

**THE LAND CONSERVANCY OF
MCHENRY COUNTY, INC.**

**FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022 AND 2021**

TOGETHER WITH AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Land Conservancy of McHenry County, Inc.:

Opinion

We have audited the accompanying financial statements of The Land Conservancy of McHenry County, Inc., (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Land Conservancy of McHenry County, Inc. as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Land Conservancy of McHenry County, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Land Conservancy of McHenry County, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

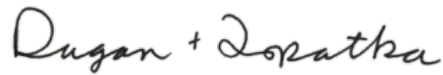
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Land Conservancy of McHenry County, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Land Conservancy of McHenry County, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Independent Auditor's Report
To the Board of Directors of
The Land Conservancy of McHenry County, Inc.
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Report on Summarized comparative Information

We have previously audited The Land Conservancy of McHenry County, Inc.'s 2021 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated June 10, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respected, with the audited statement from which it has been derived.



DUGAN & LOPATKA

Warrenville, Illinois
June 16, 2023

THE LAND CONSERVANCY OF MCHENRY COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>A S S E T S</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 565,983	\$ 474,737
Promises to give	98,790	70,915
Investments	282,108	341,727
Prepaid expenses	-	11,836
Total current assets	<u>946,881</u>	<u>899,215</u>
PROPERTY AND EQUIPMENT, at cost:		
Land	5,656,854	3,804,645
Building and equipment	<u>358,211</u>	<u>77,415</u>
Total property and equipment	6,015,065	3,882,060
Less - Accumulated depreciation	<u>36,971</u>	<u>22,474</u>
Net property and equipment	<u>5,978,094</u>	<u>3,859,586</u>
OTHER ASSETS:		
Investments	<u>521,154</u>	<u>622,625</u>
	<u>\$ 7,446,129</u>	<u>\$ 5,381,426</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Note payable, current maturities	\$ 142,804	\$ 99,130
Accounts payable and accrued liabilities	16,086	21,389
Agency funds	<u>46,323</u>	<u>40,482</u>
Total current liabilities	205,213	161,001
LONG-TERM LIABILITIES:		
Note payable, long-term portion	<u>86,877</u>	<u>31,519</u>
Total liabilities	<u>292,090</u>	<u>192,520</u>
COMMITMENTS		
NET ASSETS:		
Without donor restrictions - Undesignated	-	-
- Net property and equipment, less debt	5,785,094	3,859,586
- Board-designated	301,621	255,904
With donor restrictions	<u>1,067,324</u>	<u>1,073,416</u>
Total net assets	<u>7,154,039</u>	<u>5,188,906</u>
	<u>\$ 7,446,129</u>	<u>\$ 5,381,426</u>

The accompanying notes are an integral part of this statement.

THE LAND CONSERVANCY OF MCHENRY COUNTY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022
(with summarized financial information for the year ended December 31, 2021)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2021 (for comparative purposes only)</u>
PUBLIC SUPPORT AND REVENUE:				
Contributions	\$ 314,315	\$ 141,069	\$ 455,384	\$ 376,342
Grants	133,039	1,670,049	1,803,088	214,547
In-kind contributions	358,400	-	358,400	14,400
Special events, net of expense of \$19,894	26,594	-	26,594	36,014
Program service fees	75,077	-	75,077	38,876
Investment income (loss), net	(48,830)	(81,894)	(130,724)	101,458
Forgiveness of debt	78,635	-	78,635	-
Gain on sale of property	61,929	-	61,929	-
Other revenue	5,836	-	5,836	2,110
	<u>1,004,995</u>	<u>1,729,224</u>	<u>2,734,219</u>	<u>783,747</u>
Net assets released from restrictions - Restriction satisfied by payments	<u>1,735,316</u>	<u>(1,735,316)</u>	<u>-</u>	<u>-</u>
Net public support and revenue	<u>2,740,311</u>	<u>(6,092)</u>	<u>2,734,219</u>	<u>783,747</u>
FUNCTIONAL EXPENSES:				
Program services	633,005	-	633,005	493,661
Management and general	79,352	-	79,352	57,345
Fundraising	56,729	-	56,729	51,449
	<u>769,086</u>	<u>-</u>	<u>769,086</u>	<u>602,455</u>
CHANGE IN NET ASSETS	1,971,225	(6,092)	1,965,133	181,292
NET ASSETS, Beginning of year	<u>4,115,490</u>	<u>1,073,416</u>	<u>5,188,906</u>	<u>5,007,614</u>
NET ASSETS, End of year	<u>\$ 6,086,715</u>	<u>\$ 1,067,324</u>	<u>\$ 7,154,039</u>	<u>\$ 5,188,906</u>

