

DUTCHESS LAND CONSERVANCY, INC.

AUDITED FINANCIAL STATEMENTS

As of and for the year ended December 31, 2024

DUTCHESS LAND CONSERVANCY, INC.

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7



UHY LLP
One Hudson City Centre
Suite 204
Hudson, NY 12534

(518) 828-1565

uhy-us.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Dutchess Land Conservancy, Inc.:

Opinion

We have audited the financial statements of Dutchess Land Conservancy, Inc. (a non-profit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Dutchess Land Conservancy, Inc. as of December 31, 2024, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Dutchess Land 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.

Correction of Error

As discussed in Note 12 to the financial statements, the 2023 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Dutchess Land Conservancy, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, 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 Dutchess Land 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 Dutchess Land 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.

The image shows a handwritten signature in black ink that reads "UHY LLP". The letters are stylized and cursive.

Hudson, New York
October 30, 2025

DUTCHESS LAND CONSERVANCY, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2024

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 774,478
Accounts receivable	1,753
Pledges receivable	212,206
Prepaid expenses	36,516
Certificates of deposit	505,362
Total current assets	<u>1,530,315</u>

PROPERTY AND EQUIPMENT, NET

General property and equipment, net	181,367
Perkins property, net	1,651,515
Total property and equipment, net	<u>1,832,882</u>

OTHER ASSETS

Pledges receivable - long-term	116,500
Bontecou Preserve land	6,292,850
Artwork	109,950
Investments	21,599,785
Total other assets	<u>28,119,085</u>
Total assets	<u><u>\$ 31,482,282</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 53,413
Grant advances	90,900
Deferred revenue	10,500
Total current liabilities	<u>154,813</u>
Total liabilities	<u>154,813</u>

NET ASSETS

Without donor restrictions	17,907,950
With donor restrictions	13,419,519
Total net assets	<u>31,327,469</u>
Total liabilities and net assets	<u><u>\$ 31,482,282</u></u>

DUTCHESS LAND CONSERVANCY, INC.
STATEMENT OF ACTIVITIES
For the year ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES			
OPERATING REVENUES AND OTHER SUPPORT			
Contributions:			
General	\$ 1,163,438	\$ 790,996	\$ 1,954,434
Grants:			
General	468,359	38,327	506,686
Time restricted	-	200,000	200,000
Purchase of development rights grants	3,387,046	-	3,387,046
Total contributions and grants	5,018,843	1,029,323	6,048,166
Special events:			
Contributions	509,320	-	509,320
Special events revenue	53,019	-	53,019
Cost of direct benefit to donors	(164,967)	-	(164,967)
Net special events revenue	397,372	-	397,372
Miscellaneous income	18,454	-	18,454
Donated rent	44,400	-	44,400
Dividend and interest income - bank	5,439	-	5,439
Releases from restrictions	105,221	(105,221)	-
Total operating revenues and other support	5,589,729	924,102	6,513,831
OPERATING EXPENSES			
Program			
Land conservation:			
Purchase of development rights	3,350,216	-	3,350,216
Other land conservation costs	748,890	-	748,890
Total land conservation	4,099,106	-	4,099,106
Stewardship	477,654	-	477,654
Education	548,361	-	548,361
Total program expenses	5,125,121	-	5,125,121
Management and general	379,395	-	379,395
Fundraising	180,525	-	180,525
Total operating expenses	5,685,041	-	5,685,041
(Decrease) increase in net assets from operating activities	(95,312)	924,102	828,790
NON-OPERATING ACTIVITIES			
Donated artwork	106,700	-	106,700
Investment return, net	2,008,174	479,021	2,487,195
Loss on sale of properties, net	(12,046)	-	(12,046)
Increase in net assets from non-operating activities	2,102,828	479,021	2,581,849
NET INCREASE IN NET ASSETS	2,007,516	1,403,123	3,410,639
NET ASSETS, Beginning of year, as restated	15,900,434	12,016,396	27,916,830
NET ASSETS, End of year	\$ 17,907,950	\$ 13,419,519	\$ 31,327,469

See notes to financial statements.

