THE WALDEN WOODS PROJECT

FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

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Certified Public Accountants & Consultants

THE WALDEN WOODS PROJECT

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Walden Woods Project
Lincoln, Massachusetts

We have audited the accompanying financial statements of The Walden Woods Project (a non-profit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, 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.

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 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 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 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, 2017 and 2016, 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
June 6, 2018

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THE WALDEN WOODS PROJECT

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2017 AND 2016

ASSETS

	2017	2016 (Restated)
ASSETS:		
Cash and cash equivalents	$ 428,472	$ 314,416
Investments	7,642,433	6,659,904
Contributions receivable	646,719	864,079
Prepaid expenses	18,331	14,718
Buildings, equipment, and endangered land held for preservation, net	16,945,787	17,301,194
Conservation restrictions	2,206,339	2,206,339
Collections items	715,262	709,324
Film production costs, net of accumulated amortization of $5,958 in 2017	172,792	114,400
Other assets	15,500	15,500
TOTAL ASSETS	$ 28,791,635	$ 28,199,874

LIABILITIES AND NET ASSETS

	2017	2016 (Restated)
LIABILITIES:		
Note payable, bank	$ -	$ 220,000
Accounts payable and accrued expenses	87,013	215,073
Total liabilities	87,013	435,073
NET ASSETS:		
Unrestricted	16,768,514	16,176,055
Temporarily restricted	2,341,523	1,996,801
Permanently restricted	9,594,585	9,591,945
Total net assets	28,704,622	27,764,801
TOTAL LIABILITIES AND NET ASSETS	$ 28,791,635	$ 28,199,874

See Notes to Financial Statements.

THE WALDEN WOODS PROJECT

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES:				
Contributions	$ 1,223,869	$ -	$ 2,640	$ 1,226,509
Special event revenue	804,409	-	-	804,409
Merchandise sales	155,743	-	-	155,743
Investment income	81,506	1,273	-	82,779
Net realized and unrealized gain on investments	371,945	629,347	-	1,001,292
Net assets released from restrictions:				
Satisfaction of program and donor restrictions	285,898	(285,898)	-	-
Total revenues	2,923,370	344,722	2,640	3,270,732
EXPENSES:				
Contributions made	4,850	-	-	4,850
Cost of special events	207,396	-	-	207,396
Fundraising	68,122	-	-	68,122
Depreciation and amortization	381,565	-	-	381,565
General, administrative, and program	1,668,978	-	-	1,668,978
Total expenses	2,330,911	-	-	2,330,911
INCREASE IN NET ASSETS	592,459	344,722	2,640	939,821
NET ASSETS, BEGINNING OF YEAR	16,176,055	1,996,801	9,591,945	27,764,801
NET ASSETS, END OF YEAR	$ 16,768,514	$ 2,341,523	$ 9,594,585	$ 28,704,622

See Notes to Financial Statements.

THE WALDEN WOODS PROJECT

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2016

	Unrestricted	Restated Temporarily Restricted	Restated Permanently Restricted	Total
REVENUES:				
Contributions	$ 1,150,796	$ 710,000	$ 6,000	$ 1,866,796
Grants	25,000	-	-	25,000
Merchandise sales	134,131	-	-	134,131
Investment income	72,247	1,375	-	73,622
Net realized and unrealized gain on investments	189,539	63,377	-	252,916
Net assets released from restrictions:				
Satisfaction of program and donor restrictions	213,666	(213,666)	-	-
Total revenues	1,785,379	561,086	6,000	2,352,465
EXPENSES:				
Contributions made	3,863	-	-	3,863
Fundraising	70,084	-	-	70,084
Depreciation	363,479	-	-	363,479
General, administrative, and program	1,445,401	-	-	1,445,401
Total expenses	1,882,827	-	-	1,882,827
INCREASE (DECREASE) IN NET ASSETS	(97,448)	561,086	6,000	469,638
NET ASSETS, BEGINNING OF YEAR AS ORIGINALLY REPORTED	16,273,503	1,922,571	9,099,089	27,295,163
PRIOR PERIOD ADJUSTMENT	-	(486,856)	486,856	-
NET ASSETS, BEGINNING OF YEAR AS RESTATED	16,273,503	1,435,715	9,585,945	27,295,163
NET ASSETS, END OF YEAR	$ 16,176,055	$ 1,996,801	$ 9,591,945	$ 27,764,801

See Notes to Financial Statements.

