THE PIEDMONT ENVIRONMENTAL COUNCIL AND THE PIEDMONT FOUNDATION

Consolidated Financial Statements

For the Years Ended December 31, 2023 and 2022

and
Report Thereon

C O N T E N T S

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Piedmont Environmental Council and The Piedmont Foundation
Warrenton, Virginia

Opinion

We have audited the consolidated financial statements of The Piedmont Environmental Council and The Piedmont Foundation (the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2023 and 2022, the change 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 (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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Yount, Hyde & Barbour, P.C.

Winchester, Virginia
May 17, 2024

THE PIEDMONT ENVIRONMENTAL COUNCIL
AND THE PIEDMONT FOUNDATION

Consolidated Statements of Financial Position
December 31, 2023 and 2022

Assets	**2023**	**2022**
Current Assets		
Cash and cash equivalents	$ 1,431,516	$ 771,849
Grants, contributions and other receivables	27,874	406,743
Prepaid expenses and other assets	133,805	113,935
Total current assets	1,593,195	1,292,527
Long-Term Assets		
Investments, at fair market value	22,656,369	19,907,539
Land held for conservancy	6,789,645	6,929,798
Property and equipment, net	2,440,072	2,579,755
Land	76,206	76,206
Beneficial interests held in remainder trusts	815,862	657,435
Right-of-use assets	98,959	125,707
Total long-term assets	32,877,113	30,276,440
Total assets	$ 34,470,308	$ 31,568,967
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	$ 382,353	$ 396,334
Current maturities of lease liabilities	25,570	25,191
Total current liabilities	407,923	421,525
Non-Current Liabilities,		
lease liabilities, less current maturities	75,180	100,660
Net Assets		
Without donor restrictions	12,447,708	11,456,063
With donor restrictions	21,539,497	19,590,719
Total net assets	33,987,205	31,046,782
Total liabilities and net assets	$ 34,470,308	$ 31,568,967

The accompanying notes are an integral part of these Consolidated Financial Statements.

THE PIEDMONT ENVIRONMENTAL COUNCIL
AND THE PIEDMONT FOUNDATION

Consolidated Statements of Activities
For the Years Ended December 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support						
Contributions and grants	$ 3,911,619	$ 1,466,931	$ 5,378,550	$ 2,691,879	$ 1,601,979	$ 4,293,858
Contributed nonfinancial assets	91,680	- -	91,680	120,378	- -	120,378
Special events	735,467	- -	735,467	866,654	- -	866,654
Less: costs benefiting contributors	(308,647)	- -	(308,647)	(482,967)	- -	(482,967)
Special events, net of costs	426,820	- -	426,820	383,687	- -	383,687
Investment (loss) return, net	2,140,515	1,945,117	4,085,632	(2,862,692)	(2,325,529)	(5,188,221)
Donation of property	(140,153)	- -	(140,153)	- -	- -	- -
Change in value of remainder trusts	- -	158,427	158,427	- -	(261,591)	(261,591)
Other	128,368	- -	128,368	26,586	- -	26,586
Net assets released from restrictions:						
Satisfaction of program restrictions	1,621,697	(1,621,697)	- -	2,097,613	(2,097,613)	- -
Total revenue and support	8,180,546	1,948,778	10,129,324	2,457,451	(3,082,754)	(625,303)
Expenses						
Program Services:						
Conservation, stewardship and habitat	1,683,748	- -	1,683,748	1,741,782	- -	1,741,782
County issues and planning	976,096	- -	976,096	912,032	- -	912,032
Policy	688,801	- -	688,801	749,581	- -	749,581
Farms and food	506,288	- -	506,288	378,214	- -	378,214
Transportation and growth management	210,694	- -	210,694	161,543	- -	161,543
Outreach and education	842,403	- -	842,403	723,597	- -	723,597
Total program services	4,908,030	- -	4,908,030	4,666,749	- -	4,666,749
Supporting Services:						
Fundraising	844,636	- -	844,636	701,681	- -	701,681
Management and general	1,436,235	- -	1,436,235	1,580,775	- -	1,580,775
Total supporting services	2,280,871	- -	2,280,871	2,282,456	- -	2,282,456
Total expenses	7,188,901	- -	7,188,901	6,949,205	- -	6,949,205
Change in net assets	991,645	1,948,778	2,940,423	(4,491,754)	(3,082,754)	(7,574,508)
Net assets, beginning of year	11,456,063	19,590,719	31,046,782	15,947,817	22,673,473	38,621,290
Net assets, end of year	$ 12,447,708	$ 21,539,497	$ 33,987,205	$ 11,456,063	$ 19,590,719	$ 31,046,782

