

FRIENDS OF STOWE CONSERVATION INC. D/B/A STOWE LAND TRUST

Financial Statements
(with Independent Accountants' Review Report)

September 30, 2023 and 2022

FRIENDS OF STOWE CONSERVATION INC. D/B/A STOWE LAND TRUST
September 30, 2023 and 2022

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Independent Accountants' Review Report

To the Board of Directors of
Friends of Stowe Conservation Inc. d/b/a Stowe Land Trust
Stowe, Vermont

We have reviewed the accompanying financial statements of Friends of Stowe Conservation Inc. d/b/a Stowe Land Trust (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 1(o) and 13 to the financial statements, the Organization adopted ASC 842, *Leases*, effective October 1, 2022 using the transition alternative approach. Our conclusion is not modified with respect to that matter.

Report on 2022 Financial Statements and Summarized Comparative Information

The 2022 financial statements were audited by other auditors, and they expressed an unmodified opinion on them in their report dated March 17, 2023. They have not performed any auditing procedures since that date.

In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

McSoley McCoy & Co.

February 13, 2024
South Burlington, Vermont
VT Reg. No. 92-349

Friends of Stowe Conservation, Inc.
d/b/a Stowe Land Trust
Statements of Financial Position
September 30, 2023 and 2022

	<u>(reviewed)</u> <u>2023</u>	<u>(audited)</u> <u>2022</u>
Assets		
Cash and cash equivalents	\$ 1,537,516	\$ 463,861
Pledges receivable	240,000	35,000
Investments	1,325,307	2,059,784
Conservation lands	2,125,040	2,125,040
Property and equipment, net	99,599	95,737
Other assets	10,905	8,405
Right-of-use asset, net	<u>145,893</u>	<u>-</u>
 Total assets	 <u><u>\$ 5,484,260</u></u>	 <u><u>\$ 4,787,827</u></u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 13,965	\$ 7,442
Accrued payroll liabilities	33,627	50,155
Lease liability	<u>146,738</u>	<u>-</u>
 Total liabilities	 <u>194,330</u>	 <u>57,597</u>
Net assets:		
Without donor restriction		
Unrestricted	684,159	358,693
Board designated	1,157,591	1,149,141
With donor restriction	<u>3,448,180</u>	<u>3,222,396</u>
 Total net assets	 <u>5,289,930</u>	 <u>4,730,230</u>
 Total liabilities and net assets	 <u><u>\$ 5,484,260</u></u>	 <u><u>\$ 4,787,827</u></u>

See accompanying notes and independent accountants' review report.

Friends of Stowe Conservation, Inc.
d/b/a Stowe Land Trust
 Statements of Activities
 For the Years Ended September 30, 2023 and 2022

	(reviewed) 2023			(audited) 2022		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
Support and Revenue						
Contributions and grants	\$ 630,241	\$ 235,000	\$ 865,241	\$ 1,161,449	\$ 86,154	\$ 1,247,603
Fundraising event revenue, net	53,765	-	53,765	53,193	-	53,193
Other revenue, net	2,213	-	2,213	5,859	-	5,859
Investment income (loss)	218,370	13,993	232,363	(284,444)	(12,333)	(296,777)
Net assets released from restriction	23,209	(23,209)	-	596,918	(596,918)	-
Total support and revenue, net	<u>927,798</u>	<u>225,784</u>	<u>1,153,582</u>	<u>1,532,975</u>	<u>(523,097)</u>	<u>1,009,878</u>
Expenses						
Program expenses	284,758	-	284,758	1,393,337	-	1,393,337
Management and general	197,485	-	197,485	151,798	-	151,798
Fundraising and development	111,639	-	111,639	92,642	-	92,642
Total expenses	<u>593,882</u>	<u>-</u>	<u>593,882</u>	<u>1,637,777</u>	<u>-</u>	<u>1,637,777</u>
Change in net assets	333,916	225,784	559,700	(104,802)	(523,097)	(627,899)
Net assets, beginning of year	<u>1,507,834</u>	<u>3,222,396</u>	<u>4,730,230</u>	<u>1,612,636</u>	<u>3,745,493</u>	<u>5,358,129</u>
Net assets, end of year	<u>\$ 1,841,750</u>	<u>\$ 3,448,180</u>	<u>\$ 5,289,930</u>	<u>\$ 1,507,834</u>	<u>\$ 3,222,396</u>	<u>\$ 4,730,230</u>

See accompanying notes and independent accountants' review report.

