restricted	34,664	-	-	34,664	-	-	34,664
Campaign for the Coast							
Land protection-Cow Island	15,000	5,000	-	20,000	-	-	20,000
Stewardship	17,086	10,000	-	27,086	-	-	27,086
Stewardship-Norton Island	3,000	-	-	3,000	-	-	3,000
Land protection-Witherle Woods	4,000	-	-	4,000	-	-	4,000
Land protection-MDI	-	-	5,000,000	5,000,000	(1,475,197)	-	3,524,803
Land protection-Whaleboat	12,852	-	-	12,852	-	-	12,852
Land protection-Schoolhouse Ledge	207,328	5,000	-	212,328	-	-	212,328
Land protection-Norumbega Mountain	211,250	237,500	-	448,750	(21,696)	-	427,054
Undesignated	<u>3,302,712</u>	<u>6,675,217</u>	<u>300</u>	<u>9,978,229</u>	<u>(696,940)</u>	<u>(30,000)</u>	<u>9,251,289</u>
Total operating fund pledges	5,013,272	7,312,717	5,018,000	17,343,989	(2,242,894)	(30,000)	15,071,095
Operating endowment							
Permanently restricted	<u>50,000</u>	<u>100,000</u>	<u>-</u>	<u>150,000</u>	<u>(36,552)</u>	<u>-</u>	<u>113,448</u>
Total	<u>\$ 5,063,272</u>	<u>\$ 7,412,717</u>	<u>\$ 5,018,000</u>	<u>\$ 17,493,989</u>	<u>\$ (2,279,446)</u>	<u>\$ (30,000)</u>	<u>\$ 15,184,543</u>

# MAINE COAST HERITAGE TRUST

## Notes to Financial Statements

December 31, 2007

In addition, the Organization has received conditional grant funding from the United States Department of the Interior National Coastal Wetlands Conservation 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, 2007, these are not recognized as assets in the statement of financial position. These conditional grants are as follows:

- \$600,000 to support the Ingallshore Conservation Project.
- \$323,700 in support of the Ragged Island Conservation Easement Project.
- \$121,000 in support of the purchase of land at Willard Point.
- \$950,000 in support of the purchase of land in the Greater Pleasant Bay area (Phase II of the project); \$661,500 of this amount has been earned and is included in pledges and grants receivable and the balance of \$288,500 remains as a conditional grant at December 31, 2007.

### 3. Investments

Investments consist of the following:

Mutual funds - GMO	\$ 21,561,731
Mutual funds - TIFF	21,394,750
Investment in limited liability companies (LLCs)	<u>665,498</u>
Total investments	<u>\$ 43,621,979</u>

The Organization's interest and dividend income during 2007 was \$2,355,203, net of fees of \$18,162, and net gains on investments during 2007 were \$2,466,744.

The permanently restricted net assets in the operating endowment fund are invested to maintain their real value relative to inflation. Investments are managed for total return rather than income production. 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 4.5% of the beginning 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. This spending model is utilized for the operating endowment, special projects and stewardship investment funds.

Maine legislation requires that appreciation on investments of permanently restricted net assets be considered a donor restricted asset until appropriated pursuant to proper governing board action. The appreciation on the operating endowment investments is released from restriction upon appropriation by the Board of Directors in accordance with the spending policy as described above.

Approximately 20% of the investments held by the TIFF mutual fund and the majority of investments held by the LLC's 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.

# MAINE COAST HERITAGE TRUST

## Notes to Financial Statements

December 31, 2007

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 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. Due to the inherent uncertainty of valuations of these investment funds, the fair values may differ significantly from the values that would have been used had a ready market for the investment funds existed, and the differences could be material.

The TIFF mutual fund and the LLC's are audited on an annual basis. Management obtains these audited statements and reconciles them to the net asset values reported by the fund managers. In addition, on an ongoing basis management performs due diligence and monitoring activities including evaluation of fund managers and investment return, periodic communications with fund managers and attendance at annual meetings and reconciliations of quarterly fund statements to the recorded balances.

