

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

**FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2025 AND 2024**

TOGETHER WITH AUDITOR'S REPORT

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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, 2025, 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, 2025, 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, which 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.

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

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:

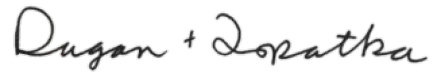
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, 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, which 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.

Report on Summarized Comparative Information

We have previously audited The Land Conservancy of McHenry County, Inc.'s 2024 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated June 6, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited statement from which it has been derived.

A handwritten signature in cursive script that reads "Dugan + Lopatka".

DUGAN & LOPATKA

Warrenville, Illinois
June 9, 2026

THE LAND CONSERVANCY OF MCHENRY COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<u>A S S E T S</u>		
CURRENT ASSETS:		
Cash and cash equivalents - Operations	\$ 429,072	\$ 463,606
- Held for others	53,978	60,936
Unconditional promises to give, current	20,025	77,655
Investments	1,134,639	824,277
Prepaid expenses	4,433	1,019
Total current assets	<u>1,642,147</u>	<u>1,427,493</u>
PROPERTY AND EQUIPMENT, at cost:		
Land	6,096,052	6,091,052
Building and equipment	477,636	450,399
Total property and equipment	<u>6,573,688</u>	<u>6,541,451</u>
Less - Accumulated depreciation	<u>192,746</u>	<u>130,471</u>
Net property and equipment	<u>6,380,942</u>	<u>6,410,980</u>
OTHER ASSETS:		
Unconditional promises to give, long-term	-	20,000
Investments	571,750	540,164
Total other assets	<u>571,750</u>	<u>560,164</u>
	<u>\$ 8,594,839</u>	<u>\$ 8,398,637</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Note payable, current maturities	\$ 33,000	\$ 40,000
Accounts payable and accrued liabilities	16,269	31,881
Agency funds	53,978	60,936
Total current liabilities	<u>103,247</u>	<u>132,817</u>
LONG-TERM LIABILITIES:		
Note payable, net of current maturities	<u>-</u>	<u>70,315</u>
Total liabilities	<u>103,247</u>	<u>203,132</u>
NET ASSETS:		
Without donor restrictions - Undesignated	153,602	208,295
- Net property and equipment, less related debt	6,347,942	6,300,665
- Board-designated	947,471	551,742
With donor restrictions	<u>1,042,577</u>	<u>1,134,803</u>
Total net assets	<u>8,491,592</u>	<u>8,195,505</u>
	<u>\$ 8,594,839</u>	<u>\$ 8,398,637</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, 2025
 (with summarized financial information for the year ended December 31, 2024)

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
PUBLIC SUPPORT AND REVENUE:				
Contributions	\$ 363,169	\$ 65,368	\$ 428,537	\$ 1,151,437
Grants	204,134	150,000	354,134	313,285
In-kind contributions	26,212	-	26,212	10,000
Special events, net of expense of \$22,450	26,386	-	26,386	29,261
Program service fees	63,583	-	63,583	67,479
Sale of environmental credits	366,845	-	366,845	-
Plant sales	94,355	-	94,355	-
Investment income, net	35,629	55,281	90,910	46,987
Employee Retention Tax Credit	-	-	-	51,925
Other revenue	7,495	-	7,495	660
Total public support and revenue	1,187,808	270,649	1,458,457	1,671,034
Net assets released from restrictions - Restriction satisfied by payments	362,875	(362,875)	-	-
Net public support and revenue	1,550,683	(92,226)	1,458,457	1,671,034
FUNCTIONAL EXPENSES:				
Program services	903,668	-	903,668	788,088
Management and general	150,729	-	150,729	131,943
Fundraising	107,973	-	107,973	74,842
Total functional expenses	1,162,370	-	1,162,370	994,873
CHANGE IN NET ASSETS	388,313	(92,226)	296,087	676,161
NET ASSETS, Beginning of year	7,060,702	1,134,803	8,195,505	7,519,344
NET ASSETS, End of year	\$ 7,449,015	\$ 1,042,577	\$ 8,491,592	\$ 8,195,505