Friends of Stowe Conservation, Inc.
d/b/a Stowe Land Trust
Statement of Functional Expenses
For the Year Ended September 30, 2023
(With Summarized Comparative Totals for the Year Ended September 30, 2022)

	Program	Management and General	Fundraising and Development	(reviewed) 2023 Total	(audited) 2022 Total
Salaries and wages	\$ 123,481	\$ 111,683	\$ 46,966	\$ 282,130	\$ 233,652
Payroll taxes and benefits	<u>23,267</u>	<u>21,451</u>	<u>9,021</u>	<u>53,739</u>	<u>34,818</u>
Total personnel expenses	146,748	133,134	55,987	335,869	268,470
Bank and service fees	1,811	1,666	701	4,178	2,764
Depreciation	4,638	-	-	4,638	4,731
Dues and subscriptions	1,518	1,397	588	3,503	6,293
Event expense	6,914	-	15,228	22,142	21,800
Information technology	7,601	6,996	2,942	17,539	7,938
Insurance	5,476	5,041	2,120	12,637	12,179
Land easement acquisitions	4,500	-	-	4,500	1,150,000
Licenses and fees	285	262	110	657	710
Marketing and promotion	26,543	1,839	14,136	42,518	50,656
Miscellaneous	4,023	232	96	4,351	7,753
Occupancy	17,017	15,663	6,587	39,267	25,340
Office supplies and printing	2,829	2,604	1,095	6,528	9,342
Postage and shipping	683	383	161	1,227	1,733
Professional fees	43,110	23,121	9,723	75,954	47,783
Stewardship	5,470	-	-	5,470	3,694
Training	2,163	1,990	837	4,990	8,039
Telephone and internet	1,348	1,241	522	3,111	3,354
Travel	<u>2,081</u>	<u>1,916</u>	<u>806</u>	<u>4,803</u>	<u>5,198</u>
Total	<u>\$ 284,758</u>	<u>\$ 197,485</u>	<u>\$ 111,639</u>	<u>\$ 593,882</u>	<u>\$ 1,637,777</u>

See accompanying notes and independent accountants' review report.

Friends of Stowe Conservation, Inc.
d/b/a Stowe Land Trust
Statements of Cash Flows
For the Years Ended September 30, 2023 and 2022

	<u>(reviewed)</u> 2023	<u>(audited)</u> 2022
Cash flows from operating activities:		
Change in net assets	\$ 559,700	\$ (627,899)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	4,638	4,731
Noncash contributions	-	(14,928)
Realized and unrealized (gain) loss on investments	(113,561)	378,056
Amortization of right-of-use asset	19,434	-
Change in assets and liabilities:		
Pledges receivable	(205,000)	35,000
Other assets	(2,500)	(650)
Accounts payable	6,523	(1,503)
Accrued payroll liabilities	(16,528)	14,948
Lease liability	<u>(18,589)</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>234,117</u>	<u>(212,245)</u>
Cash flows from investing activities:		
Proceeds from sale of investments	1,453,155	231,572
Purchase of investments	(605,117)	(582,454)
Purchase of property and equipment	<u>(8,500)</u>	<u>(9,926)</u>
Net cash provided (used) by investing activities	<u>839,538</u>	<u>(360,808)</u>
Net increase (decrease) in cash and cash equivalents	1,073,655	(573,053)
Cash and cash equivalents, beginning of year	<u>463,861</u>	<u>1,036,914</u>
Cash and cash equivalents, end of year	<u>\$ 1,537,516</u>	<u>\$ 463,861</u>
Supplemental Non-cash Disclosure		
Stock contributions	<u>\$ 200,000</u>	<u>\$ 14,928</u>

See accompanying notes and independent accountants' review report.

FRIENDS OF STOWE CONSERVATION INC. D/B/A STOWE LAND TRUST

Notes to the Financial Statements

September 30, 2023 and 2022

(1) Summary of Organization and Significant Accounting Policies

(a) Description of Organization

Friends of Stowe Conservation Inc. d/b/a Stowe Land Trust (the “Land Trust” or the “Organization”) 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.