The accompanying notes are an integral part of these Consolidated Financial Statements.

THE PIEDMONT ENVIRONMENTAL COUNCIL
AND THE PIEDMONT FOUNDATION

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Change in net assets	$ 2,940,423	$ (7,574,508)
Adjustments to reconcile change in net assets to net cash (used in) operating activities:		
Depreciation	168,721	174,704
Amortization of right-of-use asset	26,748	881
Donation of property	140,153	- -
Net realized and unrealized (gain) loss on investments	(3,676,993)	5,682,632
Change in value of remainder trusts	(158,427)	261,591
Changes in assets and liabilities:		
Decrease in grants, contributions and other receivables	378,869	22,410
(Increase) in prepaid expenses and other assets	(19,870)	(37,914)
(Decrease) in accounts payable and accrued expenses	(13,981)	(32,959)
Net cash (used in) operating activities	(214,357)	(1,503,163)
Cash Flows from Investing Activities		
Proceeds from sale of investments	3,342,646	2,062,322
Purchases of investments	(2,414,483)	(791,051)
Purchases of property and equipment and land held for conservancy	(29,038)	(57,061)
Net cash provided by investing activities	899,125	1,214,210
Cash Flows from Financing Activities,		
principal payments on lease liabilities	(25,101)	(737)
Net cash (used in) financing activities	(25,101)	(737)
Change in cash and cash equivalents	659,667	(289,690)
Cash and Cash Equivalents		
Beginning of year	771,849	1,061,539
End of year	$ 1,431,516	$ 771,849
Supplemental Cash Flow Information		
Interest paid	$ 21,243	$ 1,486
Contributed nonfinancial assets	$ 91,680	$ 120,378
Lease liabilities arising from obtaining right-of-use assets	$ - -	$ 130,682

The accompanying notes are an integral part of these Consolidated Financial Statements.

1. Organization and Summary of Significant Accounting Policies

Organization

The Piedmont Environmental Council (the Council) was founded in 1972. The Council was organized to provide positive programs and professional planning assistance designed to preserve the traditional character and visual order of the countryside, towns and villages of the northern Piedmont region of Virginia, while providing for orderly economic progress sensitive to conservation of the land, water, air and other natural resources, as a legacy to generations to come.

The Piedmont Foundation was founded in 1999 and began operations in 2000 upon acknowledgement by the IRS of the Foundation's status as a tax-exempt 501(c)(3) organization and supporting organization as described in IRC Section 509(a)(3). The Piedmont Foundation (the Foundation) was organized to support the activities of The Piedmont Environmental Council, Inc.

Under accounting principles generally accepted in the United States of America, the Foundation and the Council are required to issue consolidated financial statements because the Directors of the Piedmont Environmental Council elect the Directors of the Foundation. These consolidated financial statements include the accounts of both Piedmont Environmental Council and Piedmont Foundation. All material intercompany accounts and transactions were eliminated in consolidation. Unless otherwise noted, the entities will be collectively referred to as the "Organization" throughout the financial statements.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Organization maintains its cash balances in various financial institutions which, at times, may exceed federally insured limits. The Organization has not experienced any losses on such accounts.

Land Held for Conservancy

Land held for conservancy is recorded at cost or, if donated, at the estimated fair market value of the land, as if restricted by an easement, on the date of the donation.

