THE WALDEN WOODS PROJECT

FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

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Certified Public Accountants & Consultants

THE WALDEN WOODS PROJECT

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INDEPENDENT AUDITORS' REPORT

Board of Directors
The Walden Woods Project
Lincoln, Massachusetts

We have audited the accompanying statements of The Walden Woods Project, which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities 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 U.S. generally accepted accounting principles; 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 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 auditors' 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 Project'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 Project'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 The Walden Woods Project as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Tonneson & Company, PC

Wakefield, Massachusetts
May 6, 2015

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THE WALDEN WOODS PROJECT

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2014 AND 2013

ASSETS

	2014	2013
ASSETS:		
Cash and cash equivalents	$ 32,716	$ 33,710
Investments	6,631,766	6,117,000
Contributions receivable	60,342	79,239
Prepaid expenses	163,123	52,326
Buildings, equipment, and endangered land held for preservation, net	17,345,712	16,537,721
Conservation restrictions	2,206,339	2,206,339
Collections	704,324	353,114
Other assets	221,000	221,000
TOTAL ASSETS	$ 27,365,322	$ 25,600,449

LIABILITIES AND NET ASSETS

	2014	2013
LIABILITIES:		
Note payable, bank	$ 675,000	$ 1,482,000
Accounts payable and accrued expenses	47,557	44,490
Notes payable	214,000	28,000
Total liabilities	936,557	1,554,490
NET ASSETS:		
Unrestricted	15,587,899	13,338,016
Temporarily restricted	1,866,777	1,758,854
Permanently restricted	8,974,089	8,949,089
Total net assets	26,428,765	24,045,959
TOTAL LIABILITIES AND NET ASSETS	$ 27,365,322	$ 25,600,449

See Notes to Financial Statements.

THE WALDEN WOODS PROJECT

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES:				
Contributions	$ 2,097,271	$ 15,000	$ 25,000	$ 2,137,271
Grants	11,999	-	-	11,999
Special event revenue	1,601,897	-	-	1,601,897
Merchandise sales	117,511	-	-	117,511
Investment income	42,575	386	-	42,961
Other Income	5,075	-	-	5,075
Net realized and unrealized gain on investments	334,863	126,434	-	461,297
Net assets released from restrictions:				
Satisfaction of program and donor restrictions	33,897	(33,897)	-	-
Total revenues	4,245,088	107,923	25,000	4,378,011
EXPENSES:				
Contributions made	6,585	-	-	6,585
Cost of special events	367,900	-	-	367,900
Fundraising	50,153	-	-	50,153
Depreciation and amortization	343,242	-	-	343,242
General, administrative and program	1,227,325	-	-	1,227,325
Total expenses	1,995,205	-	-	1,995,205
INCREASE IN NET ASSETS	2,249,883	107,923	25,000	2,382,806
NET ASSETS, BEGINNING OF YEAR	13,338,016	1,758,854	8,949,089	24,045,959
NET ASSETS, END OF YEAR	$ 15,587,899	$ 1,866,777	$ 8,974,089	$ 26,428,765

See Notes to Financial Statements.

THE WALDEN WOODS PROJECT

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES:				
Contributions	$ 1,114,125	$ 149,164	$ 1,000,000	$ 2,263,289
Grants	50,000	-	-	50,000
Merchandise sales	98,830	-	-	98,830
Investment income	30,335	3,082	-	33,417
Net realized and unrealized gain on investments	198,472	519,932	-	718,404
Net assets released from restrictions:				
Satisfaction of program and donor restrictions	72,479	(72,479)	-	-
Total revenues	1,564,241	599,699	1,000,000	3,163,940
EXPENSES:				
Contributions made	2,827	-	-	2,827
Fundraising	41,257	-	-	41,257
Depreciation and amortization	331,490	-	-	331,490
General, administrative, and program	1,202,195	-	-	1,202,195
Total expenses	1,577,769	-	-	1,577,769
INCREASE (DECREASE) IN NET ASSETS	(13,528)	599,699	1,000,000	1,586,171
NET ASSETS, BEGINNING OF YEAR	13,351,544	1,159,155	7,949,089	22,459,788
NET ASSETS, END OF YEAR	$ 13,338,016	$ 1,758,854	$ 8,949,089	$ 24,045,959

See Notes to Financial Statements.