DUTCHESS LAND CONSERVANCY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2024

	Land Conservation	Steward- ship	Education and Research	Total Program	Management & General	Fund- raising	Total
Salaries	\$ 314,085	\$ 289,800	\$ 337,345	\$ 941,230	\$ 191,517	\$ 83,656	\$ 1,216,403
Employment insurance	1,056	1,534	1,143	3,733	820	321	4,874
Health insurance	33,496	15,189	28,787	77,472	11,196	4,025	92,693
Payroll taxes	22,024	22,101	24,389	68,514	14,418	6,242	89,174
Retirement benefits	10,570	8,166	9,929	28,665	4,727	2,510	35,902
Professional fees	185,831	6,120	24,000	215,951	39,685	-	255,636
Marketing and development	1,458	-	20,623	22,081	100	28,358	50,539
Travel and meetings	5,300	3,131	3,800	12,231	2,951	1,055	16,237
Conferences and seminars	5,500	3,482	759	9,741	-	1,085	10,826
Office supplies	10,800	3,320	1,641	15,761	8,793	4,307	28,861
Equipment rental, repairs and maintenance	37,711	10,934	13,212	61,857	28,427	5,170	95,454
Education programs	-	-	20,407	20,407	-	459	20,866
Maps	281	-	-	281	-	-	281
Dues and publications	14,655	823	2,055	17,533	480	1,356	19,369
Postage	789	1,196	910	2,895	462	2,625	5,982
Printing and copying	288	266	332	886	144	7,068	8,098
Telephone	1,111	1,025	1,282	3,418	555	299	4,272
Utilities	3,415	3,058	3,702	10,175	9,083	1,449	20,707
Insurance	21,042	41,228	15,475	77,745	20,858	6,056	104,659
Computer related	8,536	9,814	9,096	27,446	4,862	2,491	34,799
Bank and credit card fees	4,762	4,413	5,494	14,669	3,506	1,282	19,457
Filing and recording	632	397	-	1,029	775	-	1,804
Stewardship	-	30,449	-	30,449	-	-	30,449
Purchase of development rights	3,350,216	-	-	3,350,216	-	-	3,350,216
Property taxes	46,440	1,520	1,840	49,800	2,480	720	53,000
Rent	7,992	8,436	10,212	26,640	13,764	3,996	44,400
Miscellaneous	731	829	870	2,430	1,532	11,288	15,250
Depreciation	10,385	10,423	11,058	31,866	18,260	4,707	54,833
Subtotal	4,099,106	477,654	548,361	5,125,121	379,395	180,525	5,685,041
Cost of direct benefits to donors:							
Food and beverage	-	-	-	-	-	78,630	78,630
Entertainment	-	-	-	-	-	6,500	6,500
Rentals/facility costs	-	-	-	-	-	50,124	50,124
Other	-	-	-	-	-	29,713	29,713
Total cost of direct benefits to donors	-	-	-	-	-	164,967	164,967
	<u>\$ 4,099,106</u>	<u>\$ 477,654</u>	<u>\$ 548,361</u>	<u>\$ 5,125,121</u>	<u>\$ 379,395</u>	<u>\$ 345,492</u>	<u>\$ 5,850,008</u>

See notes to financial statements.

DUTCHESS LAND CONSERVANCY, INC.
STATEMENT OF CASH FLOWS
For the year ended December 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 3,410,639
Adjustments to reconcile change in net assets to net cash from operating activities	
Depreciation	54,833
Gain on investments	(2,110,567)
Donated artwork	(106,700)
Loss on sale of property	12,046
Changes in:	
Accounts receivable	(500)
Pledges receivable	534,372
Prepaid expenses	1,994
Accounts payable	(41,563)
Grant advances	(76,100)
Deferred revenue	10,500
Total adjustments	<u>(1,721,685)</u>
Net cash provided by operating activities	<u>1,688,954</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sale of investments	5,722,533
Purchases of investments	(7,082,161)
Purchase of certificates of deposit	(505,362)
Proceeds from maturities of certificates of deposit	502,584
Proceeds from sale of property	10,004
Purchases of property and equipment	<u>(179,613)</u>
Net cash used for investing activities	<u>(1,532,015)</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS

156,939

CASH AND CASH EQUIVALENTS, Beginning of year

617,539

CASH AND CASH EQUIVALENTS, End of year

\$ 774,478

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Donated stock	<u>\$ 60,219</u>
Donated artwork	<u>\$ 106,700</u>

DUTCHESS LAND CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 1 – NATURE OF OPERATIONS

The Dutchess Land Conservancy, Inc. (the Organization), located in Millbrook, New York, was formed to preserve and protect the scenic, agricultural and environmental resources on land located primarily in Dutchess County, New York. The primary activities of the Organization are:

- A. Land conservation through research and analysis of important resource rich land and acquisition of conservation easements (both donated and purchased), tradelands, and public preserves, and other approaches to permanently conserve open land.
- B. Stewardship of the land the Organization holds under conservation easement through monitoring, research, management assistance, education, ensuring climate resiliency, and conservation easement enforcement.
- C. Public education regarding techniques for open space preservation, land stewardship, the environment, land management, and the importance of open land and its agricultural and ecological resources, by researching, developing, hosting, and participating in educational events, programs, seminars, webinars, video series, presentations, collaborations, meetings and conferences, as well as public speaking, writing and disseminating information through the Organization's website, e-mail, social media, the press, newsletters, annual reports, brochures, and meeting with community members and public officials.
- D. Providing expert consulting services to landowners, the general public, municipalities and other groups on land conservation, land management best practices, climate resilience, sustainable planning and development concepts, and environmental stewardship.