THE WALDEN WOODS PROJECT

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2017 AND 2016

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	$ 939,821	$ 469,638
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	381,565	363,479
Net realized and unrealized gains on investments	(1,001,292)	(252,916)
Donated marketable securities	(202,689)	(101,475)
Donated collections	-	(5,000)
Changes in operating assets and liabilities:		
Contributions receivable	217,360	(336,048)
Prepaid expenses	(3,613)	373,992
Accounts payable and accrued expenses	(128,060)	170,402
Net cash provided by operating activities	203,092	682,072
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of buildings, equipment and endangered land	(20,200)	(598,054)
Collections	(5,938)	-
Film production costs	(64,350)	(114,400)
Proceeds from sale of investments	2,578,218	2,235,090
Purchase of investments	(2,356,766)	(2,412,589)
Net cash provided by (used in) investing activities	130,964	(889,953)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from (repayments of) note payable, bank	(220,000)	220,000
Repayments of notes payable	-	(100,000)
Net cash provided by (used in) financing activities	(220,000)	120,000
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	114,056	(87,881)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	314,416	402,297
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 428,472	$ 314,416

See Notes to Financial Statements.

Note 1 - Summary of Significant Accounting Policies

Organization - The Walden Woods Project (the "Project") 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 Equivalents - The Project considers all highly liquid investments with a maturity of three months or less to be cash equivalents. Cash equivalents consist of 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. Conditional promises to give are not included as revenue until such time as the conditions are substantially met.

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.

Note 1 - Summary of Significant Accounting Policies (Continued)

Contributions Receivable - Management has reviewed all contributions receivable and determined that no allowance for doubtful accounts is required as of December 31, 2017 and 2016.

Buildings, Equipment and Endangered Land Held for Preservation - 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, held in perpetuity, 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.

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

Film Costs - The Project capitalized film costs related to its conservation and educational effort centered on Walden Pond and the works of Henry David Thoreau. Total amounts capitalized upon completion of the short film in 2017 amounted to approximately $178,000 and are being amortized over a period of sixty months, which is based upon management's estimate of the period the short film will be utilized by the Project.

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, 2017, 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 purposes of preserving conservation land or the promotion and education related to the works of Henry David Thoreau. For the years ended December 31, 2017 and 2016, the Project did not incur any UBIT related to its farm stand operation.

THE WALDEN WOODS PROJECT

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

Note 1 - Summary of Significant Accounting Policies (Continued)

Concentrations of Credit Risk - The Project is not aware of any concentrations of credit risk beyond those disclosed with regards to investments (see Note 2) and certain concentrations related contributions and related contributions receivable (see Note 9). The Project's bank offers supplemental deposit insurance in addition to FDIC insurance which insures all deposits in excess of 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, 2017 and 2016, donated assets received by the Project amounted $202,689 and $106,475, respectively.

Recent Accounting Pronouncements - In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities. The new guidance simplifies and improves how not-for-profit entities classify net assets as well as the information presented in the financial statements and notes about liquidity, financial performance and cash flows. The new guidance (i) revises the net asset classification scheme to two classes instead of the previous three, (ii) enhances disclosures for self-imposed limits on the use of resources without donor-imposed restrictions and the composition of net assets with donor restrictions, (iii) updates the accounting and disclosure requirements for underwater endowment funds, (iv) requires the net presentation of investment expenses against investment return on the statement of activities and eliminates the requirement to disclose investment expenses that have been netted (v) requires the presentation of expenses by nature as well as function, (vi) requires qualitative disclosures on how a not-for-profit manages its available liquid resources, (vii) requires quantitative disclosures that communicate the availability of financial assets to meet cash needs for general expenditures within one year of the balance sheet date, and (viii) allows for a choice between the direct and indirect method of reporting operating cash flows. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. Management is currently assessing the impact that adoption of this ASU will have on the Project's future financial statements.