The accompanying notes are an integral part of this statement.

THE LAND CONSERVANCY OF MCHENRY COUNTY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	<u>\$ 1,965,133</u>	<u>\$ 181,292</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Donated property	(350,000)	-
Depreciation	14,497	2,058
Gain on sale of property	(61,929)	-
Forgiveness of debt	(78,635)	-
Unrealized and realized loss (gain) on investments	144,469	(88,427)
(Increase) in promises to give	(27,875)	(2,517)
(Increase) decrease in prepaid expenses	11,836	(3)
Increase (decrease) in accounts payable and accrued liabilities	(5,303)	7,882
Increase in agency funds	5,841	3,297
Total adjustments	<u>(347,099)</u>	<u>(77,710)</u>
Net cash provided by operating activities	<u>1,618,034</u>	<u>103,582</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(992,937)	(76,820)
Proceeds from sale of property and equipment	536,861	-
Purchase of investments	(109,934)	(124,679)
Sales of investments	126,555	119,357
Net cash (used in) investing activities	<u>(439,455)</u>	<u>(82,142)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	-	78,635
Payments on notes payable	(1,087,333)	(20,090)
Net cash provided by (used in) financing activities	<u>(1,087,333)</u>	<u>58,545</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	91,246	79,985
CASH AND CASH EQUIVALENTS, Beginning of year	<u>474,737</u>	<u>394,752</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 565,983</u>	<u>\$ 474,737</u>
Cash and cash equivalents - Operations	\$ 519,660	\$ 434,255
- Held for others	46,323	40,482
Total cash and cash equivalents	<u>\$ 565,983</u>	<u>\$ 474,737</u>
SUPPLEMENTAL INFORMATION:		
Interest paid	<u>\$ 16,576</u>	<u>\$ 1,292</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Property financed through a note payable	<u>\$ 1,265,000</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

THE LAND CONSERVANCY OF MCHENRY COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(with summarized financial information for the year ended December 31, 2021)

	Program Services	Management and General	Fundraising	Total	2021 (for comparative purposes only)
Salaries	\$ 326,749	\$ 40,844	\$ 40,844	\$ 408,437	\$ 365,121
Payroll taxes and benefits	43,503	5,438	5,438	54,379	42,148
Cost of direct benefits to donors	-	-	19,894	19,894	11,212
Depreciation	-	14,497	-	14,497	2,058
Grant expense	21,463	-	-	21,463	69,587
Insurance	37,233	4,137	-	41,370	15,808
Interest	16,576	-	-	16,576	1,292
Mailings	3,259	652	2,607	6,518	8,418
Meetings	2,459	-	-	2,459	581
Membership dues	4,070	509	509	5,088	4,300
Miscellaneous	11,378	1,422	1,422	14,222	10,650
Office supplies	6,654	830	832	8,316	3,297
Outside services	1,239	-	-	1,239	7,005
Printing	3,369	-	3,369	6,738	6,434
Professional fees - Accounting	-	9,315	-	9,315	8,000
- Legal	30,949	-	-	30,949	3,606
Real estate taxes	7,784	-	-	7,784	3,355
Rent	8,118	1,015	1,015	10,148	16,678
Stewardship	102,656	-	-	102,656	27,669
Telephone	4,330	541	541	5,412	5,230
Travel	1,216	152	152	1,520	1,218
Total expenses by function	633,005	79,352	76,623	788,980	613,667
Less expenses included with revenues on the statement of activities	-	-	(19,894)	(19,894)	(11,212)
Total expenses included in the expense section on the statement of activities	<u>\$ 633,005</u>	<u>\$ 79,352</u>	<u>\$ 56,729</u>	<u>\$ 769,086</u>	<u>\$ 602,455</u>

The accompanying notes are an integral part of this statement.

