

FRIENDS OF STOWE CONSERVATION, INC.
D/B/A STOWE LAND TRUST
FINANCIAL STATEMENTS
Years ended September 30, 2022 and 2021

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GRIPPIN DONLAN PINKHAM

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS AND ADVISORS

DAVID C. GRIPPIN CPA CVA
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LATA AGARWAL CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Friends of Stowe Conservation, Inc.

Opinion

We have audited the accompanying financial statements of Friends of Stowe Conservation, Inc. d/b/a Stowe Land Trust (a nonprofit organization), which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years 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 Friends of Stowe Conservation, Inc. d/b/a Stowe Land Trust as of September 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Friends of Stowe Conservation, Inc. d/b/a Stowe Land Trust 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 Friends of Stowe Conservation, Inc. d/b/a Stowe Land Trust'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 Responsibilities 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 Friends of Stowe Conservation, Inc. d/b/a Stowe Land Trust'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 Friends of Stowe Conservation, Inc. d/b/a Stowe Land Trust'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.

Grippin, Donlan & Pinkham, PLLC

Registration number 553

March 17, 2023

“INNOVATIVE SOLUTIONS & PERSONAL SERVICE”

FRIENDS OF STOWE CONSERVATION, INC.
d/b/a STOWE LAND TRUST
STATEMENTS OF FINANCIAL POSITION
September 30, 2022 and 2021

ASSETS

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 463,861	\$ 1,036,914
Prepaid expenses	6,305	6,305
Pledges receivable	35,000	70,000
Security deposit	2,100	1,450
Investments	2,059,784	2,072,030
Conservation land holdings	2,125,040	2,125,040
Property and equipment, net	<u>95,737</u>	<u>90,542</u>
Total Assets	<u>\$ 4,787,827</u>	<u>\$ 5,402,281</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$ 7,442	\$ 8,945
Accrued compensation	<u>50,155</u>	<u>35,207</u>
Total Liabilities	<u>57,597</u>	<u>44,152</u>
Net Assets		
Without donor restrictions		
Undesignated	295,383	553,158
Board-designated	<u>1,214,452</u>	<u>1,059,478</u>
Subtotal - without donor restrictions	1,509,835	1,612,636
With donor restrictions	<u>3,220,395</u>	<u>3,745,493</u>
Total Net Assets	<u>4,730,230</u>	<u>5,358,129</u>
Total Liabilities and Net Assets	<u>\$ 4,787,827</u>	<u>\$ 5,402,281</u>

See notes to financial statements

FRIENDS OF STOWE CONSERVATION, INC.
d/b/a STOWE LAND TRUST
STATEMENTS OF ACTIVITIES
Years ended September 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Grants and contributions	\$ 1,161,449	\$ 86,154	\$ 1,247,603	\$ 459,783	\$ 573,848	\$ 1,033,631
Event	53,193	0	53,193	32,960	0	32,960
Paycheck protection program loan forgiveness	0	0	0	23,800	0	23,800
Other revenues	5,859	0	5,859	971	0	971
Investment return	<u>(282,443)</u>	<u>(14,334)</u>	<u>(296,777)</u>	<u>179,639</u>	<u>10,542</u>	<u>190,181</u>
Total support and revenues before net assets released from restrictions	938,058	71,820	1,009,878	697,153	584,390	1,281,543
Released from restriction	<u>596,918</u>	<u>(596,918)</u>	<u>0</u>	<u>18,426</u>	<u>(18,426)</u>	<u>0</u>
Total Support and Revenue	<u>1,534,976</u>	<u>(525,098)</u>	<u>1,009,878</u>	<u>715,579</u>	<u>565,964</u>	<u>1,281,543</u>
Expenses:						
Program	1,393,337	0	1,393,337	168,187	0	168,187
Fundraising & membership development	92,642	0	92,642	79,980	0	79,980
Management & general	<u>151,798</u>	<u>0</u>	<u>151,798</u>	<u>103,348</u>	<u>0</u>	<u>103,348</u>
Total Expenses	<u>1,637,777</u>	<u>0</u>	<u>1,637,777</u>	<u>351,515</u>	<u>0</u>	<u>351,515</u>
Decrease in Net Assets	(102,801)	(525,098)	(627,899)	364,064	565,964	930,028
Net Assets, beginning of year	<u>1,612,636</u>	<u>3,745,493</u>	<u>5,358,129</u>	<u>1,248,572</u>	<u>3,179,529</u>	<u>4,428,101</u>
Net Assets, end of year	<u>\$ 1,509,835</u>	<u>\$ 3,220,395</u>	<u>\$ 4,730,230</u>	<u>\$ 1,612,636</u>	<u>\$ 3,745,493</u>	<u>\$ 5,358,129</u>

