



FINANCIAL STATEMENTS

June 30, 2020 and 2019

## CONTENTS

Independent Auditor's Report .....	1
Statements of Financial Position.....	3
Statements of Activities.....	4
Statements of Functional Expenses .....	5
Statements of Cash Flows .....	7
Notes to Financial Statements .....	8

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Landmark Conservancy, Inc.  
Menomonie, Wisconsin

We have audited the accompanying financial statements of Landmark Conservancy, Inc., which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### ***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.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Landmark Conservancy, Inc. as of June 30, 2020, 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.

**Adoption of New Accounting Pronouncement**

As discussed in Note 1 to the financial statements, Landmark Conservancy, Inc. adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and all subsequently issued clarifying ASUs and ASU No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, as of July 1, 2019. Our opinion is not modified with respect to this matter.

Wegner CPAs LLP

Wegner CPAs, LLP  
Madison, Wisconsin  
May 10, 2021

**LANDMARK CONSERVANCY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash	\$ 590,062	\$ 287,751
Accounts receivable	-	22,352
Property and equipment, net	10,211	12,315
Land held for sale	-	130,800
Land held for conservation	6,731,864	5,731,014
Beneficial interests in assets held by community foundations	<u>1,154,165</u>	<u>1,173,519</u>
<b>Total assets</b>	<u><u>\$ 8,486,302</u></u>	<u><u>\$ 7,357,751</u></u>
<b>LIABILITIES</b>		
Accounts payable	\$ 7,274	\$ 15,893
Accrued payroll and payroll taxes	45,293	43,849
Accrued real estate taxes	18,433	8,971
Paycheck Protection Program	87,900	-
Note payable	<u>6,226</u>	<u>8,616</u>
Total liabilities	165,126	77,329
<b>NET ASSETS</b>		
Without donor restrictions	687,854	675,769
With donor restrictions	<u>7,633,322</u>	<u>6,604,653</u>
Total net assets	<u>8,321,176</u>	<u>7,280,422</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 8,486,302</u></u>	<u><u>\$ 7,357,751</u></u>

See accompanying notes.

**LANDMARK CONSERVANCY, INC.**  
**STATEMENTS OF ACTIVITIES**  
Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
<b>REVENUES</b>		
Contributions	\$ 915,369	\$ 768,176
Foundation grants	47,450	79,336
Trust fee income	22,018	10,352
Changes in beneficial interest in assets held by community foundations	24,656	25,618
Gain on sale of land	114,200	-
Miscellaneous income	-	12,884
	<u>1,123,693</u>	<u>896,366</u>
<b>EXPENSES AND LOSSES</b>		
Program services	925,126	463,240
Management and general	118,477	187,437
Fundraising	68,546	42,402
	<u>1,112,149</u>	<u>693,079</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>		
Satisfaction of purpose restrictions	541	91,254
	<u>12,085</u>	<u>294,541</u>
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>		
Contributions	209,604	469,067
Federal and state grants	819,606	198,633
Net assets released from restrictions	(541)	(91,254)
	<u>1,028,669</u>	<u>576,446</u>
<b>Change in net assets</b>	1,040,754	870,987
Net assets at beginning of year	<u>7,280,422</u>	<u>6,409,435</u>
<b>Net assets at end of year</b>	<u>\$ 8,321,176</u>	<u>\$ 7,280,422</u>

See accompanying notes.

**LANDMARK CONSERVANCY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended June 30, 2020

	Program Services	Supporting Activities		Total Expenses
		Management and General	Fundraising	
Salaries and wages	\$ 258,648	\$ 69,971	\$ 52,476	\$ 381,095
Employee benefits	41,247	11,158	8,368	60,773
Payroll taxes	21,401	5,790	4,342	31,533
Office supplies	25,087	363	121	25,571
Conferences and meetings	1,069	200	66	1,335
Postage and shipping	1,532	287	95	1,914
Dues	5,115	959	320	6,394
Insurance	15,998	752	251	17,001
Maintenance and repairs	11,205	-	-	11,205
Rent	18,820	3,529	1,176	23,525
Real estate taxes	20,206	-	-	20,206
Depreciation	1,683	316	105	2,104
Printing and publications	10,651	1,998	665	13,314
Professional fees	58,618	19,492	-	78,110
Telephone	1,055	198	66	1,319
Travel	10,711	1,130	263	12,104
Miscellaneous expense	10,877	1,691	-	12,568
Marketing	233	233	232	698
Land projects	1,350	-	-	1,350
Interest	-	410	-	410
<b>Total operating expenses</b>	<b>515,506</b>	<b>118,477</b>	<b>68,546</b>	<b>702,529</b>
Land donations	409,620	-	-	409,620
<b>Total expenses</b>	<b>\$ 925,126</b>	<b>\$ 118,477</b>	<b>\$ 68,546</b>	<b>\$ 1,112,149</b>

