

**LANDMARK CONSERVANCY, INC.
FINANCIAL STATEMENTS
AND REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS
June 30, 2023 and 2022**

**LANDMARK CONSERVANCY, INC.
MENOMONIE, WISCONSIN
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Report of Independent Certified Public Accountants

Board of Directors
Landmark Conservancy, Inc.
Menomonie, Wisconsin

Opinion

We have audited the accompanying financial statements of Landmark Conservancy, Inc., which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, cash flows, and functional expenses 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 Landmark Conservancy, Inc. as of June 30, 2023 and 2022, 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 Landmark Conservancy, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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.

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 Landmark Conservancy, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 opinions. 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 Landmark Conservancy Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Landmark Conservancy Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Eau Claire, Wisconsin
October 06, 2023

Bauman Associates, Ltd.

CERTIFIED PUBLIC ACCOUNTANTS

LANDMARK CONSERVANCY, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2023 and 2022

	2023	2022
ASSETS		
Current		
Cash	\$ 721,354	\$ 404,727
Property and equipment, net	41,012	53,255
Land held for conservation	11,210,759	9,590,829
Prepays	12,878	8,489
Pledges receivable	17,402	409,718
Beneficial interests in assets held by community foundations	1,919,856	1,261,517
Other assets:		
Right-of-use assets	41,971	-
Less - Accumulated amortization	(22,938)	-
Total right-or-use assets, net	19,033	-
Total other assets	19,033	-
Non-Current		
Restricted cash	193,391	744,948
Total assets	\$ 14,135,685	\$ 12,473,483
LIABILITIES		
Current		
Accounts payable	\$ 10,154	\$ 21,172
Accrued payroll and payroll taxes	51,443	53,719
Current portion of lease liabilities	20,276	-
Note payable	-	250,000
Total liabilities	81,873	324,891
NET ASSETS		
Without donor restrictions	1,366,685	3,309,289
With donor restrictions	12,687,127	8,839,303
Total net assets	14,053,812	12,148,592
Total liabilities and net assets	\$ 14,135,685	\$ 12,473,483

The accompanying notes are an integral part of these financial statements.

LANDMARK CONSERVANCY, INC.
STATEMENTS OF ACTIVITIES
June 30, 2023 and 2022

	2023	2022
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUES		
Contributions	\$ 538,973	\$ 1,370,268
Grants	172,646	81,138
Donated services	-	5,218
Trust fee income	23,000	48,000
PPP loan forgiveness	-	86,192
Changes in beneficial interest in assets held by community foundations	183,499	(3,687)
Gain (loss) on sale of land	(2,988)	44,100
Miscellaneous income	40,367	12,907
Total revenues without donor restrictions	955,497	1,644,136
EXPENSES AND LOSSES		
Program Services	915,294	776,871
Management and general	345,410	208,445
Fundraising	175,670	108,830
Total expenses	1,436,374	1,094,146
NET ASSETS RELEASED FROM RESTRICTIONS		
Reclassification of net assets to net assets with donor restrictions	(1,759,339)	-
Satisfaction of purpose restrictions	297,612	304,638
Total net assets released from restrictions	(1,461,727)	304,638
Change in net assets without donor restrictions	(1,942,604)	854,628
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	1,144,112	1,926,482
Nonfinancial assets - Donated land held for conservation	743,300	-
Federal and state grants	498,685	58,930
Reclassification of net assets from net assets without donor restrictions	1,759,339	-
Net assets released from restrictions	(297,612)	(304,638)
Change in net assets with donor restrictions	3,847,824	1,680,774
Change in net assets	1,905,220	2,535,402
Net assets at beginning of year	12,148,592	9,613,190
Net assets at end of year	\$ 14,053,812	\$ 12,148,592

The accompanying notes are an integral part of these financial statements.