THE LAND CONSERVANCY OF MCHENRY COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Land Conservancy of McHenry County, Inc. (the Organization) is a private not-for-profit organization dedicated to the conservation and preservation of McHenry County landscape. Its mission is to preserve the natural heritage of McHenry County by protecting undeveloped land and providing for open space needs. Through the preservation of land, the Organization helps to preserve the agricultural heritage and offers opportunities to observe and study nature, while providing a habitat for native plants and animals. The mission is accomplished primarily through the use of conservation easements, a strategy by which private property owners retain ownership of their lands, but donate their development rights to the Organization.

The financial statements were available to be issued on June 16, 2023, with subsequent events being evaluated through this date.

The following summarizes the significant accounting policies and practices reflected in the accompanying financial statements.

Accounting Method -

The accounting records of the Organization are maintained on an accrual basis which recognizes revenue when earned and expenses as they are incurred.

Basis of Presentation -

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). Under GAAP, the Organization is required to report information regarding its financial position and activities according to two classes of net assets which are: without donor restrictions and with donor restrictions.

Without donor restrictions - Net assets that are not subject to donor-imposed stipulations and may be expensed for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of management and the board of directors.

With donor restrictions - Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met either by actions of the Organization and/or the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates -

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Cash and Cash Equivalents -

Cash and cash equivalents include all monies in banks and highly liquid investments with original maturities of less than three months.

Unconditional Promises to Give -

Unconditional promises to give represent contributions and grants due to the Organization from individuals, foundations, and government agencies. Promises to give were reviewed at year end and all significant amounts were deemed collectible. Promises to give at year end are due within one year.

Investments -

Investments are carried out at fair value. Investment securities, in general, are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of market risk associated with certain investment securities, it is possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Property and Equipment -

Acquisitions of property and equipment in excess of \$2,500 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets, ranging from 5-10 years.

Public Support and Revenue -

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give; that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the assets, or if they are designated as support for future periods. When a donor restriction expires; that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-imposed contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations regarding how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

In-Kind Contributions -

In addition to receiving cash contributions, the Organization receives in-kind contributions from various donors. It is the policy of the Organization to record the estimated fair market value of certain in-kind donations as an expense in its financial statements, and similarly increase contribution revenue by a like amount. In-kind contributions that are classified as assets are for donated property.

In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to the Organization; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles that prohibits the recording of donated services unless they create or enhance a nonfinancial asset or are specialized skills that would have been purchased if they were not donated.

Program Service Fees -

Program service fees revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing various stewardship services. Revenue is recognized as the performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by the Organization.

Functional Allocation of Expenses -

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and related expenses, depreciation, rent, and other expenses which are allocated on the basis of estimates of time and effort.

Comparative Financial Information -

The financial statements include certain prior-year, summarized, comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

(2) INCOME TAXES:

The Organization has been determined by the Internal Revenue Service to be exempt from federal income tax under Section 501(a) as described under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income tax has been established.

The Organization files income tax returns in the U.S. federal jurisdiction and Illinois. With few exceptions, the Organization is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2019. The Organization does not expect a material net change in unrecognized tax benefits in the next twelve months.

(3) AGENCY FUNDS:

The Organization is acting as a fiscal agent that holds and disburses the funds per the request of two not-for-profit organizations. The following is a show of the transactions that have occurred during the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 40,482	\$ 37,185
Receipts	21,858	11,402
Disbursements	<u>(16,017)</u>	<u>(8,105)</u>
Ending balance	<u>\$ 46,323</u>	<u>\$ 40,482</u>

(4) INVESTMENTS:

At December 31, 2022 and 2021, the fair values of the Organization's investments were as follows:

	<u>2022</u>	<u>2021</u>
Bonds	\$ 281,965	\$ 347,609
Stocks	489,871	568,901
Real estate investment trusts	<u>31,426</u>	<u>47,842</u>
Total investments	<u>\$ 803,262</u>	<u>\$ 964,352</u>

Investment income (loss) for the years ended December 31, 2022 and 2021, consisted of the following:

	<u>2022</u>	<u>2021</u>
Dividends and interest	\$ 26,450	\$ 26,148
Realized gain	4,863	34,287
Unrealized gain (loss)	(149,332)	54,140
Fees	<u>(12,705)</u>	<u>(13,117)</u>
Investment income (loss), net	<u>\$ (130,724)</u>	<u>\$ 101,458</u>

Some of these investments are with donor restrictions and can only be released upon the occurrence of a legal defense of an easement. As of December 31, 2022 and 2021, investments with donor restrictions were \$521,154 and \$622,625, respectively.

(5) FAIR VALUE MEASUREMENTS:

The Accounting Standards Codification for Fair Value Measurements established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under this codification are described as follows:

Level 1:

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2:

Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3:

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2022 and 2021.

Stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Municipal and Corporate Bonds: Valued at the closing bid price reported on the active market on which the individual securities and bonds are traded.

(5) FAIR VALUE MEASUREMENTS: (Continued)

Real Estate Investment Trust: Valued at the published daily NAV of shares held by the Organization at year end.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes their valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value:

<u>Description</u>	<u>Assets at Fair Value as of December 31, 2022</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Bonds:				
Municipal	\$ 236,306	\$ -	\$ -	\$ 236,306
Corporate	45,659	-	-	45,659
Stocks	489,871	-	-	489,871
Real estate investment trusts	<u>31,426</u>	<u>-</u>	<u>-</u>	<u>31,426</u>
Total assets at fair value	<u>\$ 803,262</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 803,262</u>

<u>Description</u>	<u>Assets at Fair Value as of December 31, 2021</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Bonds:				
Municipal	\$ 310,470	\$ -	\$ -	\$ 310,470
Corporate	37,139	-	-	37,139
Stocks	568,901	-	-	568,901
Real estate investment trusts	<u>47,842</u>	<u>-</u>	<u>-</u>	<u>47,842</u>
Total assets at fair value	<u>\$ 964,352</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 964,352</u>

(6) LAND:

The Organization owns land for conservation purposes totaling \$5,656,854 and \$3,804,645 as of December 31, 2022 and 2021, respectively.

(6) LAND: (Continued)

During 2022, the Organization purchased 324 acres of land in McHenry County for \$2,250,000. The purchase was partially financed with a loan from a bank totaling \$1,265,000. The remaining purchase price was paid in cash from a foundation grant and other Organization funds. Upon the purchase, a portion of the land was sold to an unrelated third party for \$536,861. As part of the terms in the foundation grant, the land will be transferred to the Village of Bull Valley once the loan is paid in full and the initial restoration is complete. The Organization will retain a conservation easement and management agreement.

(7) NOTES PAYABLE:

	<u>2022</u>	<u>2021</u>
Payable to a Bank, in monthly interest payments at an annual interest rate of 3.62%, variable principal payments throughout the loan as specified in the agreement with the bank. Due in July, 2024 and secured by property.	\$ 193,000	\$ -
Payable to an individual, in quarterly installments of principal and interest of \$5,345 with an interest rate of 2%. Due in April 2024, and unsecured.	36,681	52,014
Payroll Protection Program (PPP) loan payable to a bank as part of the Economic Aid Act. Interest accrues at 1% with the amount to be repaid in equal installments of principal and interest, beginning at the earlier of the date the Small Business Administration (SBA) remits the loan forgiveness amount, or 10 months after the forgivable coverage period, with a final payment due March 2026. As part of the loan agreement, all or a portion of the loan was eligible to be forgiven. During 2022, the Organization received notice that the loan was forgiven in full and the amount was recognized as revenue in accordance with ASC 470.	<u>-</u>	<u>78,635</u>
	229,681	130,649
Less - Current portion	<u>142,804</u>	<u>99,130</u>
Long-term portion	<u>\$ 86,877</u>	<u>\$ 31,519</u>

