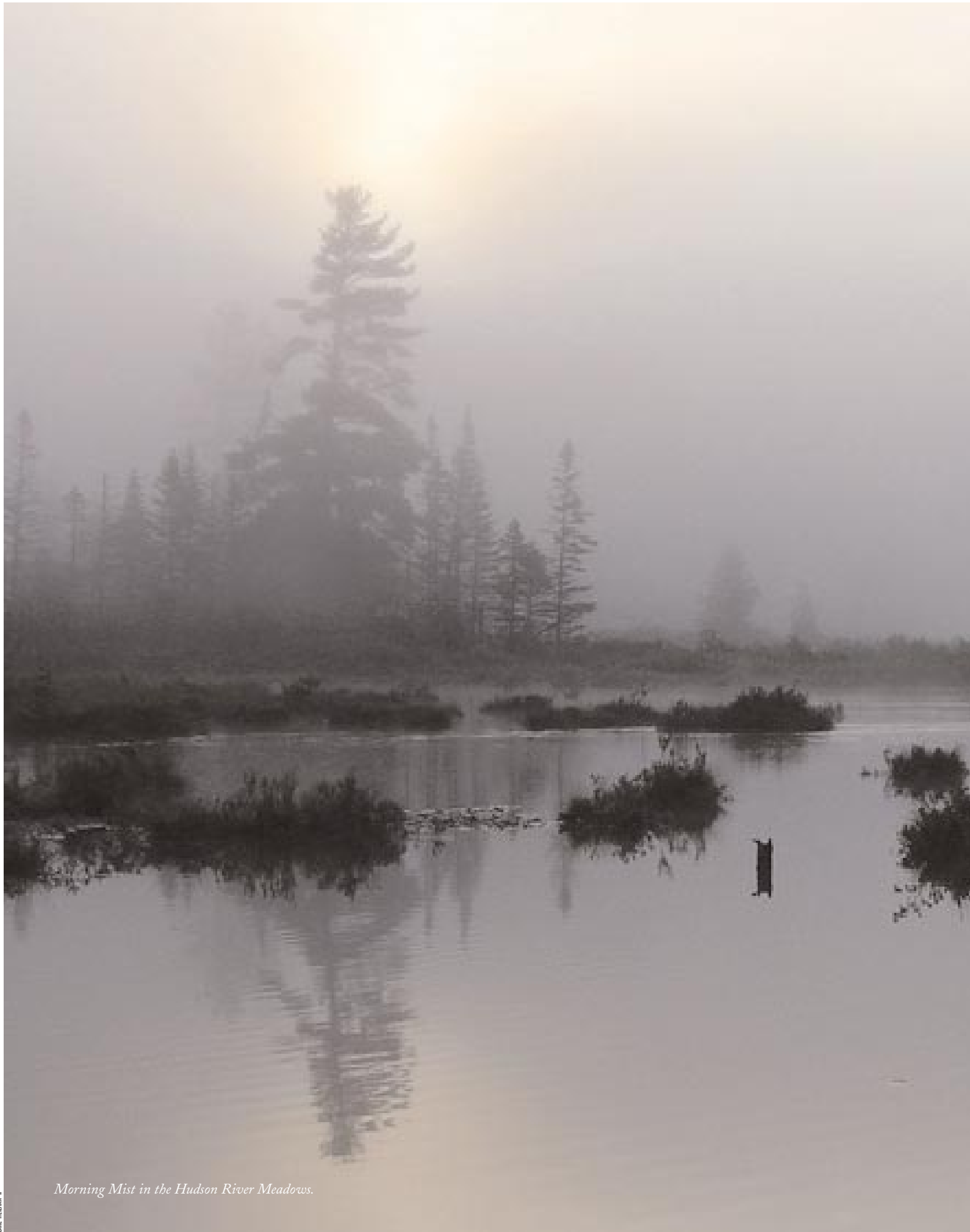


OPEN SPACE INSTITUTE

Annual Report 2003





Morning Mist in the Hudson River Meadows.



OPEN SPACE INSTITUTE
2003
Annual Report

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CARL HEIDMAN II



COURTESY OF NADAC

WELCOME TO OSI

LETTER FROM THE CHAIRMAN

In my thirty years as chairman of the board, I have never been more pleased to report back to friends and partners about the organization's progress. 2003 was a year of unprecedented expansion and growth, both programmatically and geographically, as you will read in the following pages.

The Open Space Institute's staff completed more land saving transactions than ever before in our history, including the acquisition of the fabled Tahawus Tract in the Adirondacks. The Tahawus Tract was a victory for OSI and everyone who shares our passion for the spectacular scenery of the High Peaks wilderness. This milestone is the result of Joe Martens' expert negotiating skills, conservation expertise, and longstanding partnership with the State of New York (*see pp 4-7*).