See accompanying notes.

**LANDMARK CONSERVANCY, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
Year Ended June 30, 2019

	Program Services	Supporting Activities		Total Expenses
		Management and General	Fundraising	
Salaries and wages	\$ 271,107	\$ 81,408	\$ 30,818	\$ 383,333
Employee benefits	27,858	8,657	3,277	39,792
Payroll taxes	26,135	7,848	2,962	36,945
Office supplies	24,155	1,859	620	26,634
Conferences and meetings	4,875	913	305	6,093
Postage and shipping	3,205	602	200	4,007
Dues	5,367	1,007	335	6,709
Insurance	6,654	578	164	7,396
Maintenance and repairs	9,535	-	-	9,535
Rent	9,814	1,841	613	12,268
Real estate taxes	12,554	-	-	12,554
Depreciation	3,487	654	218	4,359
Printing and publications	8,027	1,504	502	10,033
Professional fees	9,530	61,969	-	71,499
Telephone	4,445	833	278	5,556
Travel	14,141	2,630	874	17,645
Miscellaneous expense	5,964	10,831	-	16,795
Marketing	1,236	1,235	1,236	3,707
Land projects	15,151	-	-	15,151
Interest expense	-	3,068	-	3,068
<b>Total expenses</b>	<b>\$ 463,240</b>	<b>\$ 187,437</b>	<b>\$ 42,402</b>	<b>\$ 693,079</b>

See accompanying notes.



**LANDMARK CONSERVANCY, INC.**  
**STATEMENTS OF CASH FLOWS**  
Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,040,754	\$ 870,987
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	2,104	4,359
Donated land held for conservation	(64,900)	(505,900)
Donated land held for sale	-	(130,800)
Gain on sale of property	(114,200)	(1,257)
Change in value of beneficial interests in assets held by community foundations	(23,683)	(40,223)
(Increase) decrease in assets		
Accounts receivable	22,352	(10,352)
Increase (decrease) in liabilities		
Accounts payable	(8,619)	(6,264)
Accrued payroll and payroll taxes	1,444	19,413
Accrued real estate taxes	9,462	4,855
Net cash flows from operating activities	<u>864,714</u>	<u>204,818</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Paycheck Protection Program loan	87,900	-
Proceeds from sale of property	245,000	58,860
Purchases of land held for conservation	(935,950)	(262,000)
Transfers to beneficial interests in assets held by community foundations	(1,505)	(61)
Distributions from beneficial interests in assets held by community foundations	<u>44,542</u>	<u>31,072</u>
Net cash flows from investing activities	<u>(560,013)</u>	<u>(172,129)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on long-term debt	<u>(2,390)</u>	<u>(51,261)</u>
<b>Net change in cash</b>	302,311	(18,572)
Cash at beginning of year	<u>287,751</u>	<u>306,323</u>
<b>Cash at end of year</b>	<u><u>\$ 590,062</u></u>	<u><u>\$ 287,751</u></u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Cash paid for interest	\$ 410	\$ 3,068
Donated land held for conservation	64,900	505,900
Donated land held for sale	-	130,800

See accompanying notes.

**LANDMARK CONSERVANCY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020 and 2019

---

---

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of Activities**

Landmark Conservancy, Inc. (Landmark) serves 20 counties in western and northwestern Wisconsin. We work primarily with private landowners who wish to conserve their land in perpetuity. Landmark staff evaluates and selects potential projects based on notable conservation values. We also work with local municipalities and state and federal entities to create public preserves and trails for all to enjoy. Our primary tools for conservation are conservation easements and land acquisition. At this time, we have conserved over 30,000 acres in our 30 years of land protection work.