THE WALDEN WOODS PROJECT

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2014 AND 2013

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	$ 2,382,806	$ 1,586,171
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	343,242	331,490
Net realized and unrealized gains on investments	(461,297)	(718,404)
Donated marketable securities	(528,567)	(496,469)
Donated assets	(5,477)	(8,168)
Changes in operating assets and liabilities:		
Contributions receivable	18,897	(77,239)
Prepaid expenses	(127,749)	2,537
Collections	(1,210)	-
Accounts payable and accrued expenses	3,067	2,335
Net cash provided by operating activities	1,623,712	622,253
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of buildings, equipment and endangered land	(1,128,804)	(14,733)
Proceeds from sale of investments	2,762,537	2,257,713
Purchase of investments	(2,287,439)	(3,292,080)
Net cash used in investing activities	(653,706)	(1,049,100)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from (repayments of) note payable, bank	(807,000)	444,000
Repayments of notes payable	(164,000)	(14,000)
Net cash provided by (used in) financing activities	(971,000)	430,000
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(994)	3,153
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	33,710	30,557
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 32,716	$ 33,710

See Notes to Financial Statements.

THE WALDEN WOODS PROJECT

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 AND 2013

Note 1 - Summary of Significant Accounting Policies

Organization - The Walden Woods Project (the "Project"), formerly known as The Isis Fund, was founded by Donald Henley, a Director of the Project, and incorporated in the State of California as a public benefit corporation in October 1990. The Project's purpose is to preserve real properties in ecologically important areas. Additionally, the Project operates The Thoreau Institute at Walden Woods. The Thoreau Institute supports research and education related to Henry David Thoreau. Resources are raised through contributions from individuals, foundations and corporations, private and government grants and other fund-raising activities.

Basis of Presentation - The accompanying financial statements have been prepared on the accrual basis in accordance with U.S. generally accepted accounting principles.

The Project has classified the net assets, into three categories, based on the existence or absence of donor imposed restrictions. The three categories are defined as follows:

> ***Unrestricted*** **-** Net assets not subject to any restriction on their use.
>
> ***Temporarily restricted*** **-** Net assets whose use is limited by law or donor-imposed restriction that will either expire with the passage of time or be fulfilled by meeting the restriction.
>
> ***Permanently restricted*** - Net assets subject to donor-imposed restrictions that require the assets be held for conservation purposes or invested in perpetuity to produce income for general or specific purposes.

Revenues are reported as an increase in unrestricted net assets, unless the use of the related assets is limited by donor-imposed restrictions or by law. Expenses are generally reported as a decrease in unrestricted net assets. Expiration of temporary restrictions is reflected in the statements of activities as net assets released from restrictions. Realized gains and losses from the sale, or other disposition of investments, are reported as revenue in unrestricted net assets unless their use is restricted by specific donor-imposed stipulation or by law.

Cash and Cash Equivalents - The Project considers all highly liquid investments with a maturity of three months or less to be cash equivalents. Cash and cash equivalents consisted of cash and money market accounts.

Contributions - All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give with due dates scheduled after the statements of financial position date are shown as increases in temporarily or permanently restricted net assets. If a restriction is fulfilled in the same time period in which the contribution is received, the Project reports the support as unrestricted.

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable values. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. Due to the current nature of unconditional promises to give at December 31, 2014 and 2013, the Project did not record a discount on unconditional promises to give. Conditional promises to give are not included as revenue until such time as the conditions are substantially met.

Note 1 - Summary of Significant Accounting Policies (Continued)

Contributions Receivable - All contributions receivable have been reviewed by management, and they have determined that no allowance for doubtful accounts is required as of December 31, 2014 and 2013.

Investments - Investments are reported at fair market value. The fair value of investments is based on the underlying investments valued at quoted market prices. Purchases and sales of investments are recorded on the trade date. The gain or loss on the sale of investments is determined using average cost. Unrealized gains and losses are included in the statements of activities.

Buildings, Equipment and Endangered Land - Buildings, equipment and endangered land held for preservation are stated at cost or fair value at date of the gift, net of accumulated depreciation. Depreciation expense is computed on a straight-line basis over the estimated useful lives of the assets:

	Estimated useful lives
Buildings and improvements	25 years
Land improvements	10 years
Equipment	3-10 years

Conservation Restrictions - Donated conservation restrictions are carried at appraised value at time of donation. Appraised value is based on the difference of the estimated value of the related conservation land before and after the restriction is granted. The Project holds other conservation restrictions which are not recorded in the financial statements because there is no reasonable estimate of their value.