See notes to financial statements

FRIENDS OF STOWE CONSERVATION, INC.
d/b/a STOWE LAND TRUST
STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended September 30, 2022
(With comparative totals for 2021)

<u>Program</u>	<u>Fundraising & Membership Development</u>	<u>Management & General</u>	<u>2022 Total</u>	<u>2021 Total</u>	
Payroll and benefits	\$ 117,917	\$ 44,912	\$ 105,641	\$ 268,470	\$ 208,938
Bank charges	1,215	462	1,087	2,764	1,786
Copier lease and printing	1,053	401	943	2,397	2,259
Depreciation	4,731	0	0	4,731	4,816
Dues and subscriptions	2,764	1,053	2,476	6,293	685
Easement acquisition	1,150,000	0	0	1,150,000	900
Event	3,466	18,334	0	21,800	19,077
Information technology	3,486	1,328	3,124	7,938	5,835
Insurance	5,349	2,037	4,793	12,179	10,502
Land projects	149	0	0	149	10,000
Licenses and fees	312	119	279	710	514
Marketing and promotion	44,784	6,559	3,496	54,839	24,748
Miscellaneous	2,761	1,052	2,475	6,288	1,652
Office and postage	1,975	752	1,769	4,496	3,606
Professional fees	30,687	8,398	8,698	47,783	20,574
Rent and occupancy	11,130	4,239	9,971	25,340	22,790
Staff education	3,531	1,345	3,163	8,039	1,362
Stewardship	3,694	0	0	3,694	7,180
Telephone expenses	1,473	561	1,320	3,354	3,836
Travel	<u>2,860</u>	<u>1,090</u>	<u>2,563</u>	<u>6,513</u>	<u>455</u>
Total Expenses	<u>\$ 1,393,337</u>	<u>\$ 92,642</u>	<u>\$ 151,798</u>	<u>\$ 1,637,777</u>	<u>\$ 351,515</u>

See notes to financial statements

FRIENDS OF STOWE CONSERVATION, INC.
d/b/a STOWE LAND TRUST
STATEMENTS OF CASH FLOWS
Years ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Increase (decrease) in net assets	\$ (627,899)	\$ 930,028
Adjustments to reconcile increase (decrease) in net assets to net cash used by operating activities:		
Depreciation	4,731	4,816
Noncash contributions	(14,928)	0
Paycheck Protection Program loan forgiveness	0	(23,800)
Unrealized (gain) loss on investments	383,974	(59,661)
Realized gain on investments	(22,409)	(76,997)
(Increase) decrease in pledges receivable	35,000	(49,000)
Increase (decrease) in accounts payable	(1,503)	5,239
Increase in security deposit	(650)	0
Increase in accrued compensation	<u>14,948</u>	<u>3,769</u>
Net Cash Provided (Used) by Operating Activities	<u>(228,736)</u>	<u>734,394</u>
Cash Flows from Investing Activities:		
Proceeds from sale of investments	231,572	1,026,062
Purchase of investments	(565,963)	(1,392,930)
Purchase of property and equipment	<u>(9,926)</u>	<u>0</u>
Net Cash Used by Investing Activities	<u>(344,317)</u>	<u>(366,868)</u>
Net Increase (Decrease) In Cash and Cash Equivalents	(573,053)	367,526
Cash and Cash Equivalents, beginning of year	<u>1,036,914</u>	<u>669,388</u>
Cash and Cash Equivalents, end of year	<u>\$ 463,861</u>	<u>\$ 1,036,914</u>
Noncash investing and financing activities:		
Stock contributions	\$ 14,928	\$ 0