At December 31, 2007, the Organization had committed to investing an additional \$2,065,000 in the LLCs during 2008.

#### 4. Property and Equipment

Property and equipment consist of:

Land improvements	\$ 102,200
Buildings	933,102
Farm equipment	339,410
Farm furnishings	12,521
Livestock	156,149
Leasehold improvements	2,791
Office equipment	487,054
Construction in progress	<u>45,307</u>
	2,078,534
Accumulated depreciation	<u>(792,090)</u>
	<u>\$ 1,286,444</u>

# MAINE COAST HERITAGE TRUST

## Notes to Financial Statements

December 31, 2007

### 5. Land

Following is a summary of land held by the Organization at December 31, 2007:

Land purchased	\$ 26,330,556
Land donated	<u>21,573,657</u>
Total land	<u>\$ 47,904,213</u>

Land purchased and retained during 2007:

<u>Name</u>	<u>Location</u>
Meadow and Mountains Trust	Cutler
Hamilton Brook-Shapero	Lubec
Johnson Point	Machiasport
Narrows Mountain Lot 4	Machiasport
Northeast Creek Farm II	Bar Harbor
Compass Island	Territory administered by Maine
	LURC
Jed's Island	Blue Hill

Land purchased and retained during 2007-bargain purchases:

<u>Name</u>	<u>Location</u>
Willard Point & Hog Island	Harrington
Eastern Island	Steuben
Cranberry Shore Atlantic	Cranberry Isles
Ned's Point II	Friendship

Land sold during 2007:

<u>Name</u>	<u>Location</u>
Jordan's Delight	Harrington

Land transferred to other organizations during 2007:

<u>Name</u>	<u>Location</u>
Partridge Island & Beaver Meadow Brook	Milbridge
Russell Property	Northport
Jasper Beach	Machiasport

# MAINE COAST HERITAGE TRUST

## Notes to Financial Statements

December 31, 2007

Land donations received during 2007:

<u>Name</u>	<u>Location</u>
Indian Point*	Bar Harbor
Huckleberry (Green) Island	Brooksville
Big Bear Island	Deer Isle
Battle Avenue Fields	Castine
Basin/Scudder	Vinalhaven

\*This donation is subject to a life tenancy agreement with the donors. Based on an independent appraisal prepared in 2007, the value of the property is \$3,500,000, and the value of the remainder interest in the property is \$1,500,000, using an appreciation rate of 5% and a discount rate between 10-15%. The remaining \$2,000,000 is included as a liability in the statement of financial position at December 31, 2007.

The Organization also exchanged land in Gouldsboro on Stave Island for land in Gouldsboro, known as Sally Island.

The Organization has committed to purchase land in Steuben, known as Pigeon Hill, for \$250,000; in Southwest Harbor, known as Long Pond, for \$425,000; in Rockport, known as Erickson Fields, for \$70,000; and in Cutler, known as Bog Brook Cove Farm, for \$5,200,000; and has assigned a contract in Tremont, known as Bass Harbor Marsh, for \$100,000. Deposits related to these purchases were \$532,500 at December 31, 2007. The Organization has also committed to sell land in Steuben, known as Eastern Island, to the U.S. Fish and Wildlife Service.

In prior years, the Organization received certain contributions to be used toward the purchase of Marshall Island, which was purchased in 2003; Whaleboat Island, which was purchased in 2002; and Tinker Island, which was purchased in 2001. The donor stipulated that if the Organization subsequently sells these parcels, a portion of the amount received from the sales will be paid to the donor.

### 6. Description of Leasing Arrangements

The Organization leases office space in Topsham and Somesville under operating leases expiring in 2008 and 2010. The Topsham agreement provides for annual increases in rent equal to the percentage increase in the Consumer Price Index between the two most recent months of January preceding each such adjustment. The increase shall be not less than 2.5% and no greater than 10% annually.