(b) Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: those with donor restrictions and those without donor restrictions.

(c) Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

(d) Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

(e) Cash and Cash Equivalents

For purposes of the statements of cash flows, the Land Trust considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

(f) Pledges Receivable

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

FRIENDS OF STOWE CONSERVATION INC. D/B/A STOWE LAND TRUST

Notes to the Financial Statements

September 30, 2023 and 2022

Summary of Organization and Significant Accounting Policies (continued)

(g) Investments

Investments with readily determinable fair values are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the statements of activities. Investment income and gains are allocated within the net assets with donor restrictions and net assets without donor restrictions fund groups based on the investment policy.

(h) Fair Value Measurements

Generally accepted accounting principles in the United States of America establish a framework for measuring fair value. That framework provides a 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 fair value hierarchy 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 Organization 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;
- 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.

(i) Property and Equipment

The Land Trust capitalizes all expenditures for property and equipment with a cost of \$2,500 or more. Purchased property and equipment are carried at cost. Donated property and equipment are carried at fair value at the date of donation. Depreciation is computed over their estimated useful lives using the straight-line method.

FRIENDS OF STOWE CONSERVATION INC. D/B/A STOWE LAND TRUST

Notes to the Financial Statements

September 30, 2023 and 2022

Summary of Organization and Significant Accounting Policies (continued)

(j) 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.

(k) 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.

(l) 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.

(m) Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Payroll expenses are common to several functions and are allocated based on estimated labor hours.

(n) Advertising

The Land Trust expenses advertising costs as incurred. During 2023 and 2022, advertising costs totaled \$7,981 and \$7,693, respectively.

FRIENDS OF STOWE CONSERVATION INC. D/B/A STOWE LAND TRUST

Notes to the Financial Statements

September 30, 2023 and 2022

Summary of Organization and Significant Accounting Policies (continued)

(o) Leases

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing a right-of-use (“ROU”) asset and a lease liability on the statements of financial position for all leases with terms longer than 12 months. Leases will be classified as either operating or finance, with such classifications affecting the pattern of expense recognition in the statements of income. The Organization adopted *Topic 842* as of October 1, 2022, utilizing the transition alternative approach. As a result of utilizing the optional transition method, the financial results prior to October 1, 2022 continue to be reported in accordance with *Leases (Topic 840)*.

(p) Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from income taxes under Section 501(a) of the IRC. In addition, it has been classified as an organization that is not a private foundation under Section 509(a) of the IRC.

U.S. generally accepted accounting principles require entities to disclose in their financial statements the nature of any uncertainty in their tax positions. For tax exempt entities, tax exempt status itself is deemed to be an uncertainty, as events could potentially occur to jeopardize their tax-exempt status. Management believes the Organization has no uncertain tax positions. The Organization anticipates that it will not have a change in uncertain tax positions during the next twelve months that would have a material impact on the Organization’s financial statements. If necessary, the Organization would accrue interest and penalties on uncertain tax positions as a component of the provision for income taxes. The Organization is no longer subject to federal and state income tax examinations by tax authorities for years before 2020.

(q) Donated Services and In-Kind Donations

Donated services are recognized as contributions as recommended by the Financial Accounting Standards Board in accordance with Accounting Standards Codifications regarding contributions. The value of the donated services is presented in the financial statements at their estimated fair value.

Contributions of materials and supplies (in-kind donations) are recorded at fair value at the date of donation.

(r) 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2022, from which the summarized information was derived.

FRIENDS OF STOWE CONSERVATION INC. D/B/A STOWE LAND TRUST

Notes to the Financial Statements

September 30, 2023 and 2022

Summary of Organization and Significant Accounting Policies (continued)

(s) Subsequent Events

The Organization evaluated subsequent events as of February 13, 2024, the date the Organization's financial statements were available to be used.

(2) Concentration of Cash on Deposit

The Land Trust has concentrated its credit risk by maintaining deposits in financial institutions that, at times, exceed amounts covered by insurance provided by the United States Federal Deposit Insurance Corporation (FDIC). The Land Trust has not experienced any losses in such accounts and believes it is not exposed to any unreasonable credit risk to cash.