LANDMARK CONSERVANCY, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,905,220	\$ 2,535,402
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	12,743	4,820
Amortization	22,938	-
Net (gain)/loss on disposition of conservation land transferred to another entity	2,988	(19,100)
Donated land held for conservation	(743,300)	(1,504,000)
Right-of-use lease asset	(41,971)	-
Forgiveness of PPP loan	-	(86,192)
Change in unrealized gain (loss) of beneficial interests in assets held by community foundations	(126,870)	209,785
(Increase) decrease in assets		
Pledges receivable	392,316	(409,718)
Prepaid expenses	(4,389)	(7,078)
Increase (decrease) in liabilities		
Accounts payable	(11,018)	16,582
Lease liability	20,276	-
Accrued payroll and payroll taxes	(2,276)	13,980
Net cash provided by (used in) operating activities	1,426,657	754,481
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property	165,012	196,000
Purchases of land held for conservation	(1,044,630)	(678,180)
Purchase of property and equipment	(500)	(51,438)
Transfers to beneficial interests in assets held by community foundations	(565,163)	(5,000)
Distributions from beneficial interests in assets held by community foundations	33,694	48,861
Net cash provided by (used in) investing activities	(1,411,587)	(489,757)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term debt	(250,000)	(3,196)
Proceeds from issuance of note payable	-	250,000
Net cash provided by (used in) investing activities	(250,000)	246,804
Net change in cash	(234,930)	511,528
Cash, cash equivalents, and restricted cash at beginning of year	1,149,675	638,147
Cash, cash equivalents, and restricted cash at end of year	\$ 914,745	\$ 1,149,675

The accompanying notes are an integral part of these financial statements.

LANDMARK CONSERVANCY, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	\$ 819	\$ 30
NONCASH INVESTING AND FINANCING ACTIVITIES		
Donated land held for conservation	743,300	1,504,000
Right-of-use assets obtained in exchange for operating lease liabilities	41,971	-

The accompanying notes are an integral part of these financial statements.

LANDMARK CONSERVANCY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2023

	Supporting Services			Total Expenses
	Program Services	Management and General	Fundraising	
Salaries and wages	\$ 274,691	\$ 226,179	\$ 129,195	\$ 630,065
Employee benefits	39,804	32,774	18,721	91,299
Payroll taxes	21,819	17,966	10,262	50,047
Office supplies	18,262	3,424	1,141	22,827
Conferences and meetings	5,710	1,071	357	7,138
Postage and shipping	1,832	343	114	2,289
Dues	6,238	1,170	390	7,798
Insurance	17,670	3,313	1,104	22,087
Maintenance and repairs	3,606	-	-	3,606
Rent	23,389	4,385	1,462	29,236
Real estate taxes	22,782	-	-	22,782
Printing and publications	13,648	2,559	853	17,060
Professional fees	79,125	24,996	1,415	105,536
Telephone	10,443	1,958	653	13,054
Travel	14,319	2,685	895	17,899
Marketing	4,384	4,384	4,384	13,152
Land projects	52,236	9,794	3,265	65,295
Miscellaneous expense	4,986	935	312	6,233
Amortization	18,350	3,441	1,147	22,938
Interest	-	4,033	-	4,033
Total operating expenses	<u>633,294</u>	<u>345,410</u>	<u>175,670</u>	<u>1,154,374</u>
Land donations	282,000	-	-	282,000
Total expenses	<u>\$ 915,294</u>	<u>\$ 345,410</u>	<u>\$ 175,670</u>	<u>\$ 1,436,374</u>

The accompanying notes are an integral part of these financial statements.