THE LAND CONSERVANCY OF MCHENRY COUNTY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	<u>\$ 296,087</u>	<u>\$ 676,161</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Donated property	(5,000)	(10,000)
Depreciation	62,276	50,618
Unrealized and realized (gain) on investments	(60,372)	(25,962)
Decrease in promises to give	77,630	22,619
(Increase) in prepaid expenses	(3,414)	(619)
(Decrease) in accounts payable and accrued liabilities	(15,612)	(2,056)
Increase (decrease) in agency funds	<u>(6,958)</u>	<u>6,489</u>
Total adjustments	<u>48,550</u>	<u>41,089</u>
Net cash provided by operating activities	<u>344,637</u>	<u>717,250</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(27,238)	(319,011)
Proceeds from sale of property and equipment	-	358,417
Purchase of investments	(638,160)	(744,789)
Sales of investments	<u>356,584</u>	<u>288,534</u>
Net cash (used in) investing activities	<u>(308,814)</u>	<u>(416,849)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on notes payable	<u>(77,315)</u>	<u>(376,895)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(41,492)	(76,494)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>524,542</u>	<u>601,036</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 483,050</u>	<u>\$ 524,542</u>
Cash and cash equivalents - Operations	\$ 429,072	\$ 463,606
- Held for others	<u>53,978</u>	<u>60,936</u>
Total cash and cash equivalents	<u>\$ 483,050</u>	<u>\$ 524,542</u>
SUPPLEMENTAL INFORMATION:		
Interest paid	<u>\$ 3,788</u>	<u>\$ 7,430</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Property financed through a note payable	<u>\$ -</u>	<u>\$ 393,600</u>

THE LAND CONSERVANCY OF MCHENRY COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
(with summarized financial information for the year ended December 31, 2024)

	Program Services	Management and General	Fundraising	Total	2024 (for comparative purposes only)
Salaries	\$ 423,634	\$ 52,954	\$ 52,954	\$ 529,542	\$ 521,300
Payroll taxes and benefits	66,913	8,364	8,364	83,641	67,235
Bad debt expense	4,612	-	-	4,612	-
Cost of direct benefits to donors	-	-	22,450	22,450	17,543
Depreciation	-	62,276	-	62,276	50,618
Fees	34,021	4,253	4,253	42,527	24,975
Grant expense	-	-	-	-	17,461
In-kind expense	-	-	21,212	21,212	-
Insurance	28,718	3,191	-	31,909	35,029
Interest	3,788	-	-	3,788	7,430
Mailings	7,279	1,456	5,823	14,558	7,894
Meetings	14,386	-	-	14,386	5,757
Membership dues	4,542	568	568	5,678	5,152
Miscellaneous	19,994	2,498	2,498	24,990	18,005
Occupancy	2,133	267	267	2,667	2,378
Office supplies	8,153	1,019	1,019	10,191	8,442
Outside services	2,493	-	-	2,493	1,500
Plants expense	55,160	-	-	55,160	-
Printing	10,232	-	10,232	20,464	12,332
Professional fees	26,742	13,100	-	39,842	84,040
Real estate taxes	11,810	-	-	11,810	437
Stewardship	172,793	-	-	172,793	117,203
Telephone	5,779	722	722	7,223	6,631
Travel	486	61	61	608	1,054
Total expenses by function	903,668	150,729	130,423	1,184,820	1,012,416
Less expenses included with revenues on the statement of activities	-	-	(22,450)	(22,450)	(17,543)
Total expenses included in the expense section on the statement of activities	<u>\$ 903,668</u>	<u>\$ 150,729</u>	<u>\$ 107,973</u>	<u>\$ 1,162,370</u>	<u>\$ 994,873</u>

THE LAND CONSERVANCY OF MCHENRY COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

(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 9, 2026 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.

Investments -

Investments are carried 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.

Carbon Credits -

The Organization participates in carbon sequestration programs related to certain conservation properties owned by the Organization. Carbon credits are generated based on verified estimates of future carbon storage associated with qualifying forest land and are maintained within a third-party registry.

The Organization recognizes revenue from the sale of carbon credits when the credits are transferred to the purchaser and the related performance obligations are satisfied. Proceeds received are reported as carbon credit revenue in the accompanying statement of activities. Costs incurred to develop and maintain carbon credit programs are expensed as incurred. The Organization does not recognize an asset for internally generated unsold carbon credits. Certain carbon credit arrangements require the Organization to maintain qualifying conservation properties and comply with ongoing monitoring and reporting requirements over specified periods.