In 2003, OSI welcomed back Kim Elliman, who, as Chief Executive Officer, brings financial expertise and many years of experience as an advocate for open space protection (*see pp 16-17*). With Kim's dedication and leadership, OSI is committed to a new program, the Conservation Finance Program, which lends and grants capital to promote land acquisition in OSI's expanded geography: the Northern Forest, New Jersey, and soon, the Southern Appalachian Mountains.

Thank you for your continuing support and interest. At OSI, now more than ever, we share a great sense of optimism and adventure as we forge ahead with determination and urgency.

Sincerely,

A handwritten signature in brown ink that reads "John H. Adams". The signature is written in a cursive style.

John Adams
Chairman

THE MISSION OF THE OPEN SPACE INSTITUTE, INC.

The Open Space Institute, Inc. protects scenic, natural and historic landscapes to ensure public enjoyment, conserve habitats and sustain community character.

ABOUT THE COVER: This special map, hand painted by Redstone Studios, shows where OSI works. Our New York State Land Protection Program continues to focus on the Hudson River Valley and the spectacular landscapes that border it, like the Adirondack and Catskill "blue line" parks. Through our Conservation Finance Program, we are now helping conservation organizations protect the 26 million-acre Northern Forest that stretches from New York to Maine and the farms and forests in New Jersey, our neighbor to the south.



Dear Friend:

2003 was a banner year for OSI: the organization completed a record 38 transactions, protecting and assisting in the protection of 378,284 acres at a cost of \$21,655,000 (*see page 18 for financial report*). We purchased 12,281 acres in New York State and helped finance the protection of 366,003 acres in the Northern Forest and New Jersey.

As you will read in these pages, our New York State Land Protection Program has successfully safeguarded key parcels that fill out the larger landscape puzzle of the Hudson River Valley, the Catskills and the Adirondacks. We are very pleased to highlight our acquisition of the 10,000-acre Tahawus Tract, which for years was listed at the top of New York State's "must save" list. Tahawus is the birthplace of the Hudson River, which flows out of the pristine, glacially carved Henderson Lake (*see page 4*) in the Adirondacks.

Beyond New York State, OSI has launched its Conservation Finance Program, building on the success of the Northern Forest Protection Fund, created in 2000 to provide capital and financing support for land-saving initiatives in the Northern Forest of New York, New Hampshire, Vermont and Maine. One of our proudest accomplishments includes a \$3 million loan to help the Appalachian Mountain Club purchase 37,000 acres in Maine's extraordinary 100-Mile Wilderness. This year, we announced the New Jersey Conservation Fund, under the auspices of the Conservation Finance Program, which made three loans to land trusts working against the clock to protect some of the most threatened landscapes in New Jersey (*see pp 16-17*).

With great sadness, we learned in 2003 that our founder, Richard Pough, died at the age of 99. We want to acknowledge him as a relentless and visionary advocate for open space. Thirty years ago, Pough handed the fledgling OSI to John Adams, who remains our Chairman of the Board today. Even while building the Natural Resources Defense Council to become a leading advocacy organization, John has led OSI into the forefront of land conservation.

Our accomplishments over the years, and particularly this year, stand as testament to OSI's trustees, partners, mentors and donors.

Sincerely,

Kim Elliman
Chief Executive Officer

Joe Martens
President



ADIRONDACK REGION

Conservation Milestone: OSI Acquires 10,000-acre Tahawus Tract



The glacially carved Henderson Lake (above), part of the Tahawus Tract, is the birthplace of the Hudson River.

Tn the High Peaks of the Adirondacks, a modest stream gathers speed as it courses through boulders carved thousands of years ago by retreating glaciers. This inconspicuous flow is the birthplace of the Hudson River, now protected as a result of an eight-year effort by the Open Space Institute and its land acquisition affiliate, the Open Space Conservancy.¹

Protecting the Tahawus Tract complements OSI's traditional Hudson River focus, from the headwaters at Henderson Lake south to the Hudson Highlands. With the acquisition of Tahawus, OSI has now protected nearly 18,000 acres and thirty-four miles of Hudson River shoreline in the Adirondack region.