Financial Statement Presentation - Certain reclassifications have been made to the 2016 financial statements in order to conform to the presentation for 2017. The reclassifications are related to the completion in 2017 of a short film that began production in 2016 and was originally recorded in prepaid expenses in the 2016 statement of financial position. As a result of the reclassification, prepaid expenses decreased by $114,400 and film production costs increased by $114,400 in the accompanying 2016 statement of financial position.

Subsequent Events - The date to which events occurring after December 31, 2017 have been evaluated for possible adjustment to the financial statements or disclosure is the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

Note 2 - Investments

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.

The following is the Project's methodology for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2017 and 2016.

Common stocks **-** Certain common stocks are valued at the closing price reported in the active market in which the individual securities are traded. 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 and U.S. Government bonds are valued at the closing price reported in the active market in which the bond is traded. 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.

Note 2 - Investments (Continued)

The following table summarizes the Project's financial assets measured at fair value on a recurring basis in accordance with U.S. generally accepted accounting principles as of December 31, 2017 and 2016:

	2017	2016
Level 1:		
Common stocks:		
Consumer goods	$ 1,208,697	$ 1,183,059
Financial	943,725	791,083
Healthcare	763,233	750,341
Industrial goods	786,077	591,603
Real estate	161,590	158,442
Telecommunications services	57,154	62,519
Technology	1,519,728	1,053,133
Corporate bonds	849,130	895,286
U.S. Government bonds	876,736	854,692
U.S. Government money market funds	432,194	280,540
Mutual funds:		
Income funds	11,458	11,222
Value funds	10,798	9,690
Growth funds	11,228	9,305
International/global funds	10,685	8,989
Total Level 1 Investments	$ 7,642,433	$ 6,659,904

Investment income for the years ended December 31, 2017 and 2016 consists of the following:

	2017	2016
Interest and dividend income	$ 131,954	$ 121,818
Net realized and unrealized gains on investments	1,001,292	252,916
Investment management fees	(49,175)	(48,196)
	$ 1,084,071	$ 326,538

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.

Note 3 - Contributions Receivable

Contributions receivable consists of the following at December 31, 2017:

	Temporarily Restricted	Permanently Restricted	Total
Restricted for endowment	$ -	$ 394,719	$ 394,719
Future unrestricted operations	252,000	-	252,000
	$ 252,000	$ 394,719	$ 646,719

Contributions receivable consists of the following at December 31, 2016:

	Temporarily Restricted	Permanently Restricted	Total
Restricted for endowment	$ -	$ 392,079	$ 392,079
Future unrestricted operations	472,000	-	472,000
	$ 472,000	$ 392,079	$ 864,079

At December 31, 2017, contributions receivable are expected to be collected as follows:

	Temporarily Restricted	Permanently Restricted	Total
One to five years	$ 252,000	$ 400,000	$ 652,000
Less: present value discount	$ -	$ (5,281)	$ (5,281)
	$ 252,000	$ 394,719	$ 646,719

Note 4 - Buildings, Equipment and Endangered Land Held for Preservation

Buildings, equipment and land held for preservation consists of the following at December 31, 2017 and 2016:

	2017	2016
Buildings, improvements and equipment	$ 9,574,432	$ 9,554,232
Equipment	636,035	636,035
Less accumulated depreciation	(7,049,267)	(6,673,660)
	3,161,200	3,516,607
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	679,121
	$ 16,945,787	$ 17,301,194

Note 5 - Restricted Net Assets

Restricted net assets consist of the following at December 31, 2017 and 2016:

	2017		2016	
	Temporarily Restricted	Permanently Restricted	Temporarily Restricted	Permanently Restricted
Donor stipulations:				
Purchase of buildings and trees	$ 4,900	$ -	$ 4,900	$ -
Thoreau Institute/Educational Program Development	4,000	3,536,641	68,254	3,536,641
Ecological restoration/Interpretive trails	371,913	3,663,225	373,556	3,663,225
Specific restrictions	76,751	-	76,751	-
Conservation restrictions	-	2,000,000	-	2,000,000
Total donor stipulations	457,564	9,199,866	523,461	9,199,866
Endowment:				
Restricted investment income	30,235	-	28,962	-
Net unrealized gain on investments	1,601,724	-	972,378	-
Total endowment	1,631,959	-	1,001,340	-
Contributions receivable - endowment	-	394,719	-	392,079
Contributions receivable - operations	252,000	-	472,000	-
Total	$ 2,341,523	$ 9,594,585	$ 1,996,801	$ 9,591,945

Note 6 - 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.