The Organization relies primarily on income derived from public support, grants, special events and consulting services to fund operations.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation and Basis of Accounting

The Organization follows standards of accounting and financial reporting for certain not-for-profit organizations. Accordingly, the financial statements are prepared on the accrual basis of accounting.

The financial statements are presented in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, "*Not-for-Profit Entities*."

Under the provisions of the ASC, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

- *Net assets without donor restrictions* – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.
- *Net assets 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 the actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Endowment earnings are restricted until "appropriated for expenditure" by the Organization's board.

Expenses are reported as decreases in net assets without donor restrictions.

DUTCHESS LAND CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

The Organization accounts for contributions in accordance with FASB ASC 958-605, “*Accounting for Contributions Received and Contributions Made*.” In accordance with FASB ASC 958-605, contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions support.

The Organization reports gifts of goods and equipment as net assets without donor restrictions, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit donor stipulations that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the assets are placed in service.

Pledges Receivable

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Such promises to give, are shown as both short and long-term pledge receivables, respectively, on the Statement of Financial Position. Pledges receivable may be paid in full or over a period of years based on the terms of the pledge. The Organization uses the allowance method to determine uncollectible pledges receivable. The allowance is based on history of collectability and management’s analysis of specific pledges made. As of December 31, 2024, all promises to give are considered collectible. Based on the nature of and timing of these receivables, the effect of discounting to present value is not considered significant, and accordingly, pledges receivable has not been discounted.

Trade Land

In the land conservation world, a trade land is any piece of donated real property that is sold to generate funding, whether it possesses conservation value or not. The Organization accepts fee interest donations of land with the understanding that it will resell the property and apply the proceeds to help further its mission. If the donated land has conservation value, a conservation easement will be placed on the property at the time of sale. Funds generated from the sale of the trade land help fund the Organization’s work to protect land in Dutchess County and the surrounding area, and its long-term stewardship responsibilities for the land it protects in perpetuity.

Carrying costs associated with the properties until time of sale that are periodic in nature are expensed as incurred. Costs that extend the useful life of the underlying buildings for property held and used are capitalized and depreciated. Often a sale takes many years due to the Organization’s commitment to careful conservation planning prior to resale. In addition, the value to the Organization will be reduced at the time of sale by the placement of a conservation easement restricting future use and development.

The Organization did not own any trade land properties as of December 31, 2024.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Conservation Easements

The Organization does not record donated easements at fair value. Donated easements are carried at zero book value primarily because a typical conservation easement provides the Organization with no affirmative rights except to monitor and enforce the easement and this constitutes a burden. Costs incurred by the Organization to purchase development rights are expensed in the period incurred.

Cash and Cash Equivalents

Cash equivalents include time deposits, certificates of deposit and highly liquid investments with maturities of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Investments

In accordance with FASB ASC 958-320, *“Accounting for Certain Investments Held by Not-for-Profit Organizations”* investments in debt and equity securities are reported at fair value on the statement of financial position with the net appreciation (depreciation) in the fair value investments, which consists of the realized gains or losses and the unrealized gains (depreciation) on those investments, is presented in the statement of activities in accordance with donor restrictions as investment return. Investment return is presented net of investment fees.

Fair Value Measurements

FASB ASC 820-10 *“Fair Value Measurements”* (FASB 820-10) defines fair value, establishes a framework for measuring fair value in GAAP, and expands disclosures about fair value measurements. FASB 820-10 does not require any new fair value measurements but applies to other GAAP accounting pronouncements that use fair value as a relevant measurement attribute.

Investments are measured at fair value on a recurring basis. In accordance with FASB ASC 820-10, fair value measurements are identified as Level 1, Level 2 or Level 3. Level 1 fair value is based on quoted prices in active markets for identical assets/liabilities. Level 2 fair value is based on significant other observable inputs. Level 3 fair value is based on significant unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value:

- Certificates of deposit are recorded at their carrying value, which approximates fair value.
- Equity securities and exchange traded funds are principally valued at the regular trading session closing price on the exchange market in which such securities are principally traded, using the market approach.
- Corporate fixed income and government securities are recorded at their current quoted fair market value and represent quoted prices for identical assets in markets that are not active.
- Mutual funds are valued based on quoted market prices within active markets.