Conservation Easements

Conservation easements are intangible assets representing restrictions on the development of real property, conveyed by a property owner to the Organization. The Organization occasionally accepts and holds or co-holds these easements in order to protect the owned property in perpetuity. Conservation easements, by their nature, have no market value, as they cannot be sold or exchanged for remuneration. Thus, when the Organization accepts an easement, either as a sole holder or as a co-holder, no revenue or expense is recorded. The Organization holds or co-holds 84 and 76 conservation easements totaling 11,655 and 11,156 acres as of December 31, 2023 and 2022, respectively.

Investments

Investments are reported at fair value in the statements of financial position. Investment (loss) return is reflected in the statements of activities, net of fees.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at the fair market value on the date of donation, and are being depreciated using the straight-line method over the estimated economic useful life of three to thirty-one and one-half years with no salvage value. Maintenance and repairs are charged to expense when incurred, whereas major improvements are capitalized. Upon the retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is charged to revenue and expenses.

Classification of Net Assets

Net assets without donor restrictions are assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions consist of individual gifts from donors who have stipulated time or purpose restrictions or as a condition of the gift, the principal is to be maintained intact in perpetuity and that only the income from the investment can be expended either for unrestricted purposes or for purposes stipulated by donor. Net assets are released from restriction and reclassified to net assets without donor restrictions as the Organization fulfills the donor stipulation or upon passage of time.

Revenue Recognition

Contributions and grants are recognized as revenue when they are received or unconditionally promised.

The Organization reports gifts of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 statement of activities as net assets released from restrictions.

The Organization reports gifts of land, buildings, 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 restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulations about how these long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized, or treated as a refundable advance, until the conditions on which they depend have been met.

The Organization, as part of a capital fundraising campaign that began in 2005, has been named a beneficiary in planned giving vehicles. These gifts are not reflected in the accompanying statements because the purpose of the contribution has not been specified or is subject to change and the time period over which the gifts will be realized is uncertain.

Grants and contributions receivable represent amounts committed by grantors and donors that have not been received by the Organization. All grants and contributions receivable are expected to be collected within one year.

Contributions of services shall be recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Special events income includes receipts from ticket sales, contributions, auction items and sponsorships and is recognized at the time of the event. Special events income includes both exchange transactions as well as contributions. The transaction price associated with the performance obligations included in special events income is valued at the standalone selling price or the price the Organization would charge if a benefit (i.e. tickets and auction items) were sold separately. The value of the benefits received amounted to $147,271 and $190,648 as of December 31, 2023 and 2022, respectively.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. Contributions that are restricted by the donor and for which the restrictions do not fully expire in the reporting period are reported as net assets with donor restrictions in the Statements of Activities.

As of December 31, 2023 and 2022, contributions and grants totaling $3,076,510 and $3,199,307, respectively, had not been recognized in the accompanying statements of activities because the conditions on which they depend had not yet been met.

Allocation Methodology for the Schedules of Functional Expenses

The costs of providing program and supporting services have been summarized on a functional and natural basis in the Schedules of Functional Expenses. Certain costs have been allocated among program services, management and general and fundraising. Such allocations have been made by management on an equitable basis. The expenses that were allocated included the following:

Expense	Allocation Methodology
Salaries, wages, taxes and benefits	Direct Allocation and Time and Effort
Professional fees	Direct Allocation and Time and Effort
Subcontracts	Direct Allocation
Scholarships and donations	Direct Allocation
Printing, copying, and publications	Direct Allocation
Occupancy	Direct Allocation and Time and Effort
Postage expense	Direct Allocation
Travel	Direct Allocation
Conferences and meetings	Direct Allocation
Telephone and internet	Direct Allocation and Time and Effort
Web-based services	Direct Allocation and Time and Effort
Office expenses and supplies	Direct Allocation and Time and Effort
Dues and subscriptions	Direct Allocation
Depreciation and amortization	Direct Allocation and Time and Effort
Insurance	Direct Allocation and Time and Effort
Interest	Direct Allocation
Advertising	Direct Allocation
Other expenses	Direct Allocation and Time and Effort

Use of Estimates

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

Fair Value Measurements

Accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under the standards are described as follows:

Level 1 – Valuations for assets and liabilities traded in active exchange markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities or other inputs observable for the asset or liability, either directly or indirectly through corroboration with observable market data. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option-pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

For the years ended December 31, 2023 and 2022, the application of valuation techniques applied to similar assets has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Money market, equity and debt securities

The fair value of equity securities and debt securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers.