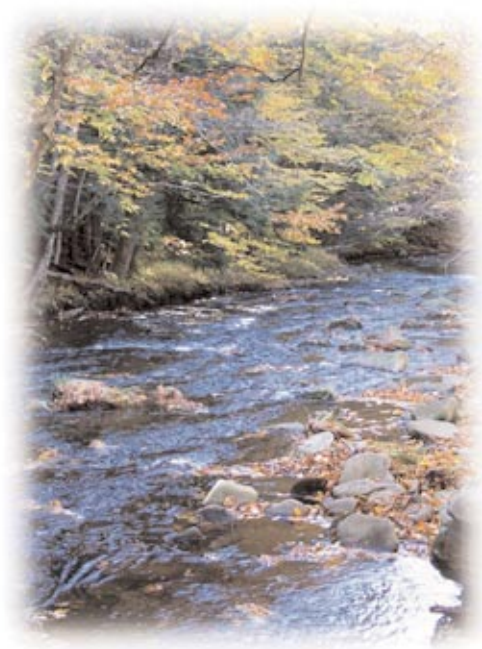
The 10,000-acre **Tahawus Tract** has been at the top of the conservation community's "must save" list for years. As a recreational and ecological asset, the Tahawus Tract represents a critical piece of the High Peaks puzzle, protecting the southern gateway to the High Peaks Wilderness Area. With the help of Governor Pataki, the New York State Department of Environmental Conservation, the Environmental Facilities Corporation, and others, this breathtaking property will be permanently protected for the benefit of all New Yorkers and visitors to the Adirondack Park.

¹ The Open Space Institute (OSI) and the Open Space Conservancy (OSC) are separate but affiliated corporate entities. For simplicity, OSI is used throughout this report.



CARL HEIDMAN II

Had OSI not reached an agreement with NL Industries, the Tahawus Tract could have easily been subdivided into so called “kingdom lots,” forever foreclosing public use and enjoyment of the wealth of recreational resources on the tract and limiting, if not eliminating, the potential for continued commercial forestry on a portion of the property.



GARY RANDOLF



COURTESY OF THE ADIRONDACK MUSEUM

OSI's Tahawus Tract was visited multiple times by Theodore Roosevelt. The soon-to-be president was a guest at the Tahawus Club in 1901 when he got word that President McKinley was dying from a gunshot wound. From the Village of Adirondac, Roosevelt embarked on his “midnight ride to the presidency” through the rugged roads of this remote area to the train station at North Creek.

Shown above, the carriage driver, Mike Cronin, with his Morgan horses and the rig that transported Roosevelt. During the treacherous journey, according to historical accounts, Roosevelt repeatedly held his watch to the lantern and barked “Faster!”

The Hudson River begins as an inconspicuous mountain stream in the High Peaks of the Adirondacks.



CARL HEERMAN II

One of the defining features of the 10,000-acre Tahawus Tract, the picturesque 450-acre Henderson Lake (above and at right) has been closed to the public for more than a century. The lake is now open for fishing and non-motorized boats.

The Adirondacks are part of the 26-million acre Northern Forest, the largest remaining wild forest in the East, which has defied fragmentation for over a century as a direct result of private timber interests with large landholdings. In the past 5-10 years, due to global economic trends, the paper companies have relocated to more reliable southern climates, putting up for sale large swaths of the Northern Forest. Record-breaking land sales have caused concern about the future of the Northern Forest wildlands. In response to these threats, in 2000 OSI created a new land protection program—the **Northern Forest Protection Fund**—tailored to address the threat of fragmentation in the Northern Forest through creative solutions and new funding models for large landscape conservation (*see page 16*).

The downturn in the mining industry has also impacted the Northern Forest, mainly in the Adirondacks. In 2003, OSI acquired the Tahawus Tract property from NL Industries, a Houston-based company that operated a titanium mine there from 1942 until 1989. OSI's initial proposals to acquire the non-industrial portion of the site were repeatedly stymied due to the company's reluctance to separate the mining site from the open space portion of the land. In the fall of 2002, after eight years of sporadic discussions, OSI president Joe Martens was invited to Houston for a pivotal meeting in which the Texas company agreed to sell the spectacular, non-industrial portion of its holdings.

During lengthy contract negotiations, OSI was keenly aware that disposition of the property would need to consider the delicate balance between natural resource protection and the economic well being of the region. As a result, OSI worked with State and local officials to craft a disposition plan that would accommodate wilderness, working forests and historic interests.

Theodore Roosevelt was a guest at the Tahawus Club in 1901, when he was informed that President McKinley was dying.



OSI ARCHIVE

OSI will convey more than 6,000 acres of the property to the State of New York to be added to the “forever wild” Forest Preserve. More than three thousand acres will be managed as a working forest in an effort to protect the timber base in Newcomb and in the broader Adirondack region. And, approximately 200 acres, including the abandoned Village of Adirondac, listed on the State and Federal Registers of Historic Places, will be managed and interpreted as an historic district.