Maturities of long-term debt as of December 31, 2022, are due in future years as follows:

2023	\$ 142,804
2024	86,877

(8) NET ASSETS:

Board-designated net assets are comprised as follows at December 31:

	<u>2022</u>	<u>2021</u>
Long-term management	\$ 184,763	\$ 196,329
Operating reserve	57,283	-
Land restoration	<u>59,575</u>	<u>59,575</u>
Total board-designated net assets	<u>\$ 301,621</u>	<u>\$ 255,904</u>

Net assets with donor restrictions are comprised as follows at December 31:

	<u>2022</u>	<u>2021</u>
Legal issues with regard to easements	\$ 521,154	\$ 622,625
Stewardship	137,385	90,174
Long-term management	211,491	210,472
Land trust project	79,161	60,502
Special projects	101,157	67,929
Oak conservation	<u>16,976</u>	<u>21,714</u>
Total net assets with donor restrictions	<u>\$ 1,067,324</u>	<u>\$ 1,073,416</u>

(9) IN-KIND CONTRIBUTIONS:

The Organization received in-kind contributions for the years ended December 31, 2022 and 2021 as follows:

	<u>2022</u>	<u>2021</u>
Donated property	\$ 350,000	\$ -
Facilities	<u>8,400</u>	<u>14,400</u>
	<u>\$ 358,400</u>	<u>\$ 14,400</u>

The Organization signed an agreement with the City of Woodstock to become a Site Steward for a property. In exchange for being the Site Steward, the Organization is allowed to use this property free of rent for its operations. The Organization valued at fair value based on current market rates for similar property.

During the year ended December 31, 2022, the Organization received a donation of five acres of property. The fair value of \$350,000 was determined by comparing similar properties in the County. The property was capitalized.

(10) CONCENTRATIONS:

The Organization received approximately 61% of its total public support and revenue from one donor for the year ended December 31, 2022.

(11) AVAILABILITY AND LIQUIDITY:

Financial assets available for general expenditure; that is, without donor or other restrictions limiting their use, within one year, comprise the following:

	<u>2022</u>	<u>2021</u>
Financial Assets -		
Cash and cash equivalents	\$ 565,983	\$ 474,737
Investments	803,262	964,352
Promises to give	<u>98,790</u>	<u>70,915</u>
Total financial assets	1,468,035	1,510,004
Less cash held for others	<u>46,323</u>	<u>40,482</u>
Net financial assets after cash held for others	1,421,712	1,469,522
Less amounts not available -		
Donor-imposed restrictions	1,067,324	1,073,416
Board-advised funds	<u>301,621</u>	<u>255,904</u>
Financial assets available to meet cash needs for general expenditures; that is, without donor or other restrictions limiting their use within one year	<u>\$ 52,767</u>	<u>\$ 140,202</u>

The Organization receives significant contributions, some of which are restricted by donors to fund specific programs or projects. Such restricted funds are tracked for use for the identified program or project. Restricted contributions of \$1,811,118 and \$188,817 were received and included in financial assets for the years ended December 31, 2022 and 2021, respectively.

Additionally, the Organization has certain board-designated assets that are designated for future expenditures and are not available for general expenditure within the next year. However, the board-designated amounts could be made available, if necessary.

The Organization manages its liquidity and reserves following three guiding principles:

- operating within a prudent range of financial soundness and stability
- maintaining adequate liquid assets to fund near-term operating needs
- maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

(12) EMPLOYEE RETIREMENT PLAN:

The Organization maintains a SIMPLE IRA plan for the benefit of eligible employees. Employees may start contributing to their IRA once their compensation is in excess of \$5,000 in the two prior years and in the current year. The Organization will contribute 2% of the employee's compensation regardless of if the eligible employee contributes to the plan. Contributions to the plan for the years ended December 31, 2022 and 2021, were \$7,363 and \$5,612, respectively.

(13) EASEMENTS:

The Organization has received 95 easements since it began operations. There have been 2,310 easement acres donated to the Organization as of December 31, 2022.