LANDMARK CONSERVANCY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2022

	Program Services	Supporting Services		Total Expenses
		Management and General	Fundraising	
Salaries and wages	\$ 329,914	\$ 136,827	\$ 64,321	\$ 531,062
Employee benefits	43,959	18,231	8,570	70,760
Payroll taxes	25,338	10,509	4,940	40,787
Office supplies	30,247	5,671	1,890	37,808
Conferences and meetings	6,503	1,219	406	8,128
Postage and shipping	4,659	874	291	5,824
Dues	16,575	3,108	1,036	20,719
Insurance	4,882	915	305	6,102
Maintenance and repairs	9,162	-	-	9,162
Rent	21,150	3,966	1,322	26,438
Real estate taxes	19,585	-	-	19,585
Depreciation	2,470	463	154	3,087
Printing and publications	9,413	1,765	588	11,766
Professional fees	17,334	14,649	12,000	43,983
Telephone	2,251	422	141	2,814
Travel	11,435	2,144	715	14,294
Miscellaneous expense	3,836	3,835	3,835	11,506
Marketing	3,816	3,816	3,816	11,448
Land projects	214,342	-	4,500	218,842
Interest	-	31	-	31
Total operating expenses	776,871	208,445	108,830	1,094,146
Total expenses	\$ 776,871	\$ 208,445	\$ 108,830	\$ 1,094,146

The accompanying notes are an integral part of these financial statements.

LANDMARK CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

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. Landmark also works with local municipalities and state and federal entities to create public preserves and trails for all to enjoy. Landmark's primary tools for conservation are conservation easements and land acquisition. At this time, Landmark has conserved over 30,000 acres in their 30 years of land protection work.

Promises to Give

When an unconditional promise to give is received or the condition has been fulfilled for a conditional promise to give, the corresponding promise to give is recorded as revenue at the present value of expected proceeds. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

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, 2023 and 2022, 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.

LANDMARK CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

Landmark is required to report information regarding its financial position and activities according to two classes of net assets, as applicable:

Net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of Landmark and changes therein are classified and reported as follows:

- Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be used for any purpose in performing the primary objective of Landmark. These net assets may be used at the discretion of Landmark’s management and the board of directors.
- With Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Landmark or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Conservation Easements

Conservation easements accepted or purchased by Landmark are not recognized as assets or revenue in the accompanying financial statements because 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 required.

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, 2023 and 2022

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.

Revenue Recognition

Most of Landmark's revenue is derived from contributions, grants and investment-related income. For revenue derived from contracts with customers, 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, Landmark's contracts do not contain variable consideration and contract modifications are generally minimal. The majority of the Landmark's revenue arrangements generally consist of a single performance obligation to transfer promised goods or services.

Contribution revenue is reported as an increase in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions. Conditional contributions, including government grants, received in advance of the fulfillment of the donor-imposed conditions are recorded as a liability in the statement of net position as refundable advances. Unconditional contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions (whether temporarily or permanently restricted). When a restriction expires, 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.

LANDMARK CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

In accordance with ASC Sub-Topic 958-605, Revenue Recognition, Landmark must determine whether a contribution (or a promise to give) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance-related barrier or other measurable barriers, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that Landmark should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met.

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.

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).

LANDMARK CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Review

Management has evaluated subsequent events through October 06, 2023, the date on which the financial statements were available to be issued.

Concentration of Credit Risk

Financial instruments that potentially subject Landmark to concentrations of credit risk consist primarily of cash equivalents and pledges receivable.

Landmark maintains cash balances at various financial institutions, which at times, may exceed federally insured limits. Landmark has not experienced any losses from these accounts.

Landmark primarily operates from Menomonie, Wisconsin and receives income primarily from sources located in the states of Wisconsin, Minnesota, and Illinois.

LANDMARK CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

Effective July 1, 2022, the company adopted FASB ASC 842, *Leases*. The new standard establishes a right of use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. Leases with a term of less than 12 months will not record a right of use asset and lease liability and the payments will be recognized into profit or loss on a straight-line basis over the term. The company elected to adopt FASB ASC 842, *Leases*, using the optional transition method that allows the Organization to initially apply the new leases standard at the adoption date and recognize a cumulative effect adjustment to the opening balance of retained earnings in the period of adoption.