See notes to financial statements

FRIENDS OF STOWE CONSERVATION, INC.
d/b/a STOWE LAND TRUST
NOTES TO FINANCIAL STATEMENTS
September 30, 2022 and 2021

Note 1. Nature of Activities

Friends of Stowe Conservation, Inc. d/b/a Stowe Land Trust (the Land Trust) is a land conservation organization. The mission of the Land Trust is the conservation of scenic, recreational, and productive farm and forest lands for the benefit of the greater Stowe community. The Land Trust, which operates from an office in Stowe, Vermont, was incorporated in the State of Vermont in 1987. The Land Trust has completed over 30 conservation projects, five of which are owned and managed by the Land Trust.

The Land Trust's primary sources of revenues are contributions from the general public, events, investment income and grants.

Note 2. Summary of Significant Accounting Policies

Basis of financial statement presentation - The financial statements are presented on the accrual basis of accounting.

Classification of net assets - The Land Trust's net assets have been grouped into the following two classes:

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions that may or will be met, either by actions of the Land Trust and/or the passage of time. 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. Other donor restrictions may require the organization to maintain funds in perpetuity. Generally, the donors of these assets permit the organization to use all of, or part of, the income earned on permanently restricted investments for general or specific purposes.

Net assets without donor restrictions - Contributions and other inflows of assets whose use by the Land Trust is not limited by donor-imposed restrictions. These net assets may be used at the discretion of management and the Board of Directors. Certain net assets without donor restrictions have been designated by the Board of Directors to be maintained as land preservation funds, endowment funds, and other land stewardship funds.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure or contingent assets and liabilities and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents - The Land Trust considers highly liquid investments with an original maturity of three months or less to be cash equivalents.

Pledges receivable - Unconditional promises to give are recorded at net realizable value. Conditional promises to give are not included in contribution revenue until the conditions are substantially met. At September 30, 2022 and 2021 there were no estimated uncollectible amounts.

FRIENDS OF STOWE CONSERVATION, INC.
d/b/a STOWE LAND TRUST
NOTES TO FINANCIAL STATEMENTS
September 30, 2022 and 2021

Note 2. Summary of Significant Accounting Policies (Continued)

Investments - Investments in marketable securities with readily determinable fair values are carried at their fair market value in the statement of financial position. Realized and unrealized gains and losses are included in investment return. Investment return is allocated within the net assets with donor restrictions and net assets without donor restrictions fund groups based on the investment policy.

Fair value measurements - FASB ASC 820 provides the 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 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Land Trust has the ability to access.

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; and 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.

Conservation land holdings - Conservation land holdings acquired by purchase or donation are recorded at fair value as of the date donated or cost as of the date of purchase.

Conservation easements - The Land Trust acquires easements and development rights on property through purchase and donation. Conservation easements impose numerous restrictions over the use and development of the land. Since these easements have no marketable value, they are not recorded as assets on the statement of financial position, but rather disclosed in the footnotes to the financial statements. All easements acquired by purchase are expensed as easement acquisition expenses in the statement of functional expenses.

Property and equipment - Property and equipment are stated at cost and depreciated over their estimated useful economic lives by the straight-line method. The Land Trust's policy is to capitalize property and equipment with a cost or value of \$2,500 or more.

FRIENDS OF STOWE CONSERVATION, INC.
d/b/a STOWE LAND TRUST
NOTES TO FINANCIAL STATEMENTS
September 30, 2022 and 2021

Note 2. Summary of Significant Accounting Policies (Continued)

Contributions - Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions. Contributions with donor restrictions for which the restrictions are met in the same fiscal year in which they are contributed are classified as net assets without donor restrictions.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported on the statement of activities as net assets released from restrictions.