The average cost method is primarily used to determine the basis for computing realized gains or losses. The Organization believes its valuation methods are appropriate and consistent with other market participants. The use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

DUTCHESS LAND CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services, Goods and Facilities

A substantial number of volunteers have donated hours to the Organization's program services, educational events, and fund-raising campaigns during the year; however, these donated services are not reflected in the financial statements since the services do not require specialized skills. Donated professional services, legal services and specialized skills, which enhanced or created a financial asset, are reflected in the statement of activities at their fair value. The Organization's office space is donated and during the year ended December 31, 2024, an estimated rental value of \$44,400 was recorded by the Organization (see Note 6). The Organization also received donated artwork recorded at a fair market value of \$106,700 during the year ended December 31, 2024. The artwork was recorded at the appraised value at the date of contribution.

Materials and other assets received as donations are recorded and reflected in the accompanying financial statements at their fair values at the date of receipt.

In accordance with the Organization's policy, the Organization applies Accounting Standards Update (ASU) 230, *"Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows"* which requires not-for-profit entities to classify unrestricted cash receipts from the sale of donated financial assets that were nearly immediately converted into cash as cash inflows from operating activities. Cash receipts in which the donor restricts the use of contributed resources to long-term purposes should be classified as cash flows from financing activities.

Grant Advances

Payments received on grants with contingencies are treated as grant advances until the contingency is met. Unspent funds, if any, are payable to the grantor upon completion of the grant specifications.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and the reported amounts of assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

Concentrations of Credit and Market Risk

Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash equivalents, certificates of deposits, and investments. Cash is maintained at Federal Deposit Insurance Corporation (FDIC) insured financial institutions and credit exposure is limited to any one institution. The Organization has not experienced any losses on its cash balances. As of December 31, 2024, the Organization's cash balances at financial institutions exceeded FDIC insurance limits by approximately \$320,200. Based on management's review of the strength of the financial institutions, management feels the risk of loss on its cash balances are minimal.

Investments are exposed to various risks. Due to the level of risk associated with these securities and the level of uncertainty related to the changes in their value, it is at least reasonably possible that changes in risks in the near term could materially affect account balances and the amounts reported in the statement of financial position and statement of activities as of and for the year ended December 31, 2024.

As of the year ended December 31, 2024, the Organization had one donor that made up 20% of total contributions and grants revenues. In addition, the Organization had two donors that made up 15% and 15%, respectively, of total pledges receivable as of December 31, 2024.

DUTCHESS LAND CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Organization is exempt from Federal income taxes as an organization described in Section 501(c)(3) of the Internal Revenue Code.

The Organization has evaluated any uncertain tax positions and related income tax contingencies and determined uncertain positions, if any, are not material to the financial statements, according to FASB ASC 740-10 "*Income Taxes*". Penalties and interest assessed by income taxing authorities are included in operating expenses, if incurred. None of the Organization's returns are currently under examination.

Property, Equipment and Depreciation

Property and equipment are recorded at cost, if purchased, or fair market value at the date of donation. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets. The Organization capitalizes assets valued at \$5,000 or greater. Expenditures for maintenance and repairs are charged to expense when incurred. Gains and losses from sales or other dispositions of depreciable property are included in current operations.

The Organization periodically reviews long-lived assets for impairment whenever events or changes in business circumstances indicate that the carrying value of the assets may not be recoverable. Under those circumstances, if the fair value were less than the carrying amount of the assets, the Organization would recognize a loss for the difference.

Functional Expenses

The cost of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing activities including interest and dividend income generated from the Organization's bank accounts and investment return to support the current year operating budget. Non-operating activities are limited to resources that generate return from board and donor restricted endowments, less amounts authorized to support the current year operating budget, as well as donor restricted endowment contributions, financing costs, contributions of land and property restricted as to use by donors, and other activities considered to be of a more unusual or nonrecurring nature.

Risks and Uncertainties

During the year ended December 31, 2020, the Organization applied for and received a loan through the Small Business Administration's (SBA) Paycheck Protection Program (PPP), and the loan was fully forgiven in that same year.

According to the rules of the SBA, the Organization is required to retain PPP loan documentation for six years after the date the loan was forgiven in full, and permit authorized representatives of the SBA, including representatives of its Office of Inspector General, to access such files upon request. Should the SBA conduct such a review and reject all or some of the Organization's judgments pertaining to satisfying PPP loan eligibility or forgiveness conditions, the Organization may be required to adjust previously reported amounts and disclosures in the financial statements.

Subsequent Events

Subsequent events have been evaluated through October 30, 2025, which is the date the financial statements were available to be issued.