GARY RANDOLF

Henderson Lake



OSI ARCHIVE

*OSI has protected
close to 18,000 acres in
the Adirondacks.*

*This remarkably intact mid-19th
Century blast furnace can be found
standing near the Village of Adirondac.
It is considered by experts to be among
the best remaining examples of its type
in the world.*



CATSKILL REGION

Protecting the Legendary Catskill Mountains

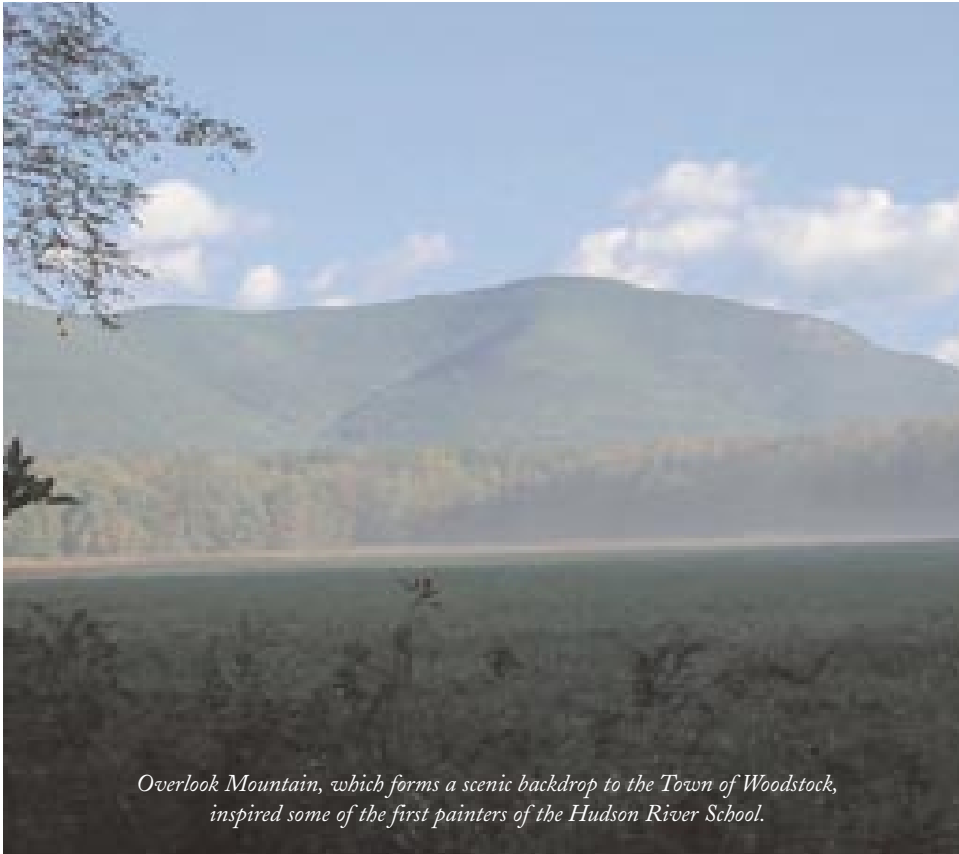


Overlook Mountain and the high peaks in the Catskills (above).

The Open Space Institute's **New York State Land Protection Program** began in the legendary and inspiring scenery of the Catskill Mountains. Through an ambitious program initiated in the 1970s by OSI Chairman, John Adams, and a group of dedicated conservationists, OSI has protected more than 20,000 acres in the scenic Valley surrounding the Beaverkill River, known internationally as one of the finest fly-fishing streams. Working with Larry Rockefeller and others, OSI has protected some of the most exceptional scenery in the **Beaverkill Valley** by crafting and implementing conservation easements, each tailored to the unique natural and historic resources of the individual properties.

OSI expanded its geographic focus in 2003 to address mounting development threats to the region. Hailed as the “next Hamptons,” the rugged and unspoiled beauty of the Catskills is quickly being threatened by second homes and the infrastructure that supports them. In addition, proposals for casinos and elaborate resorts have prompted environmental concerns about adverse impacts to the unique Catskills landscape and the watershed that provides drinking water for millions of New Yorkers.

*OSI has protected
more than 20,000 acres in the Catskills.*



Overlook Mountain, which forms a scenic backdrop to the Town of Woodstock, inspired some of the first painters of the Hudson River School.

WOODSTOCK LAND CONSERVANCY

This year, OSI continued its work with the Catskills Organizing Committee (COC). In 2002, OSI joined forces with Trout Unlimited and the Audubon Society and created the COC. OSI's Stuart Root, who was a founding OSI trustee and has been a Catskills resident for over 30 years, serves as Program Director for COC. The COC is working to identify projects in the Beaverkill, Willowemoc and Delaware watersheds that will protect the region's world-class fisheries and inspirational scenery.

At a press conference with the Woodstock Land Conservancy (WLC) in December, OSI announced a joint effort to protect **Overlook Mountain**, which inspired some of the first painters of the Hudson River School. Through two initial acquisitions, OSI protected approximately 300 acres on Overlook while the WLC raised tens of thousands of dollars for additional efforts to protect the upper reaches of this iconic mountain landscape.

Also in December, OSI acquired the **Van Norden Estate** in Neversink, Sullivan County. The legendary Willowemoc, a tributary of the Beaverkill, courses through this scenic and historic landscape. OSI will convey the majority of the property, excluding the farmhouse, to New York State for protection in perpetuity as Forest Preserve.