# MAINE COAST HERITAGE TRUST

## Notes to Financial Statements

December 31, 2007

The following is a schedule of future minimum lease payments required under the leases:

2008	\$ 143,700
2009	100,500
2010	<u>50,200</u>
	\$ <u>294,400</u>

Rent expense under these leases totaled approximately \$138,775 for 2007.

A member of the Organization's Board of Directors owns a 25% interest in the lessor of the Topsham lease.

### 7. Borrowings

Notes payable consist of:

5% fixed rate note, payable in annual installments of \$53,000, plus accrued interest, through December 2012; collateralized by a mortgage on land in Blue Hill	\$ 265,000
5% fixed rate note, payable in annual installments of \$53,000, plus accrued interest, through December 2012; collateralized by a mortgage on land in Blue Hill	265,000
* Non-interest bearing note, due to Island Institute upon the sale of Crow Island to the U.S. Fish and Wildlife Service or another governmental entity; unsecured	<u>87,528</u>
	\$ <u>617,528</u>

\* Terms of this note state payment is due to Island Institute if the land is sold by 2010. The Organization expects to sell this land to the U.S. Fish and Wildlife Service by 2010.

Maturities of long-term debt for the next five years are as follows:

2008	\$ 106,000
2009	106,000
2010	193,528
2011	106,000
2012	<u>106,000</u>
	\$ <u>617,528</u>

The Organization has available a \$2 million line of credit, unsecured for a period of up to 120 days from the date of a draw, and then collateralized by investments. This line of credit expires in June 2008.

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# MAINE COAST HERITAGE TRUST

## Notes to Financial Statements

December 31, 2007

The Organization also has available a \$2.1 million line of credit, collateralized by investments or pledges at the option of the Organization. This line of credit expires in November 2008.

### 8. Employee Pension Plans

The Organization has established various defined contribution plans for employees. Contributions to the plan were \$153,784 for 2007.

### 9. Operating Endowment Investment Income

Income earned from operating endowment investments was as follows:

Gross investment income earned from operating endowment investments	\$ 2,546,918
Less: Investment fees	<u>12,188</u>
Net investment income earned from operating endowment investments	<u>\$ 2,534,730</u>

Investment income in the operating endowment fund was reported in the following classifications:

	Total Income Earned	Transferred To Operating Fund	Total Remaining in Operating Endowment
Permanently restricted - added to principal	\$ <u>613,690</u>	\$ <u>-</u>	\$ <u>613,690</u>
Temporarily restricted before income transfers - gross	1,153,724	-	1,153,724
Investment fees	(8,459)	-	(8,459)
Current year transfer into the operating fund in accordance with spending policy	<u>-</u>	<u>639,781</u>	<u>(639,781)</u>
Temporarily restricted - net	<u>1,145,265</u>	<u>639,781</u>	<u>505,484</u>
Unrestricted - gross	779,504	282,171	497,333
Investment fees	<u>(3,729)</u>	<u>-</u>	<u>(3,729)</u>
Unrestricted - net	<u>775,775</u>	<u>282,171</u>	<u>493,604</u>
Net operating endowment investment income	<u>\$ 2,534,730</u>	<u>\$ 921,952</u>	<u>\$ 1,612,778</u>

# MAINE COAST HERITAGE TRUST

## Notes to Financial Statements

December 31, 2007

### 10. 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 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 \$3,780,554 at December 31, 2007. Income earned on the trust was \$180,375 in 2007.

The Organization is also a remainder beneficiary of two 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 6% discount rate, was \$166,444 at December 31, 2007.

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 2% discount rate, was \$21,364 at December 31, 2007 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 \$285,060 at December 31, 2007.