Alternative fund

The Organization adopted ASU 2015-07, Fair Value Measurement (Topic 820) – Disclosures for Investments in Certain Entities That Calculate Net Asset Value (“NAV”) per Share (or its Equivalent). The standard removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured at NAV. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. NAV is used as a practical expedient to estimate fair value.

The carrying amounts of the Organization’s financial instruments not described above arise in the ordinary course of business and approximate fair value. The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Advertising

The Organization follows the policy of charging the cost of advertising to expense as incurred. Advertising expense was $11,800 and $16,403 for 2023 and 2022, respectively.

2. Investments, including Fair Value Measurements

The Organization held the following investments as of December 31, 2023 and 2022, respectively:

2023	Cost	Fair Market Value	Unrealized Appreciation (Depreciation)
Money market funds	$ 2,677,335	$ 2,677,335	$ - -
Equity securities	10,217,246	15,726,271	5,509,025
Debt securities	1,517,740	1,430,140	(87,600)
Alternative fund	1,843,783	2,822,623	978,840
Total investments	$ 16,256,104	$ 22,656,369	$ 6,400,265

2022	Cost	Fair Market Value	Unrealized Appreciation (Depreciation)
Money market funds	$ 1,126,466	$ 1,126,466	$ - -
Equity securities	10,572,844	13,181,473	2,608,629
Debt securities	3,590,576	3,191,211	(399,365)
Alternative fund	1,843,783	2,408,389	564,606
Total investments	$ 17,133,669	$ 19,907,539	$ 2,773,870

The following table presents the balance of financial assets measured at fair value on a recurring basis as of December 31, 2023 and 2022:

2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Levels (Level 2)	Significant Other Unobservable Levels (Level 3)	Total
Money market funds	$ 2,677,335	$ - -	$ - -	$ 2,677,335
Equity securities	15,726,271	- -	- -	15,726,271
Debt securities	1,430,140	- -	- -	1,430,140
Alternative fund*	- -	- -	- -	2,822,623
Total investments	$ 19,833,746	$ - -	$ - -	$ 22,656,369

2022	Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Levels (Level 2)		Significant Other Unobservable Levels (Level 3)		Total	
Money market funds	$	1,126,466	$	- -	$	- -	$	1,126,466
Equity securities		13,181,473		- -		- -		13,181,473
Debt securities		3,191,211		- -		- -		3,191,211
Alternative fund*		- -		- -		- -		2,408,389
Total investments	$	17,499,150	$	- -	$	- -	$	19,907,539

*In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share have not been classified in the fair value hierarchy. The fair value amounts in the table are intended to permit reconciliation of the fair value hierarchy to the line item presented in the statement of financial position.

Investments Measured Using the Net Asset Value (NAV) per Share as a Practical Expedient

The Alternative Fund held by the Foundation is valued at the NAV of shares held by the Organization at year-end.

The Alternative Fund is valued using the practical expedient at the Organization's pro-rata interest in the net assets of the entities. Investments held by these entities are valued at prices which approximate fair value. The fair value of certain investments in the underlying entities, which may include private placements and other securities for which values are not readily available, are determined in good faith by the investment advisors of the respective entities and may not reflect amounts that could be realized upon immediate sale, nor amounts that may be ultimately realized. The estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments, and these differences could be material. Net asset valuations are provided daily, monthly, or quarterly by these entities. Appreciation of investments in these entities is net of all allocations to the investment advisors.

The summary of investment return, net for the years ended December 31, 2023 and 2022 was as follows:

	2023		2022	
Dividends and interest	$	489,599	$	589,348
Unrealized and realized gain (loss)		3,676,993		(5,682,632)
Investment fees		(80,960)		(94,937)
	$	4,085,632	$	(5,188,221)

3. Property and Equipment, Net

The Organization's property and equipment, net consisted of the following as of December 31, 2023 and 2022:

	2023	2022
Buildings and improvements	$ 3,706,256	$ 3,706,256
Land improvements	91,126	91,126
Furniture and equipment	222,397	193,359
Software	79,825	79,825
Total property and equipment	4,099,604	4,070,566
Less accumulated depreciation and amortization	(1,659,532)	(1,490,811)
Net property and equipment	$ 2,440,072	$ 2,579,755

Depreciation expense was $168,721 and $174,704 for 2023 and 2022, respectively.

