



SCENIC HUDSON, INC.
AND
THE SCENIC HUDSON LAND TRUST, INC.

Consolidated Financial Statements
(Together with Independent Auditors' Report)

Years Ended June 30, 2008 and 2007

SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.

CONSOLIDATED FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)

YEARS ENDED JUNE 30, 2008 AND 2007

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INDEPENDENT AUDITORS' REPORT

The Board of Directors of
Scenic Hudson, Inc. and The Scenic Hudson Land Trust, Inc.

We have audited the accompanying consolidated statement of financial position of Scenic Hudson, Inc. and The Scenic Hudson Land Trust, Inc. (collectively, the "Organization") as of June 30, 2008 and the related consolidated statements of activities and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The consolidating financial statements of the Organization as of and for the year ended June 30, 2007 were audited by other auditors whose report dated August 10, 2007, expressed an unqualified opinion on those consolidated financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements of Scenic Hudson, Inc. and The Scenic Hudson Land Trust, Inc. taken as a whole. The supplementary information (shown on pages 18, 19, 21, 23 and 24) is the responsibility of the Organization's management and is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets, and cash flows of the individual companies and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole. The additional information as of and for the year ended June 30, 2007 (shown on pages 18, 20, 22, 23 and 24) was subject to the auditing procedures applied in the audit of the June 30, 2007 basic consolidated financial statements by other auditors, whose report for such information stated that it was fairly stated in all material respects in relation to the June 30, 2007 basic consolidated financial statements taken as a whole.

Marks Paneth & Shron LLP

New York, NY
August 15, 2008



SCENIC HUDSON, INC. AND THE SCENIC HUDSON LAND TRUST, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and cash equivalents (Notes 2C and 16A)	\$ 4,036,814	\$ 2,104,957
Pledges receivable, net (Notes 2D, 2E, 3, 11 and 16B)	20,340,070	19,851,179
Other unrestricted receivables (Notes 2E and 3)	1,260,664	2,380,363
Investments, at fair value (Notes 2F, 6 and 11)	170,427,778	177,979,092
Prepaid expenses and other assets (Note 14A)	268,002	269,078
Property and equipment, net (Notes 2G and 4)	35,507	14,531
Land areas, at cost (Notes 2L, 5, 14D, 14E, 14F, 14G and 14H)	50,310,852	50,175,698
Assets held in split-interest agreements (Notes 2K, 7 and 15B)	188,092	205,169
Development costs (Note 8)	825,032	-
Assets whose use is limited - donor restricted (Note 9)	<u>850,000</u>	<u>250,000</u>
 TOTAL ASSETS	 <u>\$ 248,542,811</u>	 <u>\$ 253,230,067</u>
 LIABILITIES		
Accounts payable and accrued expenses	\$ 988,957	\$ 847,844
Grants payable (Note 10)	1,000,000	3,842
Note payable (Note 11)	<u>5,000,000</u>	<u>-</u>
 TOTAL LIABILITIES	 <u>6,988,957</u>	 <u>851,686</u>
 COMMITMENTS AND CONTINGENCIES (Note 14)		
 NET ASSETS (Note 2B)		
Unrestricted:		
Operating	67,159,729	63,928,322
Board designated - other (Note 15A)	7,873,419	7,545,588
Board designated - easement enforcement fund (Note 15A)	<u>833,428</u>	<u>682,331</u>
Total unrestricted	<u>75,866,576</u>	<u>72,156,241</u>
Temporarily restricted (Note 15B):		
Endowment	144,952,445	159,109,428
Other temporarily restricted	<u>20,734,833</u>	<u>21,112,712</u>
Total temporarily restricted	<u>165,687,278</u>	<u>180,222,140</u>
 TOTAL NET ASSETS	 <u>241,553,854</u>	 <u>252,378,381</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 248,542,811</u>	 <u>\$ 253,230,067</u>