Assets relating to the Organization's interest in these split-interest agreements are included in the statement of financial position as follows:

	<u>Operating</u>	Aldermere <u>Farm</u>
Beneficial interest in perpetual trust	\$ -	\$ 3,780,554
Charitable remainder unitrusts	166,444	-
Charitable gift annuities	<u>285,060</u>	<u>-</u>
Total beneficial interest in split-interest agreements	<u>\$ 451,504</u>	<u>\$ 3,780,554</u>

# MAINE COAST HERITAGE TRUST

## Notes to Financial Statements

December 31, 2007

### 11. Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2007 are available for the following purposes:

	<u>Operating</u>	<u>Operating Endowment</u>	<u>Stewardship Investments</u>	<u>Aldermere Farm</u>	<u>Total</u>
Stewardship	\$ 81,835	\$ -	\$ 218,578	\$ -	\$ 300,413
Land protection	20,139,441	-	-	-	20,139,441
General operations - time restricted	303,356	-	-	-	303,356
Pledge of land	100,000	-	-	-	100,000
General operations	-	3,064,908	-	-	3,064,908
Campaign for the Coast, interim allocation	-	5,786,686	6,190,839	-	11,977,525
MBNA - CPE Grant	-	-	-	207	207
MBNA - Natural Resources Inventory Grant	-	-	-	2,925	2,925
DEP - Storm Water Grant	-	-	-	1,373	1,373
Total	<u>\$20,624,632</u>	<u>\$ 8,851,594</u>	<u>\$ 6,409,417</u>	<u>\$ 4,505</u>	<u>\$35,890,148</u>

The operating endowment fund includes temporarily restricted net assets of \$5,786,686 designated as Campaign for the Coast, interim allocation. This represents the Organization's allocation of campaign contributions received based on Campaign for the Coast fund raising objectives as documented in the campaign literature. Upon the collection of outstanding pledges for the Campaign for the Coast, the Organization's final cumulative allocation of campaign contributions to the operating endowment fund will be transferred from temporarily restricted net assets to permanently restricted net assets.

### 12. Permanently Restricted Net Assets

Permanently restricted net assets at December 31, 2007 are restricted to:

Investments in perpetuity, the income from which is expendable to support the Espy Land Heritage award given by the Organization	\$ 48,320
Beneficial interest in a trust, the income from which is expendable to support Aldermere Farm operations (see Note 10)	3,780,554
Land and land improvements - Aldermere Farm	1,400,000
Investments in perpetuity, the income from which is expendable to support general operations of the Organization	<u>9,669,430</u>
	<u>\$14,898,304</u>

# MAINE COAST HERITAGE TRUST

## Notes to Financial Statements

December 31, 2007

### 13. Board-Designated Net Assets

The Board has chosen to designate a portion of net assets 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	\$ 114,347	\$ -	\$ 4,284,722	\$ -	\$ -	\$ 4,399,069
Revolving loan - island projects	-	-	-	106,222	-	106,222
Operating endowment	-	7,146,546	-	-	-	7,146,546
Special projects - general	-	-	-	-	2,795,292	2,795,292
Legal defense fund - conservation easements	-	-	-	-	250,000	250,000
Equipment replacement reserve	-	-	-	-	9,946	9,946
	<u>\$ 114,347</u>	<u>\$ 7,146,546</u>	<u>\$ 4,284,722</u>	<u>\$ 106,222</u>	<u>\$ 3,055,238</u>	<u>\$ 14,707,075</u>

### 14. Intentions to Give

The Organization has been notified of intentions to give valued at approximately \$4 million. These amounts are not recognized in the statement of financial position as the intentions are not unconditional promises to give.

### 15. Fair Value of Financial Instruments

The Organization's financial instruments consist of cash, investments, a bequest receivable, pledges and grants receivable, beneficial interest in split-interest agreements, accounts receivable and payable, accrued expenses, a life tenancy interest liability, and notes receivable and payable. The carrying values of all financial instruments approximate their fair values.