**Accounts Receivable**

Accounts receivable represents amounts due from trustee fees. Accounts receivable are stated at the amount management expects to be collected from outstanding balances. As of June 30, 2020 and 2019, management has determined, based on historical experience that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

**Land Held for Conservation**

The fair value of land owned by Landmark is calculated or estimated at the time of acquisition using the purchase price of the property for lands purchased at fair value, and using either an appraisal, property tax assessed value or other information for donated lands or lands purchased through a known bargain sale. Many of these lands were purchased with public funds that impose land use restrictions. Established fair values have not been adjusted to reflect any of these grant restrictions, nor have values been adjusted to reflect any change in value over time.

**Property and Equipment**

Acquisitions of property and equipment in excess of \$1,500 are capitalized. Property and equipment are carried at cost or, if donated, at the estimated fair value on the date of donation. Property and equipment is depreciated using the straight-line method over the estimated useful lives of the assets.

**Conservation Easements**

Conservation easements accepted or purchased by the Landmark are not recognized as assets or revenue in the accompanying financial statements because the Landmark does not hold fee title to these properties and there are no expected future economic benefits associated with the easements. In addition, conservation easements carry significant obligations to monitor and defend their terms. If purchased, the costs of conservation easements are expensed when the easements are acquired.

**Trustee Fee Income**

Landmark is the trustee of the Mary E. Fitz Memorial Park Trust. This service is generally considered to be a single performance obligation that is satisfied at a point in time and revenue is recognized when the service is provided. It is the policy of Landmark to not refund these fees.

**LANDMARK CONSERVANCY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020 and 2019

---

---

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Contributions**

Contributions received are recorded as increases in net assets without donor restriction and net assets with donor restrictions depending on the existence of any donor-imposed restrictions. When a 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 statements of activities as net assets released from restrictions.

**Expense Allocation**

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include rent, depreciation, printing and publications, postage and shipping, and telephone, which are allocated on a square-footage basis, as well as salaries and wages, payroll taxes, and employee benefits, which are allocated on the basis of estimates of time and effort.

The following program services and supporting activities are included in the accompanying financial statements:

*Program Services*—Includes activities to protect land and water and build community support for land protection through outreach and education of the public.

*Management and General*—Includes accounting and production of financial reports, development and oversight of the annual budget, maintenance of personnel records, maintenance of personnel evaluations, and organizational governance.

*Fundraising*—Includes the cultivation of new donors, the administration of fundraising events, membership solicitations, direct mailings, and planned giving activities.

**Adoption of New Accounting Guidance**

On May 28, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The ASU and all subsequently issued clarifying ASUs supersedes the revenue recognition requirements and most industry-specific guidance in U.S. generally accepted accounting principles. The core principle of the new guidance is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new guidance also includes a cohesive set of disclosure requirements that will provide users of the financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

**LANDMARK CONSERVANCY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020 and 2019

---

---

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Landmark adopted the requirements of the new guidance as of July 1, 2019, using the modified retrospective method of transition. In applying the new guidance, Landmark elected to use the practical expedient that allows the guidance to be applied only to contracts that were not complete as of July 1, 2019.

The majority of Landmark's revenue is recognized at a point in time based on the transfer of control. Revenue recognized over time primarily consists of performance obligations that are satisfied within one year or less. In addition, the majority of Landmark's contracts do not contain variable consideration and contract modifications are generally minimal.

The adoption of the new guidance did not have a significant impact on the Landmark's financial statements. The majority of the Landmark's revenue arrangements generally consist of a single performance obligation to transfer promised goods or services. Based on the Landmark's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new guidance.

Also, on June 21, 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides a more robust framework for evaluating whether transactions such as grants and similar contracts with government agencies and others should be accounted for as exchange transactions (that is, revenue from contracts with customers) or contributions. The ASU also assists entities in determining whether a contribution is conditional. The Landmark adopted the requirements of the ASU as of July 1, 2019. The changes in the ASU have been applied on a modified prospective basis, that is, the changes have been applied to agreements that are either not completed as of July 1, 2019 or entered into after that date. As a result, most government grants accounted for as exchange transactions under previous guidance are now accounted for as conditional contributions.