Plant Sales Income -

The Organization recognizes sales income from plants. The performance obligation is met, and revenue is recognized when the sale has occurred.

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, occupancy, and other expenses which are allocated on the basis of estimates of time and effort.

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

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 2022. The Organization does not expect a material net change in unrecognized tax benefits in the next twelve months.

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, 2024, from which the summarized information was derived.

(2) UNCONDITIONAL PROMISES TO GIVE:

At December 31, 2025 and 2024, unconditional promises to give were as follows:

	<u>2025</u>	<u>2024</u>
Promises to give	\$ 20,025	\$ 97,655
Less – Unamortized discount	<u>-</u>	<u>-</u>
Net unconditional promises to give	<u>\$ 20,025</u>	<u>\$ 97,655</u>
Amounts due in:		
Less than one year	\$ 20,025	\$ 77,655
One to five years	<u>-</u>	<u>20,000</u>
	<u>\$ 20,025</u>	<u>\$ 97,655</u>

(3) INVESTMENTS:

At December 31, 2025 and 2024, the fair values of the Organization's investments were as follows:

	<u>2025</u>	<u>2024</u>
Corporate bonds	\$ 123,220	\$ 77,251
Government securities	331,164	309,940
Stocks	749,120	666,512
Real estate investment trusts	-	3,913
Exchange-traded funds	18,671	6,922
Mutual funds	<u>484,214</u>	<u>299,903</u>
Total investments	<u>\$ 1,706,389</u>	<u>\$ 1,364,441</u>

(3) INVESTMENTS: (Continued)

Investment income for the years ended December 31, 2025 and 2024, consisted of the following:

	<u>2025</u>	<u>2024</u>
Dividends and interest	\$ 46,552	\$ 33,621
Realized gain	19,574	5,709
Unrealized gain	40,798	20,253
Fees	<u>(16,014)</u>	<u>(12,596)</u>
Investment income, net	<u>\$ 90,910</u>	<u>\$ 46,987</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, 2025 and 2024, investments with donor restrictions were \$571,750 and \$540,164, respectively.

(4) 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.

(4) FAIR VALUE MEASUREMENTS: (Continued)

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, 2025 and 2024.

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

Corporate Bonds: Valued using pricing models maximizing the use of observable inputs for similar securities on an active or secondary market that the securities are traded on.

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

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

Mutual Funds and Exchange Traded Funds: Valued at the closing price (net assets value) reported on the active market on which the individual funds are traded.

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, 2025</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Government securities	\$ 331,164	\$ -	\$ -	\$ 331,164
Corporate bonds	-	123,220	-	123,220
Stocks	749,120	-	-	749,120
Exchange-traded funds	18,671	-	-	18,671
Mutual funds	484,214	-	-	484,214
Total assets at fair value	<u>\$ 1,583,169</u>	<u>\$ 123,220</u>	<u>\$ -</u>	<u>\$ 1,706,389</u>

<u>Description</u>	<u>Assets at Fair Value as of December 31, 2024</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Government securities	\$ 309,940	\$ -	\$ -	\$ 309,940
Corporate bonds	-	77,251	-	77,251
Stocks	666,512	-	-	666,512
Real estate investment trusts	3,913	-	-	3,913
Exchange-traded funds	6,922	-	-	6,922
Mutual funds	299,903	-	-	299,903
Total assets at fair value	<u>\$ 1,287,190</u>	<u>\$ 77,251</u>	<u>\$ -</u>	<u>\$ 1,364,441</u>

(5) LAND:

The Organization owns land for conservation purposes totaling \$6,096,052 and \$6,091,052 as of December 31, 2025 and 2024, respectively. Included in the total is land owned by the Organization originally purchased in 2022 and valued at \$1,752,209, that will be transferred to the Village of Bull Valley once initial restoration is complete. The Organization will retain a conservation easement and management agreement.