### 16. Guaranty

During 2007, the Organization entered into a guaranty agreement in the amount of \$250,000 to benefit the Norcross Wildlife Foundation, Inc. (Norcross), in the event an unrelated organization is in default under its promissory note payable to Norcross. The Organization has secured this guaranty with a \$250,000 certificate of deposit.

### 17. Subsequent Events

Subsequent to December 31, 2007, the Organization entered into a construction contract for construction of a building on the Babson Creek parcel in Somesville, Maine. This contract is for an estimated \$1,500,000 to complete the project.

## **SUPPLEMENTARY INFORMATION**

## MAINE COAST HERITAGE TRUST

## Schedule of Operating Fund Expenses

Year Ended December 31, 2007

(With Comparative Totals for the Year Ended December 31, 2006)

	2007					Total	2006 Total
	Operations Support	Land Protection	Fund Raising	Public Education and Outreach	Stewardship		
Salaries and wages	\$ 82,689	\$ 970,949	\$ 107,767	\$ 99,554	\$ 257,099	<b>\$ 1,518,058</b>	\$ 1,329,877
Payroll taxes	6,637	77,932	8,650	7,991	20,636	<b>121,846</b>	106,090
Employee benefits	20,581	238,567	26,823	27,877	63,991	<b>377,839</b>	334,312
Professional fees	50,011	27,620	162	225	7,207	<b>85,225</b>	88,747
Investment fees	-	-	-	-	-	-	-
Contract personnel	29,234	30,357	-	38,431	52,282	<b>150,304</b>	81,299
Printing and copying	118	522	32,812	97,792	566	<b>131,810</b>	125,539
Rent and utilities	8,156	94,762	11,239	10,223	25,360	<b>149,740</b>	136,646
Telephone	1,097	12,745	1,566	1,321	3,411	<b>20,140</b>	17,269
Postage and dues	997	11,589	1,274	1,351	3,226	<b>18,437</b>	27,032
Office supplies	1,317	15,297	1,681	1,783	4,094	<b>24,172</b>	18,553
Project expense	90	3,053,148	61,972	86,373	1,821	<b>3,203,404</b>	3,219,523
Travel	1,997	33,917	4,743	7,022	18,803	<b>66,482</b>	52,379
Board and committee meetings	51	21,792	550	2,913	646	<b>25,952</b>	23,717
Conference	-	25,692	-	-	-	<b>25,692</b>	19,495
Newsletter	-	10,152	-	-	-	<b>10,152</b>	4,565
Dues	327	3,002	290	5,020	-	<b>8,639</b>	8,222
Insurance	1,701	19,764	2,172	2,304	5,289	<b>31,230</b>	28,673
Staff recruitment	-	29,800	75	1,310	-	<b>31,185</b>	3,790
Staff training	319	9,947	1,451	1,568	2,287	<b>15,572</b>	13,863
Office equipment expense	3,673	42,669	4,689	4,975	20,960	<b>76,966</b>	61,481
Property management	-	-	-	-	104,024	<b>104,024</b>	73,094
Property taxes	-	591	-	-	89,463	<b>90,054</b>	71,581
Books and periodicals	-	2,124	389	1,460	149	<b>4,122</b>	1,846
Payroll service and other fees	7,164	2,436	-	-	-	<b>9,600</b>	7,016
Depreciation	46,884	-	-	-	-	<b>46,884</b>	48,316
Write-off of uncol- lectible pledges	-	30,000	-	-	-	<b>30,000</b>	-
Equipment expense	<u>17,639</u>	<u>4,142</u>	<u>1,026</u>	<u>901</u>	<u>9,642</u>	<b><u>33,350</u></b>	<u>38,620</u>
Total	<b><u>\$ 280,682</u></b>	<b><u>\$ 4,769,516</u></b>	<b><u>\$ 269,331</u></b>	<b><u>\$ 400,394</u></b>	<b><u>\$ 690,956</u></b>	<b><u>\$ 6,410,879</u></b>	<b><u>\$ 5,941,545</u></b>