DUTCHESS LAND CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 3 – CERTIFICATES OF DEPOSIT

The certificates of deposit balance consists of nine certificates of deposit with a total balance at December 31, 2024 of \$505,362. The certificates of deposit have maturities that range from over 90 days to a year and earn interest at rates ranging from 0.20% - 0.75%. The certificates of deposit are held within a Certificate of Deposit Account Registry Service (CDARS) account with one financial institution and fully covered by FDIC.

NOTE 4 – PLEDGES RECEIVABLE

Pledges receivable consist primarily of pledges from individuals that are scheduled to be collected over a period of time. The following summarizes the pledges receivable based on the period in which they are expected to be collected.

The expected receipts of multi-year pledges are as follows:

2025	\$ 212,206
2026	62,500
2027	35,000
2028	14,000
2029	5,000
	<u>\$ 328,706</u>

NOTE 5 – FAIR VALUE HIERARCHY

The Organization's financial assets, stated at fair value, by the fair value hierarchy level, at December 31, 2024, include:

	Total	Level 1	Level 2	Level 3
Equity Securities	\$ 7,414,870	\$ 7,414,870	\$ -	\$ -
Exchange Traded / Closed-end Funds	7,779,026	7,779,026	-	-
Money Market Fund	183,000	183,000	-	-
Government Securities	2,847,384	-	2,847,384	-
Corporate Fixed Income	1,819,059	-	1,819,059	-
Cash and Cash Equivalents (at cost)	1,556,446	-	-	-
Total Investments	<u>21,599,785</u>	<u>15,376,896</u>	<u>4,666,443</u>	<u>-</u>
Certificates of Deposit	<u>505,362</u>	<u>-</u>	<u>505,362</u>	<u>-</u>
Total Financial Assets	<u>\$ 22,105,147</u>	<u>\$ 15,376,896</u>	<u>\$ 5,171,805</u>	<u>\$ -</u>

DUTCHESS LAND CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 6 – PROPERTY AND EQUIPMENT

A summary of property and equipment as of December 31, 2024, is as follows:

		Useful Life
Land	\$ 910,500	N/A
Construction-in-process	193,196	N/A
Buildings and building improvements	661,587	15-40 years
Leasehold improvements	394,888	4-18 years
Office furniture and equipment	308,899	5-7 years
	<u>2,469,070</u>	
Less: accumulated depreciation	<u>(636,188)</u>	
Total property and equipment, net	<u>\$ 1,832,882</u>	

Depreciation is calculated over the useful lives of the assets. Leasehold improvements are depreciated over the remaining term of the office lease. Total depreciation expense recorded for the year ended December 31, 2024 was \$54,833. Leasehold improvements are fully depreciated as of December 31, 2024.

Construction-in-process as of December 31, 2024 consists of architectural fees and construction costs for the new office located on the Perkins Property.

NOTE 7 – COMMITMENTS AND RELATED PARTIES

The Organization leases its office in Millbrook, New York under a twenty-year operating lease that expired in November 2020 from an individual who is a former board member, a current advisory board member and a relative of a current officer of the board. The lease agreement was extended to November 30, 2023. The lease agreement was not renewed subsequent to November 30, 2023, however, the Organization has continued to utilize the office space based on a verbal month-to-month agreement. The lease agreement required annual rent payments of \$1. The lease agreement gave the tenant (the Organization) the right to make substantial improvements to the property. Under the terms of the lease, all improvements made shall become the property of the landlord at the lease's termination, without any obligation to reimburse the Organization. In 2024, the Organization recorded donated rent income based on an estimated rental value of \$44,400 and a corresponding rent expense of \$44,400. This amount was based on a realtor estimate of the fair rental value of the property.

NOTE 8 – DEFINED CONTRIBUTION PENSION PLAN

The Organization has a 403(b) contribution retirement plan covering all full and part-time employees, excluding interns. Employees are eligible to participate in the plan on the date of hire, if they so elect. The 403(b) is a voluntary retirement savings program and is classified as a "defined contribution plan". In 2024, the Organization elected to contribute 3% of each employee's compensation. The total contribution expense for the year ended December 31, 2024 was \$35,902.

DUTCHESS LAND CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 9 – NET ASSETS

Net Assets With Donor Restrictions

The Organization has several funds designated as net assets with donor restrictions.

Endowment Funds

The Stewardship Endowment Fund (“SEF”) was created to meet two needs: to provide a long term, ongoing source of funds to help cover the annual costs associated with monitoring and managing the Organization’s conservation easements and to be available to cover expenses associated with managing, upholding or defending an easement should its terms or validity be at risk. The endowment is comprised of restricted contributions invested to generate earnings specifically designated for easement stewardship. Periodically, the Board of Directors will appropriate a portion of the accumulated earnings for expenditure based on the Organization’s spending policy.