Van Norden Estate



JENNIFER GOODMAN



UPPER-HUDSON RIVER VALLEY

Land Protection in the Capital District



TUDY LA FARGE

For more than a hundred years, the Ten Eyck family has tended their apple trees (above) in the shadows of the ruggedly beautiful Helderberg Escarpment.

In the waning years of the 20th Century and the first years of the 21st, sprawl has taken a heavy toll on the land resources of the Upper Hudson River Valley. The **Capital District**, which encompasses the four counties of Albany, Rensselaer, Saratoga and Schenectady, has been the victim of significant unplanned growth: In the past 25 years, 70,000 acres of agricultural lands have been lost to development and approximately 3,000 acres of wetlands have disappeared.

The agricultural heritage of the Capital District represents an urgent land conservation priority for the Open Space Institute. In 1997, OSI initiated a farmland protection program in Saratoga County that protects fertile farm fields and the viewshed of the Saratoga National Veterans' Cemetery, near the site of a decisive Revolutionary War battle in 1777. OSI has since protected more than 1,200 acres in the vicinity of the **Saratoga National Battlefield Park**, including the Hanehan family farm in the Town of Stillwater. Working with the Town and the



OSI ARCHIVE

OSI's farmland protection program in Saratoga County is working to protect the viewshed of the Saratoga National Battlefield Park.

OSI has protected 4,500 acres in the Upper-Hudson River Valley.

New York State Department of Agriculture and Markets, which provides grants for farmland protection, OSI acquired an agricultural easement to permanently protect this **135-acre dairy farm**.

In Albany County, the **Helderberg Escarpment**, with its fossil-rich limestone cliffs, is a north-south ridge approximately ten miles from the City of Albany. With exceptional views and scenery, abundant wildlife habitat, and miles of recreational trails, the Escarpment presents a hard-to-resist locale for aspiring homebuilders. Because of considerable development interest, OSI has identified the ridge as one of the most threatened landscapes in the Capital region. OSI's initiative in this ecologically sensitive area has created linkages of protected land between **John Boyd Thacher State Park** and nearby **Thompson's Lake State Park**.

Since 1997, OSI has protected approximately 1,265 acres in and around the Helderbergs. This year, OSI helped protect the historic **Indian Ladder Farms**, a fourth generation farm that is one of only two remaining apple orchards in the County. In 2003, the conservation minded Ten Eyck family, OSI and the Albany County Land Conservancy worked with New York State's Department of Agriculture and Markets to purchase a conservation easement forever protecting the farm. Indian Ladder was the first farm in Albany County to receive a grant from the New York State Department of Agriculture and Markets, and local leaders hope it will inspire similar farmland protection efforts throughout the area.

On the eastern side of the Hudson River, OSI acquired 33 acres in the historic and nationally significant Kinderhook Creek Corridor, situated between the Village of Kinderhook and the Town of Stuyvesant in Columbia County. **Kinderhook Creek**, a prized recreational fishery, meanders through pastoral farm fields that include **Lindenwald**, the homestead of Martin Van Buren, the eighth U.S. President (1837-1841), born in Kinderhook in 1782. Van Buren acquired the estate during his presidency and maintained a working farm there. Along the banks of the creek, OSI envisions a six-mile greenway and a public trail. To date, our efforts have resulted in the protection of nearly 700 acres overall, including property surrounding the Van Buren farm. OSI's latest acquisition protects a key agricultural parcel directly across from the restored Van Buren homestead.

While continuing to acquire land, OSI is collaborating with local communities to plan for the future and ensure that all the tools in the conservation toolbox are put to use. In 2003, concern over the loss of working farms and open space along with other negative impacts of rapid growth prompted OSI to commission a **year-long study of sprawl** in the Capital District. OSI will announce the results of this comprehensive report in 2004.

The apple orchard at Indian Ladder Farms is one of the last remaining orchards in the Capital District.



TUDY LA FRANCE



MID-HUDSON RIVER VALLEY

Shawangunk Ridge Greenway



OSI's 5,373-acre Sam's Point Preserve (above) has a variety of trails for hiking. Sam's Point and High Point, also protected by OSI, are the two highest summits in the Shawangunks, offering spectacular views.

The Shawangunk Ridge of Ulster, Orange and Sullivan Counties is widely recognized as one of the most biologically rare sites in the world. In addition to its ecological significance, the Shawangunk Ridge, or “Gunks,” as the area is affectionately known, is a recreational mecca, drawing hundreds of thousands of outdoor enthusiasts every year. Rock climbers, hikers, and other visitors from around the world enjoy the ice caves, sky lakes, and secluded glens of this unique wilderness.

OSI envisions a 50-mile greenway stretching along the spine of the ridge all the way to the New Jersey border. OSI's Shawangunk Ridge Land Protection Program acquired its first parcel of land— a thirty-acre property near Wurtsboro in Sullivan County — in 1987. Since then, OSI has protected more than 18,000 acres of land running the length of the ridge, creating new preserves and expanding existing parkland and protected forest land.