Collections Items - The Project capitalizes collection items at cost or if donated to the Project, at an appraised value at times of the donation. The Project's collection items are artifacts of historical significance which are catalogued and preserved for educational, research and scientific purposes.

Income Taxes - The Project is a non-profit corporation organized under the laws of Massachusetts and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the financial statements do not reflect a provision for income taxes. This determination has been reviewed according to guidance in a Financial Accounting Standards Board pronouncement related to accounting for uncertainty in income taxes. In determining the recognition of uncertain tax positions, the Project applies a more-likely-than-not recognition threshold and determines the measurement of uncertain tax positions by considering the amounts and probabilities of the outcomes that could be realized upon ultimate settlement with taxing authorities. As of December 31, 2014, the Project has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Project is generally subject to potential examination by taxing jurisdictions for the prior three years.

The Project is potentially subject to Unrelated Business Income Tax (UBIT) relating to the sale of produce at a farm stand, which is not related to the Project's primary purpose of preserving conservation land. For the years ended December 31, 2014 and 2013, the Project did not incur any UBIT related to its farm stand operation.

Note 1 - Summary of Significant Accounting Policies (Continued)

Concentrations of Credit Risk - The Project is not aware of any concentrations of credit risk. The Project's bank offers supplemental deposit insurance in addition to FDIC insurance which insures all deposits above the FDIC insurance levels.

Use of Estimates in the Preparation of Financial Statements - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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 the estimates included in the financial statements.

Donated Assets - Non-cash donations are recorded as contributions at their estimated fair values at the date of donation. For the years ended December 31, 2014 and 2013, donated assets received by the Project amounted $534,044 and $504,637, respectively.

Subsequent Events - The date to which events occurring after December 31, 2014 have been evaluated for possible adjustment to the financial statements or disclosure is the date of the Independent Auditors' Report, which is the date the financial statements were available to be issued.

Note 2 - Fair Value Measurement

Accounting principles generally accepted in the United States of America defines fair value as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants. Further, accounting principles generally accepted in the United States of America require the Project 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. Accounting principles generally accepted in the United States of America specify a hierarchy of valuation techniques based on whether the 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 Project's market assumptions. 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.

Note 2 - Fair Value Measurement (Continued)

The following is the Project's methodology for assets measured at fair value. There has have been no changes in the methodologies used at December 31, 2014 and 2013.

Common stocks **-** Certain common stocks are valued at the closing price reported in the active market in which the individual securities are traded. If a quoted market price for unrestricted common stock of the issuer is not available, restricted common stocks are valued at a multiple of current earnings less an appropriate discount. The multiple chosen is consistent with multiples of similar companies based on current market prices. Investments in corporate stocks are classified as Level 1 of the valuation hierarchy.

Mutual funds **-** Mutual funds and exchange traded funds are valued using the Net Asset Value ("NAV") provided by the administrator of the fund and calculated at the close of business on the NYSE. 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 mutual funds and exchange traded funds are classified within Level 1 of the valuation hierarchy.

Corporate and U.S. Government bonds **-** Corporate bonds are valued at the closing price reported in the active market in which the bond is traded (or are valued based on yields currently available on comparable securities of issuers with similar credit ratings). Plan investments in corporate bonds are classified as Level 1 of the valuation hierarchy as all are available to be traded in an active market.

The following table summarizes the Project's financial assets measured at fair value on a recurring basis in accordance with accounting principles generally accepted in the United States of America as of December 31, 2014:

	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Unobservable Inputs Level 3
Investment portfolio:			
Common stocks:			
Basic materials	$ 129,776	$ -	$ -
Consumer goods	986,128	-	-
Energy	266,320	-	-
Financial	671,864	-	-
Healthcare	667,121	-	-
Industrial goods	540,540	-	-
Technology	797,338	-	-
Corporate bonds	958,117	-	-
U.S. Government bonds	743,794	-	-
U.S. Government money market funds	832,086	-	-
Mutual funds:			
Income funds	9,133	-	-
Value funds	14,232	-	-
Growth funds	10,231	-	-
International/global funds	5,086	-	-
	$ 6,631,766	$ -	$ -