The Organization elected to adopt the package of practical expedients available under the transition guidance with the new standard. This package includes the following: relief from determination of lease contracts included in existing or expiring leases at the point of adoption, relief from having to reevaluate the classification of leases in effect at the point of adoption, and relief from reevaluation of existing leases that have initial direct costs associated with the execution of the lease contract. The Company also elected to adopt the practical expedient to use hindsight to determine the lease term and assess the impairment of the right of use assets.

The adoption of FASB ASC 842, *Leases*, resulted in the impact shown at Note 6.

LANDMARK CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 2 CASH, CASH EQUIVALENTS, RESTRICTED CASH, AND RESTRICTED CASH EQUIVALENTS

For purposes of the statement of financial position and the statement of cash flows, cash and cash equivalents consist of cash and other highly liquid resources, such as investments in certificates of deposit and money market funds, with an original maturity of three months or less when purchased. Assets reserved for land projects and improvements on the statements of financial position include restricted cash received with restrictions imposed internally and/or by donors (but not yet spent) for land projects and improvements. The following table provides a reconciliation of cash, cash equivalents, restricted cash, and restricted cash equivalents reported within the statement of financial position that sum to the totals of the same such amounts in the statement of cash flows.

	2023	2022
Cash	\$ 696,354	\$ 379,727
Certificate of deposit	25,000	25,000
Restricted cash included in assets reserved for land projects and improvements	193,391	744,948
Totals	\$ 914,745	\$ 1,149,675

LANDMARK CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 3 LAND HELD FOR CONSERVATION

Land held for conservation at June 30, 2023 and 2022 consists of the following:

	<u>2023</u>	<u>2022</u>
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
Timbelle River Wildlife Area	45,409	45,409
Chippewa Glacial Lakes	160,000	160,000
Riley Forest	113,900	113,900
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
Brownstone Trail Parcels	62,100	62,100
Mouth of the Middle River	281,200	281,200
Tyler Forks	719,650	719,650
Theil Preserve	180,000	180,000
Gull Lake Waters	1,500,000	1,500,000
Telemark	678,180	678,180
Old 13 Ravine	-	168,000
Tyron - Xcel/Meridean	1,240,000	1,240,000
Spider Lake Forest	559,700	-
Brownstone - Maki	926,130	-
Elk Creek Bottoms	237,000	-
McKenzie Creek	65,100	-
	<u>\$ 11,210,759</u>	<u>\$ 9,590,829</u>

LANDMARK CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2023 and 2022 consists of the following:

	2023	2022
Equipment and office furniture	\$ 22,631	\$ 22,631
Vehicles	54,173	53,673
Accumulated depreciation	(35,792)	(23,049)
Property and equipment, net	\$ 41,012	\$ 53,255

NOTE 5 NOTE PAYABLE

Landmark had a note with a 4.74% interest rate, payable to Ally Bank in monthly installments of \$273, secured by a truck. This note had outstanding principal balances of \$0 and \$3,196 at June 30, 2023 and 2022. This note was paid in full in March 2022. In July 2021, Landmark received proceeds from a promissory note totaling \$250,000 and this amount is outstanding at June 30, 2022. The proceeds were used to fund the Telemark conservation land purchase in advance of receiving a Knowles-Nelson Stewardship grant. The note had a stated maturity of July 30, 2022 and does not bear interest. In July 2022, Landmark received a Knowles-Nelson Stewardship grant in the amount of \$258,326 which it used to pay off the \$250,000 note payable relative to the acquisition of the Telemark conservation land.

NOTE 6 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 \$1,203. The base rate of the lease is increased by 3 percent every year.

On April, 29, 2022, 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 May 16, 2022 and expired on February 28, 2023, requiring monthly payments of \$475 and a security deposit of \$475. This lease was renewed and commenced on May 16, 2022, and expires on February 28, 2023, requiring monthly payments of \$600. This lease was extended and rent increases to \$800 a month starting on August 1, 2023.