The Robert K. Johnson Executive Director Endowment Fund (“RKJ”) was created in 2023 to provide a powerful and long-lasting source of funding to support the work of the Organization. The endowment is comprised of a \$1,000,000 grant from the Robert K. Johnson Foundation, which is to be invested in a financial institution at the Board of Director’s discretion. No more than 5% of the principal can be spent on an annual basis.

Non-Endowment Funds

The Stewardship Fund (“SF-DR”) was created for the same purpose of as SEF. These funds are invested by the Organization in order to generate investment returns to provide additional funding for stewardship activities. Investment income and increases in value from the investment of assets in the fund are treated as board designated net assets.

The Land Protection Fund (“LPF-DR”) was first created in 1996 to provide long term funding to be available to cover expenses associated with upholding or defending conservation easements should their terms or validity be at risk, or for other purposes which the Board may designate. The principal of the LPF and the income generated by the fund are available for easement violation enforcement expenses. Contributions to this fund are not required to be invested in perpetuity but are to be available when needed to uphold or defend conversation easements and/or fund the cost of land protection. Investment earnings may be used for board designated purposes to further the Organization’s mission. Investment income and increases in value from the investment of assets in the fund are treated as board designated net assets.

The Bontecou Preserve Fund (“BPF-DR”) was created to provide funding for the short and long-term stewardship, maintenance and upkeep of the 1,258-acre Jesse and Gayle Bontecou Wildlife Conservation Preserve located in the Towns of Washington and Stanford.

The Land Easement Acquisition Fund (“LEAF-DR”) is be used to purchase land or conservation easements. Investment income and increases in value from the investment of assets in the fund are treated as board designated net assets.

The donor restricted Molly Schaefer Memorial Education Fund was established in 2015 from a bequest from long time board member Molly Schaefer and matching gifts made by her family and friends and is to be used for education purposes.

The donor restricted Sweetwater-Milan Window Fund was established in 1993 to protect land in the Milan Window Area, a unique habitat area in the Towns of Milan and Clinton.

DUTCHESS LAND CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 9 – NET ASSETS (Continued)

Net Assets with Donor Restrictions (Continued)

The donor restricted Hunt Country Fund was established in 2018 through an anonymous and generous gift to incentivize conservation activities within a specific area of the county to ensure land stays open and available for equestrian pursuits. Its purpose is to broaden awareness about the rich history of this area as it relates to the conservation work of DLC and the equestrian use of the land and to encourage area landowners to place conservation easements on their properties by providing the resources necessary to offset expenses of placing and stewarding easements.

Donor restricted net assets consist for the following purposes as of December 31, 2024:

Subject to expenditure for specified purpose:

Land Conservation:

Land Protection Fund (LPF)	\$ 1,198,419
Land Easement Acquisition Fund (LEAF)	182,020
Sweetwater-Milan Window Fund	52,501
Hunt Country Fund	46,470
Farmers' Assistance Fund	32,028
Stone Church Fund	70,184
Bontecou Preserve Fund	1,017,167
Johnston PDR / Application Trail Grant	20,000
Farmland Protection	46,665
Seven Wells	30,021
Purchase of Development Rights (PDR) Match	10,471

Education:

Molly Schaefer Memorial Education Fund	87,684
R. Vincent Education Fund	1,500
Justice Equity Diversity Inclusion- New York State Conservation Partnership Program Grant	38,327

Stewardship:

Stewardship Fund	68,420
Farmer Match	66,250
Expanding Capacity / IT Security / Photo Project	12,645
	<u>2,980,772</u>

Subject to the passage of time and purpose:

Bontecou Preserve Fund - pledges receivable	<u>229,000</u>
---	----------------

Subject to the Organization's spending policy and appropriation:

Stewardship:

Stewardship Endowment Fund	2,540,999
The RKJ Executive Director Endowment Fund	1,085,898
	<u>3,626,897</u>

Land required to be maintained as a wildlife conservation area (Bontecou Preserve)

6,292,850

Subject to the passage of time:

Time restricted contributions and grants	290,000
Total net assets with donor restrictions	<u>\$ 13,419,519</u>

DUTCHESS LAND CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 9 – NET ASSETS (Continued)

Net Assets with Donor Restrictions (Continued)

Releases from Donor Restricted Net Assets for the year ended December 31, 2024 are as follows:

Subject to the passage of time	\$ 20,000
Subject to expenditure for specified purpose:	
Land Conservation:	
Seven Wells	8,000
Purchase of Development Rights (PDR) Match	9,529
Education:	
Expanding Capacity	14,435
Molly Schaefer Memorial Education Fund	4,615
R. Vince Education Program Grant	2,850
Stewardship:	
New York State Farmer Match Grant	33,639
Bontecou Biodiversity Grant New York State Conservation Partnership Program	10,403
Remote Monitoring New York State Conservation Partnership Program	1,750
Total releases from donor restricted net assets	<u>\$ 105,221</u>

Board Designated Net Assets

The Land Protection Fund (“LPF-BD”) includes the investment income and increases in value from the investment of assets in the fund as well as other contributions without restrictions and is designated by the board to provide long term funding to cover expenses associated with upholding or defending conservation easements or for other purposes which the board may designate.