Functional expenses - Expenses that are not specifically identifiable to one of the three expense classifications are allocated based on the allocation of payroll.

Advertising - The Land Trust expenses advertising costs as they are incurred.

Income taxes - The Land Trust is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Land Trust is subject to a tax on income from any unrelated business income.

The Land Trust has analyzed tax positions taken on its tax returns and believes that all tax positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Land Trust's financial condition, results of operations or cash flows. Accordingly, the Land Trust has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at September 30, 2022 and 2021.

Note 3. Pledges Receivable

Pledges receivable consist of unconditional promises to give and are due from individuals. At September 30, 2022 and 2021, the pledges receivable balance of \$35,000 and \$70,000 are due in less than one year.

Note 4. Conditional Promises

Conditional promises are recognized as revenue when the conditions on which they depend have been substantially met. At September 30, 2021, the Land Trust received a conditional pledge for further support totaling \$200,000 for a conservation easement, for which conditions stipulated by the donors had not been met. As of September 30, 2022, the Land Trust did not have any outstanding conditional promises.

FRIENDS OF STOWE CONSERVATION, INC.
d/b/a STOWE LAND TRUST
NOTES TO FINANCIAL STATEMENTS
September 30, 2022 and 2021

Note 5. Investments

Investments are carried at fair value and measured on a recurring basis. Investments at September 30, 2022 and 2021 consisted of eleven mutual funds containing equity securities of \$1,012,544 and \$992,618, respectively and corporate bonds of \$1,047,240 and \$1,079,413, respectively. One fund makes up approximately 36% and 40% of the portfolio value at September 30, 2022 and 2021, respectively. All investments were classified as level 1 under the valuation hierarchy.

Investment return for the year ended September 30, 2022 and 2021 includes \$64,788 and \$53,524 of interest and dividends, respectively; \$22,409 and \$76,997 realized gains, respectively; and \$(383,974) and \$59,661 change in unrealized gain (loss), respectively.

Note 6. Endowment Funds

The Land Trust has previously received specially earmarked grants for its endowment fund to be held in perpetuity and the Board of Directors has designated certain net assets without donor restrictions to be held as Board Designated endowment. These funds are held for long-term growth with the intent to generate on-going income or reserves. Investments includes endowment and non endowment funds.

The funds are managed according to the investment policy of the Land Trust. This policy dictates that investment decisions shall be prudent and conservative and ensure a reasonable mix and diversification of assets. The goals of the policy are to have sufficient cash resources to meet current spending needs and maintain a positive return on assets held for longer term goals.

The Board of Directors has interpreted the state Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Land Trust classifies as net assets with donor restrictions to be held in perpetuity (a) the original value of gifts donated to the endowment (b) the original value of subsequent gifts to the endowment and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the endowment funds. The remaining portion of the donor-restricted endowment funds that are not held in perpetuity are appropriated for expenditure by the Land Trust in a manner consistent with the standard of prudence prescribed by UPMIFA.

FRIENDS OF STOWE CONSERVATION, INC.
d/b/a STOWE LAND TRUST
NOTES TO FINANCIAL STATEMENTS
September 30, 2022 and 2021

Note 6. Endowment Funds (continued)

The endowment fund activity for the years ended September 30, 2022 and 2021 are as follows:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets			
Beginning of year	\$ 1,059,478	\$ 109,903	\$ 1,169,381
Transfers	391,493	0	391,493
Investment return	(236,519)	(14,334)	(250,853)
Endowment net assets			
End of year	\$ 1,214,452	\$ 95,569	\$ 1,310,021
	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets			
Beginning of year	\$ 844,194	\$ 99,361	\$ 943,555
Transfers	171,945	0	171,945
Investment return	43,339	10,542	53,881
Endowment net assets			
End of year	\$ 1,059,478	\$ 109,903	\$ 1,169,381

Note 7. Conservation Land Holdings

Conservation land holdings consist of the following:

<u>Year received</u>	<u>Description</u>	<u>Acres</u>	<u>Town</u>	<u>Transaction Type</u>
2010	Kirchner Woods	72.5	Stowe	Fee simple purchase
2004	Dumont Land	47	Stowe	Fee simple donation
2004	Mill Trail	31	Stowe	Fee simple purchase
1998	Page Property	99	Stowe	Fee simple donation
1993	Wiessner Woods	79	Stowe	Fee simple donation

FRIENDS OF STOWE CONSERVATION, INC.
d/b/a STOWE LAND TRUST
NOTES TO FINANCIAL STATEMENTS
September 30, 2022 and 2021

Note 8. Easements Held and Deed Restrictions

As of September 30, 2022 the Land Trust held the following 34 conservation easements:

<u>Easement</u>	<u># Conservation Easements</u>	<u>Acreage</u>
Held by the Land Trust		
Adams	1	95
Bouchard Farm/Landmark Meadow	2	196
Bryant	1	5
Crawford	1	63
Grandview Farm	1	65
Halvorson	1	32
Hunnewell	1	12
Joe's Pond	1	32
Lepine	1	47
Little River Properties	2	9
Mayo Farm	1	235
Palmer	1	12
Stancliff	1	10
Stowe Club Meadows	1	22
Strawberry Hill Farm	1	51
Trapps	1	1,100
Co-held with Town of Stowe and Vermont Housing & Conservation Board (VHCB)		
Adams Camp	1	513
Bingham Falls	1	72
Nichols	2	37
Co-held with Vermont Land Trust		
Mill Trail	1	31
Co-held with VHCB		
Burnham Farm	1	107
Brownsville Forest	1	759
Cady Hill Forest	1	258
Maple Run Lane-Chase	1	26
Moscow Recreation Field	1	5
Pinnacle Meadow	2	134
Sunset Rock	1	23
Valcour	1	29
Executory Interest - Co-held with Vermont Land Trust and VHCB		
Kaiser Farm	1	49
Ricketson Farm	1	217

As of September 30, 2022 and 2021, the Land Trust held 3 deed restrictions for 25 acres at Wiessner Woods Lots 1, 2 and 3.

FRIENDS OF STOWE CONSERVATION, INC.
d/b/a STOWE LAND TRUST
NOTES TO FINANCIAL STATEMENTS
September 30, 2022 and 2021

Note 9. Property and Equipment

Property and equipment consists of the following at September 30:

	<u>2022</u>	<u>2021</u>
Building	\$ 85,733	\$ 85,733
Furnishings	2,412	2,412
Land improvements	34,051	24,125
Leasehold improvements	2,049	2,049
Painting	<u>3,000</u>	<u>3,000</u>
	127,245	117,319
Less accumulated depreciation	<u>(31,508)</u>	<u>(26,777)</u>
	<u>\$ 95,737</u>	<u>\$ 90,542</u>

Depreciation expense was \$4,731 and \$4,816 for the 2022 and 2021, respectively.

Note 10. Board-Designated Net Assets

As of September 30, 2022 and 2021, the Board has designated \$1,214,452 and \$1,059,478, respectively, of net assets without donor restrictions to be used for projects, stewardship activities, legal enforcement, general operating reserves and long-term growth.

Note 11. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes as of September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Fee land stewardship	\$ 84,500	\$ 84,500
Easement stewardship	176,993	154,493
General stewardship	403,961	403,961
Land acquisition	296,031	341,005
Land projects	0	503,848
Other	38,301	22,743
VHCB grant investment return	49,069	63,403
VHCB grant held in perpetuity	46,500	46,500
Land held in perpetuity	<u>2,125,040</u>	<u>2,125,040</u>
Total net assets with donor restrictions	<u>\$ 3,220,395</u>	<u>\$ 3,745,493</u>