LANDMARK CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 6 OPERATING LEASES (Continued)

The following summarizes the line items in the balance sheet, which include amounts for operating leases as of June 30, 2023:

	2023
Right-of-use assets:	
Operating leases	41,971
Total right-of-use assets	41,971
Accumulated amortization	(22,938)
Total right-of-use assets, net	\$ 19,033
Lease liabilities:	
Operating leases	20,276
Less - Current portion	(20,276)
Total long-term lease liabilities	\$ -

	2023
Operating lease costs:	
Operating lease expense included in rent expense	\$ 22,501
Total lease costs	\$ 22,501

Lease liability maturities as of June 30, 2023 are as follows:

	Operating	Total
2024	\$ 20,276	\$ 20,276
2025	-	-
2026	-	-
2027	-	-
2028	-	-
Thereafter	-	-
Total lease liabilities	\$ 20,276	\$ 20,276

LANDMARK CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 7 NET ASSETS

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

	<u>2023</u>	<u>2022</u>
Land held for conservation	\$ 11,210,759	\$ 7,486,029
Stewardship and defense	1,476,368	1,352,017
Purpose-restricted grants	<u>-</u>	<u>1,257</u>
Net assets with donor restrictions	<u>\$ 12,687,127</u>	<u>\$ 8,839,303</u>

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

	<u>2023</u>	<u>2022</u>
Designated for land held for conservation	\$ -	\$ 256,800
Designated for land acquisition	437,030	53,707
Designated for agency endowment funds	433,254	84,293
Designated by the board	66,000	-
Undesignated	<u>430,401</u>	<u>2,914,489</u>
Net assets without donor restrictions	<u>\$ 1,366,685</u>	<u>\$ 3,309,289</u>

NOTE 8 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, 2023 and 2022

NOTE 9 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), Natural Resources Foundation of Wisconsin (NRF), and Eau Claire Community Foundation (ECCF) as follows:

	2023	2022
Duluth Superior Area Community Foundation	\$ 1,111,566	\$ 886,931
Community Foundation of Dunn County	212,914	114,983
St. Croix Valley Community Foundation	217,931	84,293
National Resources Foundation of Wisconsin	190,140	175,310
Eau Claire Community Foundation	187,305	-
Beneficial interests in assets held by community foundations	\$ 1,919,856	\$ 1,261,517

As of June 30, 2023 and 2022, respectively, the board of directors has designated \$217,931 and \$84,293 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 CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 9 **ENDOWMENTS (Continued)**

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 has adopted investment and spending policies of 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, 2023 and 2022 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2023 Total</u>
Endowment funds	\$ 433,254	\$ 1,486,602	\$ 1,919,856
Total funds	\$ <u>433,254</u>	\$ <u>1,486,602</u>	\$ <u>1,919,856</u>

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2022 Total</u>
Endowment funds	\$ 84,293	\$ 1,177,224	\$ 1,261,517
Total funds	\$ <u>84,293</u>	\$ <u>1,177,224</u>	\$ <u>1,261,517</u>

LANDMARK CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 9 ENDOWMENTS (Continued)

Changes in endowment net assets for 2023 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets- beginning of year	\$ 84,293	\$ 1,177,224	\$ 1,261,517
Contributions	349,761	215,402	565,163
Investment income	(1,777)	13,340	11,563
Net appreciation/ depreciation	977	114,330	115,307
Distributions	<u>-</u>	<u>(33,694)</u>	<u>(33,694)</u>
Endowment net assets- end of year	\$ <u>433,254</u>	\$ <u>1,486,602</u>	\$ <u>1,919,856</u>

Changes in endowment net assets for 2022 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets- beginning of year	\$ 102,425	\$ 1,412,738	\$ 1,515,163
Contributions	-	5,000	5,000
Investment income	1,359	10,091	11,450
Net appreciation/ depreciation	(19,491)	(201,744)	(221,235)
Distributions	<u>-</u>	<u>(48,861)</u>	<u>(48,861)</u>
Endowment net assets- end of year	\$ <u>84,293</u>	\$ <u>1,177,224</u>	\$ <u>1,261,517</u>

LANDMARK CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 10 FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at June 30, 2023 and 2022 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Beneficial interests in assets held by community foundations	\$ <u>1,919,856</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,919,856</u>

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Beneficial interests in assets held by community foundations	\$ <u>1,261,517</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,261,517</u>

Landmark's beneficial interests in assets held by community foundations represent agreements between Landmark and SCVCF, DSCF, CFDC, NRF, and ECCF in which Landmark transfers assets to SCVCF, DSCF, CFDC, NRF, and ECCF 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, NRF, and ECCF. Little information about those assets is released publicly.