4. Line of Credit

The Organization has a $300,000 line of credit with Truist Bank (FKA BB&T), which was renewed until August 4, 2024. Funds drawn against this line accrued interest at the lender's prime rate of 8.50% and 7.50% during 2023 and 2022, respectively. As of December 31, 2023 and 2022, the Organization had a $0 balance on the line of credit. Interest expense on the line of credit for 2023 and 2022 was $9,232 and $1,486, respectively.

5. Post-Retirement Benefits

The Organization has an employee retirement plan pursuant to Section 403(b) of the Internal Revenue Code. All permanent full-time employees are eligible to make contributions upon employment. Employee contributions to the employee retirement plan are voluntary and are made with pre-tax payroll deductions of up to approximately 20% of participating employees' compensation. Employees who have successfully completed 12 months of service and 1,000 hours of work are eligible for employer contributions. Under the retirement plan, the Organization may also contribute. The employer contribution for the 2023 and 2022 calendar years was $147,417 and $157,856 respectively, which was included in salaries, wages, taxes and benefits in the accompanying schedules of functional expenses. Individual contracts under the plan provide for full and immediate vesting of both the employer's and employee's contributions.

6. Net Assets with Donor Restrictions

Net assets with donor restrictions as of December 31, 2023 and 2022 were available for future expenditures in the following areas:

	2023	2022
Conservation	$ 3,259,023	$ 3,168,401
County issues	32,190	250
Transportation and growth management	75,768	58,693
Farms and food	76,353	137,111
Outreach and environmental education	15,954	49,201
Policy	327,149	129,380
Senior fellow	3,624	223,517
Historic preservation	5,241	- -
Gordonsville Town to Trail Initiative	- -	1,240
Time restriction	25,000	20,000
Albemarle County General Endowment	905,451	508,655
Land Conservation Officers Endowment	336,418	153,947
Albemarle County Land Conservation Program Endowment	633,521	246,230
Evergreen (Easement Stewardship Fund)	1,479,381	1,221,683
Easement Defense Fund (Legal Defense Fund)	222,076	182,672
Rappahannock County Land Conservation Fund	919,897	771,836
Clarke County Land Conservation Fund	1,119,652	933,337
Goose Greek Land Conservation Fund	359,338	279,297
Bull Run Land Conservation Fund	112,301	93,015
Cedar Run Land Conservation Fund	172,666	141,072
Culpeper Land Conservation Fund	54,170	49,050
Madison Land Conservation Fund	81,894	78,635
Greene Land Conservation Fund	27,031	9,979
Ovoka Memorial	218,765	220,415
Other grants and funds	29,628	24,524
Charitable remainder unitrusts	815,862	657,435
Albemarle County General Endowment, principal portion	2,000,000	2,000,000
Albemarle County Land Conservation Program Endowment, principal portion	1,400,000	1,400,000
Land Conservation Officers Endowment, principal portion	1,000,000	1,000,000
General Endowment Fund, principal portion	5,831,144	5,831,144
Total	$ 21,539,497	$ 19,590,719

7. Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code, the Council and Foundation are exempt from federal taxes on income other than net unrelated business income. As of December 31, 2023 and 2022, no provision for taxes was made, as the Council and Foundation had no unrelated business income.

8. Related Parties

The Organization invests in funds that are managed by the investment firms of three board members. The board members do not participate in the review of the funds and will continue to be absent in future decisions related to the invested funds.