## MAINE COAST HERITAGE TRUST

## Schedule of Stewardship Expenses

Year Ended December 31, 2007

(With Comparative Totals for the Year Ended December 31, 2006)

2007

	<u>Headlands</u>	<u>Hatch Natural Area</u>	<u>Conservation Easements</u>	<u>William Basin</u>	<u>Gott Island</u>	<u>Fee Properties</u>	<u>Calderwood</u>	<u>Total</u>	<u>2006 Total</u>
Salaries and wages	\$ 8,790	\$ 4,585	\$ 112,336	\$ -	\$ -	\$ 131,388	\$ -	\$ 257,099	\$ 187,991
Payroll taxes	705	368	9,017	-	-	10,546	-	20,636	15,059
Employee benefits	2,188	1,141	27,960	-	-	32,702	-	63,991	47,772
Professional fees	523	-	-	-	-	6,684	-	7,207	23,090
Contract personnel	-	-	-	-	-	52,282	-	52,282	18,781
Printing and copying	-	-	-	-	-	566	-	566	343
Rent and utilities	867	452	11,081	-	-	12,960	-	25,360	20,289
Telephone	117	61	1,490	-	-	1,743	-	3,411	3,759
Postage and dues	106	55	1,355	-	-	1,710	-	3,226	3,837
Office supplies	140	73	1,789	-	-	2,092	-	4,094	1,526
Project expense	1,000	-	4	-	-	817	-	1,821	321
Travel	140	90	2,116	160	-	16,297	-	18,803	17,060
Board and committee meetings	-	-	-	-	-	646	-	646	591
Insurance	181	94	2,311	-	-	2,703	-	5,289	4,053
Staff training	-	-	-	-	-	2,287	-	2,287	3,247
Property management	7,805	590	-	-	-	95,629	-	104,024	73,094
Property taxes	3,899	1,000	-	-	1,332	82,732	500	89,463	70,733
Books and periodicals	-	-	-	-	-	149	-	149	128
Office equipment	390	204	4,989	-	-	15,377	-	20,960	29,793
Equipment expense	58	-	-	-	-	9,584	-	9,642	24,985
	<u>\$ 26,909</u>	<u>\$ 8,713</u>	<u>\$ 174,448</u>	<u>\$ 160</u>	<u>\$ 1,332</u>	<u>\$ 478,894</u>	<u>\$ 500</u>	<u>\$ 690,956</u>	<u>\$ 546,452</u>