Note 2 - Fair Value Measurement (Continued)

The following table summarizes the Project's financial assets measured at fair value on a recurring basis in accordance with accounting principles generally accepted in the United States of America as of December 31, 2013:

	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Unobservable Inputs Level 3
Investment portfolio:			
Common stocks:			
Basic materials	$ 97,334	$ -	$ -
Consumer goods	872,823	-	-
Energy	335,724	-	-
Financial	638,921	-	-
Healthcare	513,863	-	-
Industrial goods	414,909	-	-
Technology	790,787	-	-
Corporate bonds	771,620	-	-
U.S. Government bonds	755,368	-	-
U.S. Government money market funds	885,784	-	-
Mutual funds:			
Income funds	8,931	-	-
Value funds	18,591	-	-
Growth funds	6,716	-	-
International/global funds	5,629	-	-
	$ 6,117,000	$ -	$ -

Note 3 - Contributions Receivable

Contributions receivable consists of the following at December 31, 2014:

	Unrestricted	Temporarily Restricted	Total
Assistance for future unrestricted operations	$ -	$ 58,342	$ 58,342
Operating funds	-	2,000	2,000
	$ -	$ 60,342	$ 60,342

Note 3 - Contributions Receivable (Continued)

Contributions receivable consists of the following at December 31, 2013:

	Unrestricted	Temporarily Restricted	Total
Assistance for future unrestricted operations	$ -	$ 77,239	$ 77,239
Operating funds	-	2,000	2,000
	$ -	$ 79,239	$ 79,239

At December 31, 2014, contributions receivable are expected to be collected as follows:

	Unrestricted	Temporarily Restricted	Total
One to five years	$ -	$ 60,342	$ 60,342
	$ -	$ 60,342	$ 60,342

Note 4 - Investments

Investments consisted of the following at December 31, 2014 and 2013:

	2014	2013
Equity securities	$ 4,059,087	$ 3,664,361
Fixed income securities	1,701,911	1,526,988
U.S. Government money market funds	832,086	885,784
Mutual funds	38,682	39,867
	$ 6,631,766	$ 6,117,000

The Project invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the amounts reported on the Statements of Financial Position.

For the years ended December 31, 2014 and 2013, the Project incurred investment management fees of $47,807 and $38,135, respectively.

THE WALDEN WOODS PROJECT

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 AND 2013

Note 5 - Buildings, Equipment and Endangered Land Held for Preservation

Buildings, equipment and endangered land held for preservation consists of the following at December 31, 2014 and 2013:

	2014	2013
Buildings, improvements and equipment	$ 9,525,323	$ 9,070,164
Less accumulated depreciation	(5,964,198)	(5,637,909)
	3,561,125	3,432,255
Walden Woods Endangered Land:		
Fairhaven Road	1,247,986	1,247,986
Concord Commons	2,195,688	2,195,688
Brister's Hill	2,522,111	2,522,111
Baker Farm Road	556,857	556,857
Fairhaven Hill	704,286	704,286
Sudbury Road	1,800,000	1,800,000
Baker Farm Road (Adams property)	1,375,000	1,375,000
The Farm at Walden Woods	2,703,538	2,703,538
Concord Turnpike	679,121	-
	$ 17,345,712	$ 16,537,721

Note 6 - Restricted Net Assets

Restricted net assets consists of the following at December 31, 2014 and 2013:

	2014		2013	
	Temporarily Restricted	Permanently Restricted	Temporarily Restricted	Permanently Restricted
Donor stipulations:				
Purchase of buildings and trees	$ 4,900	$ -	$ 4,900	$ -
Thoreau Institute/Educational Program Development	-	3,385,864	-	3,385,864
Ecological restoration/Interpretive trails	387,742	3,588,225	387,742	3,563,225
Specific restrictions	76,751	-	76,751	-
Conservation restrictions	-	2,000,000	-	2,000,000
Total donor stipulations	469,393	8,974,089	469,393	8,949,089
Endowment:				
Restricted investment income	25,106	-	24,720	-
Net unrealized gain on investments	1,311,936	-	1,185,502	-
Total endowment	1,337,042	-	1,210,222	-
Contributions receivable - operations	60,342	-	79,239	-
Total	$ 1,866,777	$ 8,974,089	$ 1,758,854	$ 8,949,089

Note 7 - Endowment

The Project's endowment consists of donor restricted funds established for a variety of purposes. As required by U.S. generally accepted accounting principles, 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.