Note 6 - Endowment (Continued)

The endowment net asset composition by type of fund as of December 31, 2017 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	$ -	$ 1,240,288	$ 3,536,641	$ 4,776,929

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets				
Beginning of Year	$ -	$ 861,152	$ 3,536,641	$ 4,397,793
Investment gain	-	379,136	-	379,136
End of Year	$ -	$ 1,240,288	$ 3,536,641	$ 4,776,929

The endowment net asset composition by type of fund as of December 31, 2016 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	$ -	$ 861,152	$ 3,536,641	$ 4,397,793

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets				
Beginning of Year	$ -	$ 805,466	$ 3,435,863	$ 4,241,329
Contributions	-	-	6,000	6,000
Pledges received	-	-	94,778	94,778
Investment gain	-	55,686	-	55,686
End of Year	$ -	$ 861,152	$ 3,536,641	$ 4,397,793

Note 7 - Note Payable, Bank

The Project has a line of credit agreement, which is subject to renewal on July 31, 2019. The maximum borrowings available under the agreement are $2,000,000, payable on demand and bear interest at the bank's prime rate (4.50% at December 31, 2017). 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, 2017. At December 31, 2017, there are no borrowings outstanding under the line of credit agreement. At December 31, 2016, borrowings outstanding under the line of credit agreement amounted to $220,000.

Note 8 - Contributed Services

The Project has 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, 2017 and 2016, the Project recorded approximately $22,000 and $36,000 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 9 - Significant Donors

During the year ended December 31, 2017, contributions from one individual and one foundation represented 20% and 33% of contribution revenue, respectively. During the year ended December 31, 2016, contributions from two individuals represented 57% of contribution revenue. There were no concentrations of contribution revenue from foundations for the year ended December 31, 2016.

Contributions receivable at December 31, 2017 and 2016 include $644,719 and $842,079 from two and three donors, respectively.

Note 10 - 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 $26,436 and $27,122 were made during the years ended December 31, 2017 and 2016, 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 11 - Interest Expense

Interest expense incurred by the Project for the years ended December 31, 2017 and 2016 was $11,736 and $6,760, respectively and is included in general, administrative and program expenses in the accompanying Statements of Activities.

Note 12 - Functional Allocation of Expenses

The costs of providing various programs and related supporting activities for the years ended December 31, 2017 and 2016 have been summarized on a functional basis as follows:

	2017	2016
Program services expenses	$ 1,538,989	$ 1,404,024
Management and general expenses	473,967	362,337
Fundraising expenses	70,245	71,494
	$ 2,083,201	$ 1,837,855

For the years ended December 31, 2017 and 2016, the functional allocation of expenses includes reconciling adjustments of $(247,710) and $(44,972), respectively when compared to the total expenses on the accompanying statements of activities. The reconciling adjustments relate to the classification of certain revenues and expenses that for Federal Form 990 purposes are classified differently than on the accompanying statements of activities.

Note 13 - Amortization of Film Production Costs

As stated in Note 1, the Project amortizes film production costs using the straight-line method over a period of five years.

The following is a schedule of expected amortization expense the Project will incur for the five years subsequent to December 31, 2017:

Years	
2018	35,750
2019	35,750
2020	35,750
2021	35,750
2022	29,792

Note 14 - Prior Period Adjustment

Permanently and temporarily net assets at January 1, 2016 have been restated to properly classify donor restricted assets. The effect of the restatement was an increase to permanently restricted net assets of $486,856 and a decrease to temporarily restricted net assets of $486,856. Net assets released from restrictions for the year ended December 31, 2016 have been restated to properly state amounts released from temporarily restricted net assets. The effect of the restatement was a decrease in amounts released from restriction of $94,777 in 2016 from $308,433 to $213,666. As a result of this restatement unrestricted net assets at December 31, 2016 decreased by $94,777.

Note 15 - Statements of Cash Flows Supplemental Notes

Cash paid for interest during the years ended December 31, 2017 and 2016 amounted to $11,736 and $6,760, respectively.