This work continued in 2003. OSI transferred almost 500 acres of land in the **Witch's Hole Conservation Area** to the Palisades Interstate Park Commission, which will administer it as an addition to the Minnewaska State Park Preserve. Two parcels totaling 65 acres of land, protecting the majestic **Stony Kill Falls**, were also transferred into the state park preserve.



*OSI has
protected
12,405 acres
in the
Mid-Hudson
River Valley.*

*In 2003, OSI protected the base of the **High Falls Ice Caves**, which have climate conditions that are similar to the famous ice caves at **Sam's Point** (below). The caves hold ice and snow throughout much of the summer. The boreal climate in these caves supports plants typically found as far north as Canada.*

This year, OSI donated 117 acres of land in the foothills of the Trapps to the Mohonk Preserve, New York's largest visitor supported preserve. The dramatic **Trapps Gateway**, which is the point of entry into the Shawangunks for many visitors, is the locale of the Preserve's new headquarters. A perpetual conservation easement retained by OSI will ensure that these lands will remain protected for future generations to enjoy.

In April of 2003, OSI completed its northernmost project to date on the Shawangunk Ridge, a small but strategically important parcel of land at the base of the **High Falls Ice Caves** (known locally as Table Rocks), a much visited rock formation that is similar to the famous ice caves at **Sam's Point**.

OSI also works to protect the fertile farm fields that lie in the shadows of the ridge. Working with the Wallkill Valley Land Trust, OSI acquired an agricultural conservation easement on the 65-acre **Phillies Bridge Farm** in the Town of Gardiner, Ulster County. To date OSI has protected over 650 acres of scenic and historic farmland on the eastern side of the Shawangunk Ridge.





LOWER-HUDSON RIVER VALLEY

The Rugged Scenery of the Hudson Highlands



OSI worked with the State of New York to create Schunnemunk Ridge State Park, pictured above and at right.

The Open Space Institute's land protection program in the lower reaches of the Hudson Valley has focused on the rugged scenery of the **East and West Hudson Highlands**. With infinite recreational opportunities and intriguing human history, the Highlands have been OSI's primary focus for more than two decades. To date, OSI has protected more than 10,500 acres in the Highlands, expanding two popular state parks and helping to create one of New York's newest parks.



©2004 JEN NIELE

OSI has protected more than 10,500 acres in the Highlands.

West Highlands

A NEW STATE PARK FOR NEW YORK

OSI's joint efforts with the State of New York to expand public access to the spectacular Western Hudson Highlands resulted in the creation of a new park on the northern end of Schunnemunk Ridge. This year, OSI transferred 2,466 acres to the State to create **Schunnemunk Ridge State Park**, in addition to acquiring another 400 acres that will be added to the park in the future. The ridge is a favorite spot for hikers, birdwatchers and nature lovers seeking solace in the magnificent views of the Hudson River, the Shawangunks, and the Catskills.

Elsewhere in the lower reaches of the Valley, OSI helped protect a critical inholding at **Black Rock Forest** in Orange County, New York. In the Town of Montgomery, Orange County, OSI acquired a conservation easement

on the **Hoekstra Family Farm**. In Westchester County, OSI awarded a \$500,000 grant toward the acquisition of the 27-acre **Westwood property**. This property will be joined with other protected lands to form a 340-acre nature preserve.

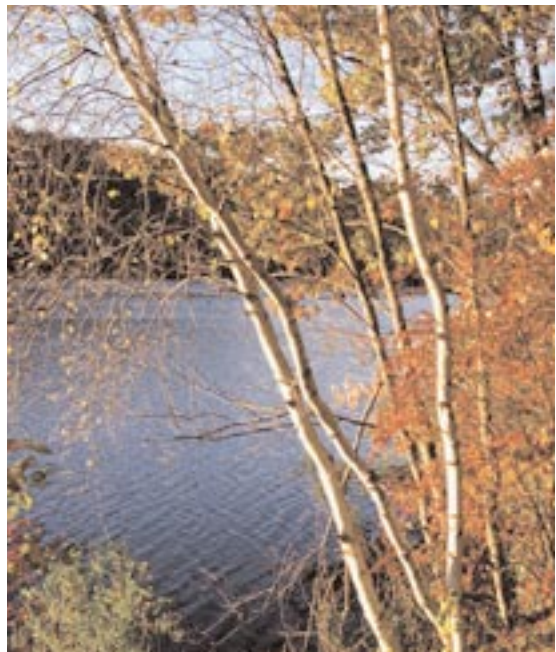
Working to preserve the Valley's historic and scenic treasures, OSI helped the Palisades Interstate Park Commission of the New York State Office of Parks, Recreation and Historic Preservation protect the viewshed of the nation's first publicly owned historic site, **George Washington's Revolutionary War Headquarters** in Newburgh, Orange County, along the banks of the Hudson River. This complements several earlier efforts to protect revolutionary redoubts, camps, and critical historic sites.