(6) 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, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Beginning balance	\$ 60,936	\$ 54,447
Receipts	44,150	42,799
Disbursements	<u>(51,108)</u>	<u>(36,310)</u>
Ending balance	<u>\$ 53,978</u>	<u>\$ 60,936</u>

(7) NOTES PAYABLE:

	<u>2025</u>	<u>2024</u>
Payable to a bank, in monthly interest payments at an annual fixed interest rate of 6.5% and quarterly \$10,000 principal payments throughout the loan as specified in the agreement with the bank. Note was refinanced during 2024 and is due in October 2026 and secured by property.	\$ 33,000	\$ 73,000
Payable to a bank, in monthly interest payments at a fixed rate of 6.5%, with a lump sum principal payment due in September 2028 and secured by property. The original note was \$393,600 and the Organization sold a portion of the land to an unrelated third party and paid the proceeds of the sale against the note during 2024. The note was paid in full during 2025.	<u>-</u>	<u>37,315</u>
	33,000	110,315
Less - Current portion	<u>33,000</u>	<u>40,000</u>
Long-term portion	<u>\$ -</u>	<u>\$ 70,315</u>

Maturities of long-term debt as of December 31, 2025, are due in future years as follows:

2026	<u>\$ 33,000</u>
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(8) NET ASSETS:

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

	<u>2025</u>	<u>2024</u>
Long-term management	\$ 580,775	\$ 206,246
Operating reserve	100,000	100,000
Yonder Pipeline	207,496	207,496
Land restoration	<u>59,200</u>	<u>38,000</u>
Total board-designated net assets	<u>\$ 947,471</u>	<u>\$ 551,742</u>

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

	<u>2025</u>	<u>2024</u>
Legal issues with regard to easements	\$ 571,750	\$ 540,164
Stewardship	95,385	97,385
Long-term management	222,737	210,472
Land trust project	2,190	2,781
Special projects	132,712	267,555
Oak conservation	<u>17,803</u>	<u>16,446</u>
Total net assets with donor restrictions	<u>\$ 1,042,577</u>	<u>\$ 1,134,803</u>

(9) CONCENTRATIONS:

The Organization received approximately 25% and 12% of its total public support and revenue from one customer and donor for the years ended December 31, 2025 and 2024, respectively.

(10) IN-KIND CONTRIBUTIONS:

The Organization received in-kind contributions for the years ended December 31, 2025 and 2024 as follows:

	<u>2025</u>	<u>2024</u>
Donated property	\$ 5,000	\$ 10,000
Donated auction items	<u>21,212</u>	<u>-</u>
Total in-kind contributions	<u>\$ 26,212</u>	<u>\$ 10,000</u>

During the years ending December 31, 2025 and 2024, the Organization received donations of property. The fair values of \$5,000 and \$10,000, respectively, were determined by comparing similar properties in McHenry County. The properties were capitalized.

Donated auction items: items are provided to the Organization to be auctioned at its special events. The Organization valued at the sales price received during the auction on the day of the event.

(11) REVOCABLE SPLIT-INTEREST AGREEMENT:

The Organization is the beneficiary under a designated fund administered by The Community Foundation for McHenry County. The assets of the fund are not included in the statements of financial position of the Organization because the fund is revocable at the discretion of the grantor. The Organization is entitled to an amount specified each year as determined by the Community Foundation. The balance held with the Community Foundation was \$408,540 and \$371,477 as of December 31, 2025 and 2024, respectively.

(12) 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>2025</u>	<u>2024</u>
Financial Assets -		
Cash and cash equivalents	\$ 483,050	\$ 524,542
Investments	1,706,389	1,364,441
Unconditional promises to give	<u>20,025</u>	<u>97,655</u>
Total financial assets	2,209,464	1,986,638
Less cash held for others	<u>53,978</u>	<u>60,936</u>
Net financial assets after cash held for others	2,155,486	1,925,702
Less amounts not available -		
Donor-imposed restrictions	1,042,577	1,134,803
Board-advised funds	<u>947,471</u>	<u>551,742</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>\$ 165,438</u>	<u>\$ 239,157</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 \$215,368 and \$659,995 were received and included in financial assets for the years ended December 31, 2025 and 2024, 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.

(13) 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, 2025 and 2024, were \$9,734 and \$9,021, respectively.

(14) EASEMENTS:

The Organization has received 101 easements since it began operations. There have been 2,469 easement acres donated to the Organization as of December 31, 2025.