The Land Easement Acquisition Fund (“LEAF-BD”) includes the investment income and increases in value from the investment of assets in the fund and is designated to be used to purchase land or conservation easements.

The Reserve Fund is maintained to address unanticipated contingencies that arise during a fiscal year, or for other purposes which the board may designate.

The Stewardship Fund (“SF-BD”) was created to enhance the fund balance of the donor restricted Stewardship Endowment Fund. As the SEF, it meets two needs: to provide a long term, ongoing source of funds to help the annual costs associated with monitoring and managing the Organization’s conservation easements and to be available to cover expenses associated with managing, upholding or defending an easement should its terms or validity be at risk.

The Bontecou Preserve Fund (“BPF-BD”) was created for the same purpose of BPF-DR. Similar to the Stewardship and Land Protection Funds, a portion of this Fund is donor restricted and a portion is board designated. Both the principal and the income generated by the Fund are available for expenses specifically related to the Preserve including annual budget expenses, maintenance, improvements, and the short and long-term stewardship of the Preserve. Income and increase in value from the investment of assets in the Fund will be treated as a part of the Bontecou Preserve Fund. All but 13 acres is permanently restricted by a conservation easement held by Scenic Hudson to doubly ensure its forever protection. The value of the property as restricted by a conservation easement was \$6,292,850.

DUTCHESS LAND CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 9 – NET ASSETS (Continued)

Board Designated Net Assets (Continued)

The Perkins Fund was created with unrestricted gifts provided by the Estate of Nancy Perkins (“the Estate”) of a 25-acre property with an historic house, garage and barns. At the date of donation, the property was valued at \$1,485,000. The Estate also donated \$1,080,000 in cash for general operating and roof replacement. An additional \$500,000 foundation donation was also received in 2023 and added to this fund. The Fund’s purpose is to provide funding for the renovation of the Perkins House into the DLC’s education, research and office space, and to provide for the short and long-term stewardship, maintenance and upkeep of the property and its improvements. Both the principal and the income generated by the Fund are available for expenses specifically related to the Perkins property. Income and increase in value from the investment of assets in the Fund will be treated as a part of the Perkins Fund.

As of December 31, 2024, board designated net assets are as follows:

Land protection fund	\$ 7,616,054
Land easement acquisition fund	522,790
Reserve fund	788,340
Stewardship fund	4,569,736
Bontecou Preserve fund	1,207,099
Perkins fund	1,596,268
Total board designated	<u>\$ 16,300,287</u>

FASB ASC 958-205, “*Presentation of Financial Statements of Not-for-Profit Entities*”, provides guidance on the net asset classification of donor-restricted and board designated (“invested net assets”) endowment funds for a not-for-profit organization that is subject to the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”).

Return Objectives and Risk Parameters

It is the policy of the Organization to invest its funds in a manner which provides the highest investment return with optimum security while meeting the daily cash flow needs of the Organization.

Preservation of capital is the foremost objective of the Organization’s investment program. Investments are diversified by asset type to control risks. The Organization defines the investment time horizon as long term. The Organization holds investments within allocation ranges approved by the board of directors. Transfers from the Organization’s endowment and invested asset funds may be made with Investment Committee recommendation and board approval by the President or any officer of the Organization from the investment account to another existing organizational account. Authority to appoint and change investment managers, and to move assets among investment vehicles, is the responsibility of the board of directors. The board is advised by the Investment Committee, to which it has chosen to delegate its authority over these activities pursuant to the Organization’s Investment Policy and board resolutions delegating authority to the Investment Committee within specific investment parameters.

Strategies Employed for Achieving Objectives

The Organization’s Financial Management Policy designates that the Organization’s financial assets must support current activities as well as longer term obligations and objectives. As of November 2020, the Organization’s Investment Committee manages about 30% of the investment portfolio. Prior to this, external professional investment managers managed most of the non-cash financial assets. Both separate accounts and commingled vehicles are used. Investment managers are given investment guidelines specific to their assignments. The Organization evaluates managers’ performance on a “total return” basis, net of fees, and in relation to investment benchmarks and time periods it deems appropriate for each manager’s mandate.