**Income Tax Status**

Landmark is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, Landmark qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

**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 revenue and expenses. Actual results could differ from those estimates.

**Date of Management's Review**

Management has evaluated subsequent events through May 10, 2021, the date which the financial statements were available to be issued.

**LANDMARK CONSERVANCY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020 and 2019

**NOTE 2—LAND HELD FOR CONSERVATION**

Land held for conservation at June 30, 2020 and 2019 consists of the following:

	2020	2019
Devil's Punchbowl	\$ 19,000	\$ 19,000
Bluff Creek 1 & 2	91,000	91,000
Love Lake 1	529,300	529,300
Bass Lake	405,000	405,000
Lake 26 Heron Rookery	148,000	148,000
Love Lake 2	550,000	550,000
Love Lake 3	360,000	360,000
Rush River Preserve	185,000	185,000
Love Lake 4	791,900	791,900
Trimbelle River Wildlife Area	45,409	45,409
Chippewa Glacial Lakes	160,000	160,000
Riley Forest	113,900	113,900
Ten Mile Creek	320,255	320,255
Chimney Rock	285,160	285,160
Russian Slough	35,000	35,000
Lincoln Community Forest	673,375	673,375
North Pikes Creek Comm Forest	250,815	250,815
MRB - Hedin Addition	382,000	382,000
Love Lake 5	22,000	22,000
Ten Mile Creek II	240,000	240,000
Brownstone Trail Parcels	123,900	123,900
Mouth of the Middle River	281,200	-
Tyler Forks	719,650	-
	<u>\$ 6,731,864</u>	<u>\$ 5,731,014</u>

**NOTE 3—PROPERTY AND EQUIPMENT**

Property and equipment at June 30, 2020 and 2019 consists of the following:

	2020	2019
Property and equipment	\$ 41,301	\$ 41,301
Accumulated depreciation	(31,090)	(28,986)
	<u>\$ 10,211</u>	<u>\$ 12,315</u>

**NOTE 4—NOTE PAYABLE**

Landmark has a note with a 4.74% interest rate, payable to Ally Bank in monthly installments of \$273, secured by a truck. This note has an outstanding principal balance of \$6,226 and \$8,616 at June 30, 2020 and 2019. This note matures June 25, 2022. The future scheduled maturities of the note are \$3,055 and \$3,171 for the years ending June 30, 2021 and 2022.

**LANDMARK CONSERVANCY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020 and 2019

---

**NOTE 5—OPERATING LEASES**

Landmark has an operating lease agreement for its office space located at 500 East Main Street, Menomonie, Wisconsin, with BMO Harris Bank that commenced on April 1, 2014 and expired on May 31, 2019. The lease was renewed on June 1, 2019 and expires on May 31, 2024, requiring monthly payments of \$1,167. The base rate of the lease is increases by 3 percent every year.

On June 1, 2019, Landmark also entered into second operating Lease for office space located at 35360 Whitetail Avenue, Bayfield, Wisconsin, with Engfer Properties LLC. The lease commenced on June 1, 2019 and expires on June 1, 2021, requiring monthly payments of \$475 and a security deposit of \$475.

Lease expense for the years ended June 30, 2020 and 2019 was \$19,273 and \$10,433. Future minimum lease payments for the years ending June 30, 2021, 2022, 2023, and 2024 are \$20,169, \$14,904, \$15,351, and \$14,457, respectively.

**NOTE 6—NET ASSETS**

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

	2020	2019
Land held for conservation	\$ 6,475,064	\$ 5,474,214
Stewardship and defense	1,149,573	1,121,754
Purpose-restricted grants	8,685	8,685
Net assets with donor restrictions	\$ 7,633,322	\$ 6,604,653

Net assets without donor restrictions at June 30 consisted of the following:

	2020	2019
Designated for land held for conservation	\$ 256,800	\$ 256,800
Designated for land acquisition	53,707	53,707
Designated for agency endowment funds	81,243	85,171
Designated for stewardship and defense	61,180	77,107
Undesignated	234,924	202,984
Net assets without donor restrictions	\$ 687,854	\$ 675,769

**NOTE 7—CONTINGENCY**

Landmark holds various conservation easements that may require expenditures to monitor and defend the provisions of the easements.