## MAINE COAST HERITAGE TRUST

## Schedule of Operating Fund Restricted Activity (Excluding Stewardship)

Year Ended December 31, 2007

	Balance at December 31, 2006	Contributions and Grants	Campaign for the Coast Interim Allocation and Other Transfers	Restricted Expenditures Released	Balance at December 31, 2007
Frenchboro	\$ -	\$ 3,850	\$ -	\$ -	\$ 3,850
Garden Party	-	1,000	-	(1,000)	-
Jasper Beach	-	366,000	-	(366,000)	-
Llama Keep - Pleasant Bay Farm	-	390,000	-	(390,000)	-
LTA - AYO	-	4,000	-	-	4,000
Narraguagus Bay	-	1,000	-	-	1,000
Birch Harbor	-	132,353	-	(10,000)	122,353
Bog Brook	-	1,891,265	-	(522,282)	1,368,983
Drisko Farm	-	187,500	-	(187,500)	-
Erickson	-	306,407	-	(200,000)	106,407
Sweetwater Trust	-	150,000	-	(150,000)	-
Northeast Creek	-	300,000	-	(300,000)	-
Ragged Island	-	30,000	-	(16,200)	13,800
Schoolhouse Ledge	-	1,037	-	(1,037)	-
Till's Point	-	7,532	-	(7,532)	-
York River	-	25	-	(25)	-
Beaver Meadow Brook	-	84,000	-	(84,000)	-
Grants Weskeag	24,647	-	-	-	24,647
Frenchboro Shorefront Acquisition	197,905	-	-	-	197,905
MLTN	167,466	27,127	-	(64,703)	129,890
MLTN - Circuit Rider	65,000	-	-	(21,692)	43,308
MLTN Horizon Grant	3,960	-	-	-	3,960
MLTN Island Foundation Grant	23,823	-	-	-	23,823
MLTN LL Bean Grant	9,500	25,000	-	(22,750)	11,750
Second Pond	1,000	-	-	-	1,000
LTA Grant	7,507	-	-	-	7,507
LTA MCPI	5,157	10,000	-	(15,157)	-
LTA Easement	8,604	-	-	(863)	7,741
Downeast Collaborative	75,000	45,000	-	(49,706)	70,294
MDI Office	119,860	399,713	-	(27,088)	492,485
Mill River	8,669	-	-	-	8,669
MDI Land	3,632,439	-	-	-	3,632,439
SFSC	62,729	64,661	-	(127,390)	-
Willard Point (SFSC)	5,100	29,564	-	-	34,664
Mitchell Cove	-	137,538	-	-	137,538
Washington County	500	190,000	-	-	190,500
Barred Island	1,000	-	-	-	1,000
NOAA	5,417	20,000	-	(15,907)	9,510
Cranberry Shores	99,400	-	-	(99,400)	-
Southern Maine	25,000	-	-	-	25,000
Campaign for the Coast-CL-Conservation Innovation	968,350	-	-	(54,546)	913,804
Campaign for the Coast-Conservation Leadership	1,479,280	-	236,105	(112,111)	1,603,274
Campaign for the Coast-Gotts Island	71,458	-	-	-	71,458
Campaign for the Coast-Caterpillar Hill	125,000	-	-	-	125,000
Campaign for the Coast-CE-Blue Hill Bay Area	200,000	-	-	-	200,000
Campaign for the Coast-Friendship Long Island	2,000	-	-	(2,000)	-
Campaign for the Coast-Witherle Woods	46,742	-	-	(6,921)	39,821
Campaign for the Coast-Babson Creek	702	-	-	-	702
Campaign for the Coast-Long/Schooner Cove	12,176	-	-	(3,600)	8,576
Campaign for the Coast-Cobscook Falls	38,439	6,000	-	-	44,439
Campaign for the Coast-Gateway	96,570	10,093	-	(80,291)	26,372
Campaign for the Coast-NE Creek Woodlands	1,000	-	-	(1,000)	-
Campaign for the Coast-Norumbega	-	15,927	-	(15,927)	-
Campaign for the Coast-Scott's Landing	15,684	-	-	-	15,684
Campaign for the Coast-Land Protection	232,532	-	459,812	-	692,344
Campaign for the Coast-Undesignated	10,372,910	6,052,217	(1,597,762)	(5,103,421)	9,723,944
<b>Total</b>	<b>\$ 18,212,526</b>	<b>\$ 10,888,809</b>	<b>\$ (901,845)</b>	<b>\$ (8,060,049)</b>	<b>\$ 20,139,441</b>

## MAINE COAST HERITAGE TRUST

## Schedule of Activity - Selected Funds

Year Ended December 31, 2007

	^ Land Opportunity Fund	*Conservation Leadership Temporarily Restricted	*Conservation Innovation Temporarily Restricted
Balance December 31, 2006	\$ 74,564	\$ 1,479,280	\$ 968,350
Campaign for the Coast Interim Allocation	-	236,105	-
Expenditures	(67,066)	(112,111)	(54,546)
Transfers in	<u>115,491</u>	<u>-</u>	<u>-</u>
Balance December 31, 2007	<u>\$ 122,989</u>	<u>\$ 1,603,274</u>	<u>\$ 913,804</u>

^ Land Opportunity Fund is included in the Revolving Loan Fund

\* Conservation Leadership and Conservation Innovation are included in the Operating Fund