DUTCHESS LAND CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 9 – NET ASSETS (Continued)

Board Designated Net Assets (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization's Financial Management and Investment Policies specify how the Organization's investment accounts will be overseen and managed. The Organization reinvests dividends and interest earned on an annual basis as long as unrestricted donations received for support are sufficient to cover annual operating expenditures and amounts to meet the Organization's annual fund goals. Accordingly, the Organization expects its endowments to grow over the long-term to support its obligation to oversee the thousands of acres it holds under conservation easements and for other mission-related purposes. This is consistent with the Organization's objective that the investment portfolio remains sufficiently liquid to meet all operating requirements reasonably anticipated over the succeeding year and designed to produce a return consistent with a strong desire to preserve capital and a need to maintain the purchasing power of the endowment assets.

As of December 31, 2024, endowment and board-designated funds, which are invested, are comprised of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	\$ -	\$ 2,015,539	\$ 2,015,539
Accumulated investment gains	-	1,611,358	1,611,358
Invested board designated funds	16,300,287	-	16,300,287
Total funds	<u>\$ 16,300,287</u>	<u>\$ 3,626,897</u>	<u>\$ 19,927,184</u>

Changes in endowment and board-designated funds for the year ended December 31, 2024 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment and invested board designated net assets, beginning of year	\$ 13,350,700	\$ 3,223,587	\$ 16,574,287
Contributions	865,702	-	865,702
Investment return, net	2,083,885	403,310	2,487,195
Endowment and invested board designated net assets, end of year	<u>\$ 16,300,287</u>	<u>\$ 3,626,897</u>	<u>\$ 19,927,184</u>

Funds invested for various future land, education and stewardship expenses as of December 31, 2024 are comprised of:

Endowment and invested net assets, end of year	\$ 19,927,184
Donor restricted funds	1,672,601
Total investments	<u>\$ 21,599,785</u>

DUTCHESS LAND CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 9 – NET ASSETS (Continued)

Board Designated Net Assets (Continued)

Underwater Endowment Funds

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. There were none at December 31, 2024.

NOTE 10 – LIQUIDITY

The Organization's financial assets available within one year of December 31, 2024 for general expenditure are as follows:

Current financial assets at year end:

Cash and cash equivalents	\$ 774,478
Accounts receivable	1,753
Pledges receivable	212,206
Certificates of deposit	<u>505,362</u>
Total financial assets	<u>1,493,799</u>

Less amounts unavailable for general expenditures within one year, due to:

Restricted by donor with purpose or time restrictions included beyond next fiscal year in the cash and cash equivalents	<u>(785,482)</u>
---	------------------

Financial assets needed to meet cash needs for general expenditures within one year

\$ 708,317

The Organization's financial assets have been reduced by amounts not available for general use because of donor imposed restrictions within one year of December 31, 2024 and amounts set aside for long-term investing in endowments.

In addition, the Organization has board designated net assets of \$16,300,287 (See Note 9) which the board could make available to the Organization for general expenditures, if necessary.

NOTE 11 – SPECIAL EVENTS

Special events generate revenue for the Organization as well as raise awareness about the Organization's mission. Some events are annual, and some are incidental to the Organization's central activities and do not happen regularly. Incidental events are recorded net in the accompanying statement of activities.

DUTCHESS LAND CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 11 – SPECIAL EVENTS (Continued)

The Organization held two annual events during the year ended December 31, 2024. Income and expenses related to these events are as follows:

	<u>Spring Event</u>	<u>Fall Event</u>	<u>Total</u>
Changes in net assets without donor restrictions:			
Revenues:			
Contributions	\$ 245,568	\$ 263,752	\$ 509,320
Special event revenue	35,969	17,050	53,019
Less: Costs of direct benefits to donors	<u>(90,296)</u>	<u>(74,671)</u>	<u>(164,967)</u>
Net revenues from special events	<u>(54,327)</u>	<u>(57,621)</u>	<u>(111,948)</u>
Total revenues	<u>191,241</u>	<u>206,131</u>	<u>397,372</u>
Expenses:			
Fundraising:			
Postage	816	929	1,745
Printing and copy	3,275	3,140	6,415
Other indirect costs	<u>1,455</u>	<u>1,634</u>	<u>3,089</u>
Increase in net assets without donor restrictions	<u>\$ 185,695</u>	<u>\$ 200,428</u>	<u>\$ 386,123</u>

NOTE 12 – RESTATEMENT

During the year ended December 31, 2023, the Organization received unconditional pledge commitments from donors contributing to the Organization's Bontecou Preserve Fund. These pledges should have been recorded as pledges receivable and revenue in the year the donor made the commitment. As a result, net assets with donor restrictions as of January 1, 2024 was adjusted by \$254,000 from \$11,762,396 to \$12,016,936.