**LANDMARK CONSERVANCY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020 and 2019

---

NOTE 8—ENDOWMENTS

Landmark has established endowments at the St. Croix Valley Community Foundation (SCVCF), the Duluth Superior Area Community Foundation (DSCF), the Community Foundation of Dunn County (CFDC), and Natural Resources Foundation of Wisconsin (NRF) as follows:

	2020	2019
Duluth Superior Area Community Foundation	\$ 866,227	\$ 883,831
Community Foundation of Dunn County	102,935	101,257
St. Croix Valley Community Foundation	81,243	85,171
National Resources Foundation of Wisconsin	103,760	103,260
Beneficial interests in assets held by community foundations	\$ 1,154,165	\$ 1,173,519

As of June 30, 2020, the board of directors has designated \$81,243 of net assets without donor restrictions as a general endowment fund to support the mission of the Landmark. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions. Since the designation to hold the assets as a quasi-endowment is not a donor restriction, the net assets with donor restrictions of the quasi-endowment fund are reclassified to net assets without donor restrictions as the purpose restriction is met.

The board of directors of Landmark has interpreted Wisconsin's 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 funds, absent any explicit donor stipulations to the contrary. As a result of this interpretation, Landmark classifies as net assets without donor restrictions (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. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by Landmark in a manner consistent with the standard of prudence prescribed by UPMIFA.

Landmark has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund unless a donor stipulates to the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, Landmark considers a fund to be underwater if the fair value of the fund is less than the sum of the original value of the initial and subsequent gift amounts donated to the fund and any accumulations to the fund that are required to be maintained in perpetuity.

Landmark considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund; (2) the purpose of Landmark and the donor-restricted endowment fund; (3) general economic conditions; (4) the possible effect of inflation and deflation; (5) the expected total return from income and the appreciation of investments; (6) other resources of Landmark; (7) the investment policies of Landmark.

**LANDMARK CONSERVANCY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020 and 2019

NOTE 8—ENDOWMENTS (continued)

Landmark has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the original investment of the endowment. Under these policies, the endowment assets are invested in a manner that is intended to produce returns to fund the sustainability of Landmark's work while assuming a moderate level of investment risk.

To satisfy its long-term rate-of-return objectives, Landmark relies on the Foundations' total return strategy in which investment returns are achieved through both realized and unrealized gains/loss and interest and dividends. Landmark, through the Foundations, targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Endowment net asset composition by type of fund as of June 30, 2020 and 2019 are as follows:

	Without Donor Restrictions	With Donor Restrictions	2020 Total
Board designated endowment funds	\$ 81,243	\$ -	\$ 81,243
Quasi-endowment funds	61,182	1,011,740	1,072,922
<b>Total funds</b>	<b>\$ 142,425</b>	<b>\$ 1,011,740</b>	<b>\$ 1,154,165</b>
	Without Donor Restrictions	With Donor Restrictions	2019 Total
Board designated endowment funds	\$ 85,171	\$ -	\$ 85,171
Quasi-endowment funds	77,107	1,011,241	1,088,348
<b>Total funds</b>	<b>\$ 162,278</b>	<b>\$ 1,011,241</b>	<b>\$ 1,173,519</b>

Changes in endowment net assets for 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets- beginning of year	\$ 162,278	\$ 1,011,241	\$ 1,173,519
Contributions	-	1,505	1,505
Investment income	21,677	3,370	25,047
Net appreciation/ depreciation	(1,544)	180	(1,364)
Distributions	(39,986)	(4,556)	(44,542)
<b>Endowment net assets- end of year</b>	<b>\$ 142,425</b>	<b>\$ 1,011,740</b>	<b>\$ 1,154,165</b>



**LANDMARK CONSERVANCY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020 and 2019

NOTE 8—ENDOWMENTS (continued)

Changes in endowment net assets for 2019 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets- beginning of year	\$ 154,034	\$ 1,010,273	\$ 1,164,307
Contributions	-	61	61
Investment income	29,522	3,703	33,225
Net appreciation/ depreciation	5,263	1,735	6,998
Distributions	<u>(26,541)</u>	<u>(4,531)</u>	<u>(31,072)</u>
Endowment net assets- end of year	<u>\$ 162,278</u>	<u>\$ 1,011,241</u>	<u>\$ 1,173,519</u>