Stewardship funds are available to cover the costs of carrying out stewardship program objectives, including, but not limited to: monitoring visits, responding to landowner and public concerns, preparing and implementing management plans, and responding to easement violations. Stewardship funds are also permitted to be used to prepare Baseline Documentation Reports. Stewardship contributions are pooled and invested prudently and conservatively so that the Land Trust will be able to meet its future stewardship responsibilities on all conserved properties. Land acquisition funds are available for land or easement acquisition. Land project funds are available for specifically identified land projects. Other restrictions consist of specific trail improvements, future audit costs and Land Trust Alliance funds which are available to increase staff capacity to complete land protection projects. Of the investment total, \$46,500 has been restricted in perpetuity by the grantor, VHCB, to be invested in perpetuity with the income restricted to expenditures for land stewardship, enforcement of conservation easements, and land management.

FRIENDS OF STOWE CONSERVATION, INC.
d/b/a STOWE LAND TRUST
NOTES TO FINANCIAL STATEMENTS
September 30, 2022 and 2021

Note 12. Operating Leases

On June 1, 2017, the Land Trust entered into a sixty month non-cancelable operating lease for office space which expired on May 31, 2022. This lease had an option to renew for an additional sixty month term. On June 1, 2022, the Land Trust renegotiated their agreement for a twelve month non-cancelable operating lease which expires on May 31, 2023. Rent expense was \$21,456 and \$19,398 for 2022 and 2021, respectively, and is included in rent and occupancy expense.

The Land Trust leases a photocopier for \$116 a month from De Lage Landen Financial Services under a sixty month operating lease starting January 2, 2020. Copier lease payments are included in copier lease and printing expenses.

Future minimum lease payments under these leases for the years ending September 30, 2022 are as follows:

2023	\$	11,892
2024		1,392
2025		<u>464</u>
Total	\$	<u><u>13,748</u></u>

Note 13. Liquidity and Availability

The Land Trust regularly monitors liquidity required to meet its operating needs and other financial commitments, while also striving to maximize the investment of its available funds. In addition to the financial assets and other resources available for general expenditure within one year, the Land Trust has Board-designated funds that, while the Land Trust does not intend to spend these for purposes other than those identified, the amounts could be made available for current operations, with Board approval, if necessary. The Land Trust operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

Financial assets for general expenditures available within one year from September 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 463,861	\$ 1,036,914
Pledges receivable	35,000	70,000
Investments	<u>2,059,784</u>	<u>2,072,030</u>
Total financial assets	2,558,645	3,178,944
Less amounts unavailable for general expenditures within one year:		
Restricted by donor to purpose	(1,048,855)	(1,573,953)
Restricted by donor in perpetuity	(46,500)	(46,500)
Funds with Board designations	<u>(1,214,452)</u>	<u>(1,059,478)</u>
Total financial assets available for general expenditures within one year	<u><u>\$ 248,838</u></u>	<u><u>\$ 499,013</u></u>

FRIENDS OF STOWE CONSERVATION, INC.
d/b/a STOWE LAND TRUST
NOTES TO FINANCIAL STATEMENTS
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Note 14. Retirement Plan

The Land Trust has a defined contribution salary deferral plan (Internal Revenue Code Section 403(b)) available to all employees. No contributions were made by the Land Trust for the year ended September 30, 2022 and 2021.

Note 15. Related Party Transactions

During the year ending September 30, 2022, the Land Trust received \$45,000 in contributions from the non-for-profit organization, Canadian Friends of Stowe Land Trust (the Canadian Land Trust). The Canadian Land Trust provides support for recreational areas located in and around the town of Stowe. At September 30, 2022 and 2021 there were no outstanding balances between the Trusts.

Note 16. Concentrations of Credit Risk

The Land Trust is potentially subject to concentrations of credit risk for cash. Cash balances fluctuate during the year, and at times exceed the amount insured by the Federal Deposit Insurance Corporation (FDIC).

Note 17. Subsequent Events

Subsequent events were evaluated through March 17, 2023 the date the financial statements were available to be issued.

The Land Trust received a \$100,000 unrestricted grant subsequent to year end.