(3) Pledges Receivable

Pledges receivable consist of unconditional promises to give and are due from individuals. At September 30, 2023 and 2022, the pledges receivable balance of \$240,000 and \$35,000, respectively, are due in less than one year.

(4) Conditional Promises

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. As of September 30, 2023 and 2022, the Land Trust did not have any outstanding conditional promises.

(5) Fair Value Measurements

Following is a description of the valuation methodology used for assets measured at fair value. There has been no change in the methodology used at September 30, 2023 and 2022.

Mutual funds, bonds and bond funds, real estate, commodities, and stock: Valued at the closing price reported on the active market on which the individual securities are traded.

The preceding method 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 its 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.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

FRIENDS OF STOWE CONSERVATION INC. D/B/A STOWE LAND TRUST

Notes to the Financial Statements

September 30, 2023 and 2022

Fair Value Measurements (continued)

The following tables set forth by level, within the fair value hierarchy, the Land Trust's assets at fair value as of September 30, 2023 and 2022.

	<u>Investments at Fair Value as of September 30, 2023</u>			
	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
Real estate funds	\$ 79,775	\$ -	\$ -	\$ 79,775
Commodities	68,545	-	-	68,545
Mutual funds and common stock	<u>1,176,987</u>	<u>-</u>	<u>-</u>	<u>1,176,987</u>
Total	<u>\$ 1,325,307</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,325,307</u>

	<u>Investments at Fair Value as of September 30, 2022</u>			
	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
Real estate funds	\$ 77,835	\$ -	\$ -	\$ 77,835
Commodities	71,132	-	-	71,132
Bonds and bond funds	779,384	-	-	779,384
Mutual funds and common stock	<u>1,131,433</u>	<u>-</u>	<u>-</u>	<u>1,131,433</u>
Total	<u>\$ 2,059,784</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,059,784</u>

(6) Investments

The cost, fair market value, and unrealized appreciation/(depreciation) of the Organization's investments, by investment class, at September 30 are summarized as follows:

	<u>2023</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Depreciation</u>
Real estate funds	\$ 89,545	\$ 79,775	\$ (9,770)
Commodities	68,932	68,545	(387)
Mutual funds and common stock	<u>1,259,915</u>	<u>1,176,987</u>	<u>(82,929)</u>
	<u>\$ 1,418,392</u>	<u>\$ 1,325,307</u>	<u>\$ (93,086)</u>
	<u>2022</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Depreciation</u>
Real estate funds	\$ 83,749	\$ 77,835	\$ (5,914)
Commodities	79,575	71,132	(8,443)
Bonds and bond funds	864,083	779,384	(84,699)
Mutual funds and common stock	<u>1,258,778</u>	<u>1,131,433</u>	<u>(127,345)</u>
	<u>\$ 2,286,185</u>	<u>\$ 2,059,784</u>	<u>\$ (226,401)</u>

FRIENDS OF STOWE CONSERVATION INC. D/B/A STOWE LAND TRUST

Notes to the Financial Statements

September 30, 2023 and 2022

(7) Easements Held and Deed Restrictions

As of September 30, 2023, the Land Trust held the following 34 conservation easements:

Easement	# Conservation Easements	Acreage
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, 2023 and 2022, 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 the Financial Statements

September 30, 2023 and 2022

(8) 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

(9) Property and Equipment

Property and equipment consist of the following at September 30:

	<u>2023</u>	<u>2022</u>
Building	\$ 85,733	\$ 85,733
Furnishings	2,412	2,412
Land improvements	42,551	34,051
Leasehold improvements	2,049	2,049
Painting	3,000	3,000
Less accumulated depreciation	<u>(36,146)</u>	<u>(31,508)</u>
Property and equipment, net	<u>\$ 99,599</u>	<u>\$ 95,737</u>

Depreciation expense amounted to \$4,638 and \$4,731 for the years ended September 30, 2023 and 2022, respectively.

(10) Board-Designated Net Assets

As of September 30, 2023 and 2022, the Board has designated \$1,157,591 and \$1,149,141, respectively, of net assets without donor restrictions to be used for projects, stewardship activities, legal enforcement, general operating reserves and long-term growth.