NOTE 9—FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at June 30, 2020 and 2019 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial interests in assets held by community foundations	<u>\$ 1,154,165</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,154,165</u>
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial interests in assets held by community foundations	<u>\$ 1,173,519</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,173,519</u>

Landmark's beneficial interests in assets held by community foundations represent agreements between Landmark and SCVCF, DSCF, CFDC, and NRF in which Landmark transfers assets to SCVCF, DSCF, CFDC, and NRF in exchange for future distributions. The beneficial interests are not actively traded, and significant other observable inputs are not available. Thus, the fair value of the beneficial interests is measured at the proportional share of the underlying assets as reported to Landmark by SCVCF, DSCF, CFDC, and NRF. Little information about those assets is released publicly.

**LANDMARK CONSERVANCY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020 and 2019

NOTE 9—FAIR VALUE MEASUREMENTS (continued)

The estimated value does not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. The following table presents additional information about assets measured at fair value on a recurring basis using significant unobservable inputs:

	Beneficial Interests in Assets Held by Community Foundations	
	2020	2019
Beginning balance	\$ 1,173,519	\$ 1,164,307
Change in value of beneficial interests	23,683	40,223
Transfers	1,505	61
Distributions	(44,542)	(31,072)
Ending balance	\$ 1,154,165	\$ 1,173,519

NOTE 10—COMMUNITY TRUST FUNDS

The West Wisconsin Land Trust Fund has been established as component funds of the Duluth-Superior Community Foundation (DSCF). DSCF, as a community foundation, serves the mutual interests of the Duluth/Superior area and those individuals who wish to enhance the quality of life in the community through charitable giving. Component funds of DSCF are established by donors for the benefit of the community, and, when these funds are established, donors may indicate what organizations or causes should benefit from distributions from the fund.

However, donors also grant DSCF variance power that allows DSCF to modify the donors' stipulations under certain circumstances as DSCF monitors the changing needs of the community. Therefore, the West Wisconsin Land Trust Fund is not included in Landmark's financial statements.

The St. Croix River Protection Fund has been established as component funds of the St. Croix Valley Community Foundation (SCVCF). SCVCF, as a community foundation, serves the mutual interests of the St. Croix Valley area and those individuals who wish to enhance the quality of life in the community through charitable giving. Component funds of SCVCF are established by donors for the benefit of the community, and, when these funds are established, donors may indicate what organizations or causes should benefit from distributions from the fund. However, donors also grant SCVCF variance power that allows SCVCF to modify the donors' stipulations under certain circumstances as SCVCF monitors the changing needs of the community. Therefore, the St. Croix River Protection Fund is not included in Landmark's financial statements.

The amount available for annual distribution represents 5% of a rolling twelve-quarter average, and Landmark's practice is to withdraw its annual distribution. All other interest and appreciation is added to the Funds. Principal may not be drawn from the Funds except with approval of the SCVCF's board of governors. Landmark received distributions of \$3,407 from the DSCF during the year ended June 30, 2020. No distributions were received from DSCF or SCVCF during the year end June 30, 2019. The fair value of both funds at June 30, 2020 and 2019 was \$103,037 and \$101,936, respectively.

**LANDMARK CONSERVANCY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020 and 2019

---

NOTE 11—LIQUIDITY AND AVAILABILITY

The following table reflects the Landmark Conservancy, Inc. financial assets of June 30, 2020 and 2019, reduced by amounts that are not available to meet general expenditures within one year of the statements of financial position dates because of contractual restrictions or internal board designations. Amounts not available to meet general expenditures within one year may also include net assets with donor restrictions.

	2020	2019
Financial assets, at year end	\$ 1,744,227	\$ 1,483,622
Less those unavailable for general expenditures within one year due to:		
Internal board designation	196,130	215,955
Restricted by donor with time or purpose restrictions	1,069,798	1,041,979
Restricted for perpetuity	88,460	88,460
Financial assets available to meet cash needs for general expenditures within one year	\$ 389,839	\$ 137,228

Landmark is substantially supported by contributions. As part of Landmark’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures and liabilities come due. There is a fund established by the board of advisors that may be drawn upon in the event of distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.