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:

LANDMARK CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 10 FAIR VALUE MEASUREMENTS (Continued)

	Beneficial Interests in Assets Held by Community Foundations	
	2023	2022
Beginning balance	\$ 1,261,517	\$ 1,515,163
Change in value of beneficial interests	126,870	(209,785)
Transfers	565,163	5,000
Distributions	(33,694)	(48,861)
Ending balance	\$ 1,919,856	\$ 1,261,517

NOTE 11 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 interest 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 interest 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 to SCVCF 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.

LANDMARK CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 11 COMMUNITY TRUST FUNDS (Continued)

The amount available for annual distribution represents 5% of 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 \$0 and \$3,515 from these community trusts during the years ended June 30, 2023 and 2022, respectively. The fair value of both funds at June 30, 2023 and 2022 was \$123,798 and \$111,234, respectively.

NOTE 12 LIQUIDITY AND AVAILABILITY

The following table reflects the Landmark Conservancy, Inc. financial assets as of June 30, 2023 and 2022, 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.

	2023	2022
Cash & Equivalents	\$ 914,745	\$ 1,149,675
Pledges Receivable	17,402	409,718
Investments	1,919,856	1,261,517
Financial assets, at year end	2,852,003	2,820,910
Less those unavailable for general expenditures within one year due to:		
Internal board designation	217,931	138,000
Restricted by donor with time or purpose restrictions	1,469,661	1,187,375
Restricted for perpetuity	190,140	175,310
Financial assets available to meet cash needs for general expenditures within one year	\$ 974,271	\$ 1,320,225

Landmark is substantially supported by contributions and grants. 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.

LANDMARK CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 13 PAYCHECK PROTECTION PROGRAM

In response to the coronavirus (COVID-19) outbreak in 2020, the U.S. Federal Government enacted the Coronavirus Aid, Relief, and Economic Security Act that, among other economic stimulus measures, established the Paycheck Protection Program (PPP) to provide small business loans. During fiscal year 2021, Landmark obtained their second round PPP loan in the amount of \$86,192. Landmark used all the proceeds from the note for qualifying expenses and the principal and interest was subsequently forgiven in full on September 7, 2021. This was reflected in the statement of activities as income.

NOTE 14 RECLASSIFICATION OF NET ASSETS

During 2023, management reviewed the classifications of some of the land held for conservation that had been reported within the net assets without donor restrictions and determined this should be reported within the net assets with donor restrictions category. This resulted in the \$1,759,339 reclassification of net assets shown on the 2023 statement of activities.

NOTE 15 LEASES AS LESSOR

The Organization is the lessor of real property to Viking Motors Inc. and Viking Motors Transit Inc.. The lease is a five-year operating lease that began on December 31, 2022 and expires on December 31, 2027. The lease requires annual payments of \$6,792. The lessee has agreed to pay for all utilities, insurance, and maintenance costs. The components of rental revenue for the year ended June 30, 2023 were as follows:

Fixed lease revenue	\$ <u>3,396</u>
Total rental revenue	\$ <u><u>3,396</u></u>

The related leased asset has a carrying amount of \$926,130 for the year then ended. This is included in the land held for conservation.

Future minimum lease payments to be received from the lessee will be:

Year Ending		Total
<u>June 30</u>		
2024	\$	<u>6,792</u>
2025		6,792
2026		6,792
2027		6,792
Therafter		<u>3,396</u>
Total	\$	<u><u>30,564</u></u>