East Highlands

MORE THAN A DECADE IN THE MAKING

The popular **Clarence Fahnestock Memorial State Park** in the heart of the Eastern Hudson Highlands has doubled in size as a result of OSI's acquisitions. Since 1991, OSI has added more than 6,000 acres to the park, including the 4,400 Hubbard-Perkins Conservation Area that forestalled a 700-lot subdivision. OSI is well on its way to achieving its goal of creating a protected greenway between Fahnestock and Hudson Highlands State Park.

In 2003, OSI continued to add important lands to Fahnestock State Park, including 507 acres of woodlands bordering **East Mountain Road**, a picturesque rural road in Putnam County. OSI also acquired 699 acres of forest and watershed lands along **Wicoppee Creek** from the Fresh Air Fund.



Working with the State of New York, OSI has doubled Fahnestock State Park. More than 12,000 acres in size, Fahnestock is among the top five largest parks in the State.

CONSERVATION FINANCE PROGRAM

Protecting Threatened Landscapes in the Northern Forest & New Jersey



BILL BONNER

OSI assisted the Delaware and Raritan Greenway (above) in its long-term efforts to create a greenway along the scenic D & R Canal.

2003 was the inaugural year of the Open Space Institute's Conservation Finance Program. Building on the success of the **Northern Forest Protection Fund (NFPPF)**, OSI envisions providing capital and financing to support more land acquisition in critical landscapes in the East. In 2003, OSI augmented the NFPPF with the **New Jersey Conservation Loan Fund (NJCLF)**.



In New Jersey, we provided two loans totaling \$375,000 to the **Delaware and Raritan Greenway** to protect a total of 72 acres in Mercer and Hunterdon Counties. And, in Sussex County, we made a loan of \$603,850 to the Morris Land Conservancy to protect 240 acres adjacent to the **Paulinskill Wildlife Management Area**. In 2003, our conservation loans and grants helped protect critical open space for wildlife habitat, recreation, and sustainable forestry. In Maine, we made an \$800,000 grant to the Forest Society of Maine to protect 329,000 acres along the **West Branch River**, the largest block of land ever conserved in the state.

OSI's New Jersey Conservation Loan Fund provides low-interest loans to land trusts seeking to protect landscapes of significant ecological and recreational value in the nation's most densely populated state. The fund was established in 2003 with support from the Geraldine R. Dodge and William Penn Foundations.

OSI has helped protect more than 875,000 acres in the Northern Forest and New Jersey.

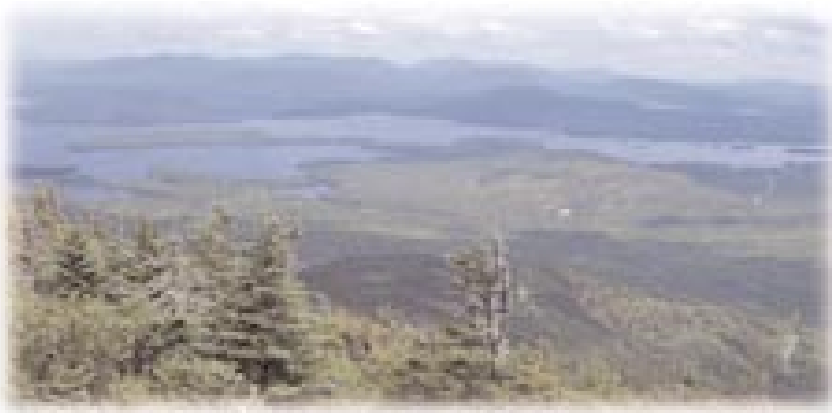


The Northern Forest contains more than 70,000 miles of rivers and streams. OSI's Northern Forest Protection Fund made a grant in 2003 to the Forest Society of Maine to help protect the West Branch of Maine's Penobscot River, pictured above.

The NFPP, created in 2000 with support from the Doris Duke Charitable Foundation and the Surdna Foundation, is a loan and grant-making program focused on protecting the Northern Forest of New York, Vermont, New Hampshire and Maine, the largest, unfragmented forest east of the Mississippi. The NFPP supports landscape level acquisitions that will permanently protect wild areas and promote more sustainable management of the region's working forests. Since 2000, OSI has made 12 grants and loans totaling almost \$12.5 million to protect approximately 875,000 acres of forestland and leverage almost \$175 million in other public and private funding.