The Project has interpreted the Massachusetts Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result, the Project classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the permanent 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 net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Project.

In accordance with UPMIFA, the Project considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Project and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Project
7. The investment policies of the Project

Investment Return Objectives, Risk Parameters and Strategies **-** The Project's policy is to invest the endowment in a socially responsible manner, as determined by the Project's Board of Directors. The investment objective is to preserve and grow the value of the investments. To this end, the investments are managed using a Balanced Capital Growth strategy that works towards preserving and growing principal on a risk-adjusted basis over time.

Spending Policy **-** The Project's policy is to delay spending of investment income earned on the Project Endowment unless necessary to support the activities and operations of the Project.

THE WALDEN WOODS PROJECT

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 AND 2013

Note 7 - Endowment (Continued)

The endowment net asset composition by type of fund as of December 31, 2014 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	$ -	$ 1,149,854	$ 8,974,089	$ 10,123,943

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets				
Beginning of Year	$ -	$ 1,040,789	$ 8,949,089	$ 9,989,878
Contributions	-	-	25,000	25,000
Investment gain	-	109,065	-	109,065
End of Year	$ -	$ 1,149,854	$ 8,974,089	$ 10,123,943

The endowment net asset composition by type of fund as of December 31, 2013 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	$ -	$ 1,040,789	$ 8,949,089	$ 9,989,878

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets				
Beginning of Year	$ -	$ 577,253	$ 7,949,089	$ 8,526,342
Contributions			1,000,000	1,000,000
Investment gain	-	463,536	-	463,536
End of Year	$ -	$ 1,040,789	$ 8,949,089	$ 9,989,878

Note 8 - Note Payable, Bank

The Project has a line of credit agreement, which is subject to renewal on July 31, 2015. The maximum borrowings available under the agreement are $2,000,000, payable on demand and bear interest at the bank's prime rate (3.25% at December 31, 2014). The agreement is collateralized by a security interest in substantially all of the Project's marketable securities. The primary purpose of the line of credit is to fund working capital requirements. The agreement contains certain financial and non-financial covenant requirements. Management is not aware of any violations of the covenants as of December 31, 2014. At December 31, 2014 and 2013, borrowings outstanding under the line of credit agreement amounted to $675,000 and $1,482,000, respectively.

Note 9 - Notes Payable

Notes payable consists of the following at December 31, 2014 and 2013:

		2014		2013
Non-interest bearing note payable, collateralized by collection items, payable in five annual principal payments of $14,000 beginning in 2011.	$	14,000	$	28,000
Non-interest bearing note payable, collateralizd by collections items, payable in annual principal payments of $150,000 in 2014 and $100,000 in 2015 and 2016.		200,000		-
		214,000		28,000
Less amount due within one year		114,000		14,000
Long-term portion	$	100,000	$	14,000

Annual principal installments scheduled for payment over future years are as follows:

Year ending December 31,		Amount
2015	$	114,000
2016		100,000
	$	214,000

Note 10 - Contributed Services

The Project recognized contribution revenue (and corresponding expenses) for contributed professional services based upon compensation that would have been paid for such services. For the years ended December 31, 2014 and 2013, the Project received approximately $35,000 and $29,000 in contributed services related to legal expenses, respectively.

A substantial number of volunteers have made significant contributions of their time to develop the Project's programs, principally The Thoreau Institute. The value of this contributed time is not reflected in these statements as no objective basis is available to measure the value of such services.

Note 11 - Retirement Plan

The Project has established a 403(b) defined contribution retirement plan in which eligible employees can elect to defer a percentage of their compensation. The Project also contributes 5% of an employee's salary for eligible employees. All employee deferrals are subject to IRS limitations. Contributions of $23,089 and $17,487 were made during the years ended December 31, 2014 and 2013, respectively.

While the Project 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 payments of benefits to the participants or their beneficiaries.

Note 12 - Statements of Cash Flows Supplemental Notes

Cash paid for interest during the years ended December 31, 2014 and 2013 amounted to $22,131 and $44,376, respectively.

Supplemental schedule of non-cash operating and financing activities:

During the year ended December 31, 2014, the Project obtained a Thoreau collection in the amount of $350,000 in exchange for a note payable in the amount of $350,000.