FRIENDS OF STOWE CONSERVATION INC. D/B/A STOWE LAND TRUST

Notes to the Financial Statements

September 30, 2023 and 2022

(11) Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes at September 30:

	<u>2023</u>	<u>2022</u>
Fee land stewardship	\$ 84,500	\$ 84,500
Easement stewardship	176,993	176,993
General stewardship	403,961	403,961
Land acquisition	316,031	296,031
Campaign gift for Gardner property	200,000	-
Other	30,092	38,301
VHCB grant investment return	65,063	51,070
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>\$ 3,448,180</u>	<u>\$ 3,222,396</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.

(12) Related Party Transactions

During the years ending September 30, 2023 and 2022, the Land Trust received \$35,000 and \$45,000, respectively, in contributions from the not-for-profit organization, Canadian Friends of Stowe Land Trust (the "Canadian Land Trust"). Several board members of the Land Trust are also board members of The Canadian Land Trust, which provides support for recreational areas located in and around the town of Stowe. At September 30, 2023 and 2022, there were no outstanding balances between the Trusts.

FRIENDS OF STOWE CONSERVATION INC. D/B/A STOWE LAND TRUST

Notes to the Financial Statements

September 30, 2023 and 2022

(13) Lease Commitment

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. On June 1, 2022, the Land Trust renegotiated their agreement for a twelve month non-cancelable operating lease which expired on May 31, 2023. The lease was renegotiated commencing April 1, 2023 with a maturity date of March 31, 2027, and included more square footage and a corresponding increase in their monthly rent payment. Rent expense was \$33,900 and \$21,456, respectively, for the years ended September 30, 2023 and 2022 and is included in occupancy expense. At lease inception, a one-time security deposit of \$4,600 was required.

The weighted-average remaining lease term for the operating lease is 3.5 years for the year ending September 30, 2023. The weighted-average discount rate for the operating lease is 3.52% for the year ending September 30, 2023.

The maturities of lease liabilities in accordance with *Leases (Topic 842)* in each of the next four years are as follows:

	Years ending September 30:		
	2024	\$	43,154
	2025		44,276
	2026		45,426
	2027		<u>23,005</u>
Total undiscounted cash flows			155,861
Less: present value discount			<u>(9,123)</u>
Total lease liabilities		\$	<u>146,738</u>

Future minimum annual rental payments, for the prior year in accordance with *Leases (Topic 840)* for the year ended September 30, 2023 was \$11,892.

(14) Retirement Plan

Beginning in 2023, the Land Trust maintains a “Savings Incentive Match Plan for Employees of Small Employers (SIMPLE)”, which is open to all employees after six months of employment. The Organization matches employee contributions up to 3% of total compensation. The SIMPLE retirement plan replaced a 403(b) retirement plan. The total employer contributions under the plans for the years ended September 30, 2023 and 2022 was \$3,835 and \$0, respectively.

FRIENDS OF STOWE CONSERVATION INC. D/B/A STOWE LAND TRUST

Notes to the Financial Statements

September 30, 2023 and 2022

(15) 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 available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following as of September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,537,516	\$ 463,861
Pledges receivable	240,000	35,000
Investments	<u>1,325,307</u>	<u>2,059,784</u>
Total financial assets	<u>3,102,823</u>	<u>2,558,645</u>
Less amounts not readily available to meet general expenditures within one year:		
Restricted by donor to purpose	(1,276,639)	(1,050,856)
Restricted by donor in perpetuity (VHCB)	(46,500)	(46,500)
Funds with Board designations	<u>(1,157,591)</u>	<u>(1,149,141)</u>
Total	<u>(2,480,730)</u>	<u>(2,246,497)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 622,093</u>	<u>\$ 312,148</u>

(16) Commitments

On November 28, 2023, the Organization entered into a purchase and sale agreement to acquire a conservation easement of 85 acres (known as Lot 5 or Bouchard Farm) for a purchase price of \$650,000.

(17) Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

FRIENDS OF STOWE CONSERVATION INC. D/B/A STOWE LAND TRUST

Notes to the Financial Statements

September 30, 2023 and 2022

(18) Subsequent Events

On January 24, 2024, the Organization purchased a conservation easement of 86.5 acres (known as the Gardner property) for a purchase price of \$650,000. The Land Trust paid \$4,500 in consideration for the option, which is reflected in the statement of functional expenses.