A Landmark Achievement

Maine's fabled 100-Mile Wilderness provides unparalleled backcountry recreation for thousands of visitors each year and includes a remote and spectacular section of the Appalachian Trail. In 2003, OSI provided the Appalachian Mountain Club with a \$3 million loan toward the \$14.2 million acquisition of 36,691 acres. The project will create a model of forestland management that accommodates low-impact recreation, such as hiking and cross-country skiing, while protecting important natural areas and promoting sustainable forestry.



In 2003, OSI made a \$3 million loan to the Appalachian Mountain Club for its acquisition of 36,691 acres in Maine's 100-Mile Wilderness.

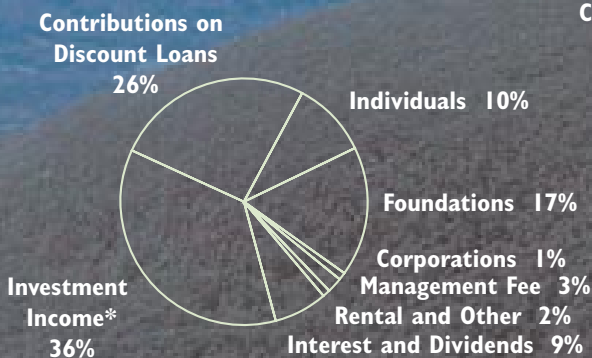
OSI WELCOMES NEW STAFF

This year, we welcomed back Kim Elliman, former president of OSI, as Chief Executive Officer. Kim, who serves as president of the Geraldine R. Dodge Foundation and recently served as chairman of The Wilderness Society, brings financial expertise and many years of experience as an advocate for open space protection. In addition to managing the organization's communications and development departments, Kim is charged with overseeing OSI's investments and its Conservation Finance Program. Under Kim's leadership, the program will soon expand to the unique and threatened geography of the **Southern Appalachian Mountains**, which include parts of North Carolina, South Carolina, Tennessee, Alabama, Georgia and Virginia. This year, with support from the Merck Family Fund and Lyndhurst and Z. Smith Reynolds Foundations, OSI initiated an assessment of conservation opportunities in the Southern Appalachian Mountains. The assessment will guide OSI's future loan making in the region.

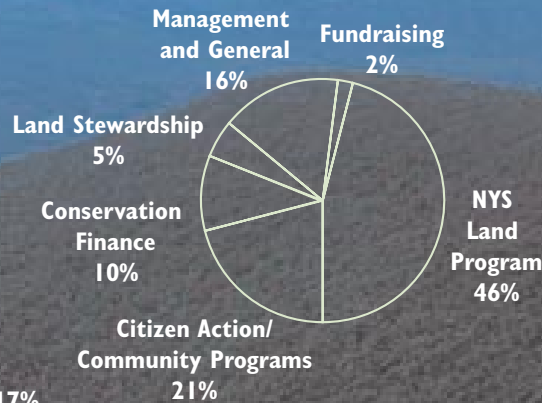
Kim will be working hand in hand with Peter Howell, the newest addition to our staff. Before joining OSI, Peter created the environmental grant-making program at the Doris Duke Charitable Foundation, which distributed during his tenure more than \$95 million for private land conservation across the country. Previously, he served as program officer of the Urban Parks Initiative at the Wallace Foundations. This year, OSI was pleased to welcome Peter as Vice President and Director of Conservation Finance.

2003 FINANCIAL REPORT

OPERATING REVENUES
\$3,396,923



OPERATING EXPENSES
\$4,016,100



CAPITAL COMMITMENTS
\$21,655,100



* OSI/OSC transfers approximately 5% from its portfolio of marketable securities to cover operating and capital expenses.

OSI had an endowment of \$130,200,00 on December 31, 2003. Of that, \$125.2 million are restricted funds dedicated to purchasing properties in New York State and another \$5 million represents unrestricted, working capital reserves. OSI has another \$8 million in restricted funds for its Northern Forest Protection Fund and New Jersey Conservation Loan Fund, and approximately \$50 million in real property assets.

OSI's financial assets are overseen by an investment committee of its board and managed by 16 outside managers. Thirty-three percent of funds were held in fixed income investments and 67% in equities. Seventeen percent of the assets were invested in international equities, and the balance in domestic securities. The investment return for 2003 was 19.1% and OSI's net assets grew by \$14.36 million.

In 2003, OSI acquired 16 parcels of land in New York State at a cost of \$16.3 million, and made grants and loans for 8 transactions, totaling another \$5.35 million, with an allocation of \$1.38 million for grants and \$3.97 million for loans.

The Open Space Institute, Inc. was incorporated in 1974 under Section 402 of the Not-for-Profit Corporation Law of New York and is a tax-exempt public charity under Sections 501(c)(3) and 509(a)(1) of the U.S. Internal Revenue Code. All contributions to the Open Space Institute, Inc. are tax-deductible to the fullest extent of the law. A copy of our latest financial support may be obtained by writing to the New York Department of State, Office of Charities Registration, Albany, NY 12231 or to OSI.

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