9. Net Assets Released from Donor Restrictions

Net assets were released from donor restrictions during the years ended December 31, 2023 and 2022, by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors. Net assets released in 2023 and 2022 consisted of the following:

	2023	2022
Conservation	$ 472,685	$ 478,602
County issues	12,935	23,244
Transportation and growth management	118,925	307,252
Farms and food	110,758	99,851
Outreach and environmental education	33,248	3,567
Policy	172,490	257,953
Senior fellow	219,894	545,266
Gordonsville Town to Trail Initiative	1,240	760
Time restriction	20,000	- -
Communications	- -	350
Land conservation funds	50,309	83,534
Appropriation of endowment assets for expenditure	256,234	235,931
Legal defense fund	945	873
Grants and other	152,034	60,430
Total	$ 1,621,697	$ 2,097,613

10. Remainder Trusts

The Foundation is the named beneficiary of various charitable remainder trusts. The Foundation's policy is to record the present value of the remainder interests when they learn of the agreement, the terms of the agreement are irrevocable, and the value can be readily determined.

The change in the value of the remainder trusts are recorded in the statements of activities. The remainder trusts were initially recorded in 2016 when the Foundation became aware of the agreements. The change in the value of the remainder trusts was $158,427 and $(261,591) as of December 31, 2023 and 2022, respectively.

The present value of the remainder interests is recorded in the statement of financial position as "beneficial interest held in remainder trusts". The remainder value of these agreements as of December 31, 2023 and 2022 was $815,862 and $657,435, respectively.

11. Endowment

The Foundation's endowment consists of four funds established to support the general operations of the Foundation and Council, or specific operations or staff positions of the Council. The endowment includes funds with donor restrictions. Board designated funds which function as endowments are included as net assets without donor restrictions. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted state law as requiring the preservation of the value of the original gift (corpus) of the permanent endowment fund, unless the donor stipulates how net appreciation must be used. As a result of the Board's interpretation, the net appreciation (unrealized gains and losses) is retained as net assets with donor restriction.

The Foundation has adopted an investment policy to preserve principal, both in absolute and real terms (adjusted for inflation), while seeking to maximize returns within acceptable levels of risk and to provide income to meet operating expenses. A diversified portfolio with an equity/debt ratio varying from 80/20 to 45/55 is reviewed quarterly by the Investment Committee of the Board of Directors. Under agreements with the Council, the Foundation distributes up to 5% of each endowment per annum (in lieu of an income distribution).

The Albemarle Land Conservation Program Endowment and the Land Conservation Officers Endowment, under agreements between the donor, the Foundation and the Council, distributes an amount specified by the Foundation Board of Directors, provided the corpus exceeds the original balance of $1,400,000 and $1,000,000, respectively.

	Without Donor Restrictions	With Donor Restrictions
Endowment net assets, December 31, 2021	$ 5,691,997	$ 12,716,017
Investment return, net	(1,140,399)	(1,340,110)
Contributions	14,120	- -
Appropriation of endowment assets for expenditure	(1,242,534)	(235,931)
Endowment net assets, December 31, 2022	3,323,184	11,139,976
Investment return, net	717,793	1,104,412
Contributions	26,756	118,380
Appropriation of endowment assets for expenditure	(257,346)	(256,234)
Endowment net assets, December 31, 2023	$ 3,810,387	$ 12,106,534

12. Commitments and Contingencies

Operating Leases and Future Commitments

The Organization has an operating lease for office space in Charlottesville, Virginia. The lease began October 1, 2022 and has a 60 month term. There is no implicit rate in the lease; as such, the Organization elected to use the risk-free rate of 4.02%. As of December 31, 2023, the remaining lease term is 45 months. The lease does not have an optional renewal period; the Organization intends to enter into a new lease agreement at the expiration of its current lease agreement.

The Organization has another operating lease for office equipment. The lease has a 51 month term and matures December 31, 2024. There is no implicit rate in the lease; as such, the Organization elected to use the risk-free rate of 1.27%. As of December 31, 2023, the remaining lease term is 12 months. The lease does not have an optional renewal period; the Organization intends to enter into a new lease agreement at the expiration of its current lease agreement.

The following table presents the maturity of the Organization's operating lease liabilities on an undiscounted cash flow basis and a reconciliation to the operating lease liabilities recognized in the Organization's Statement of Financial Position as of December 31, 2023:

Year Ended December 31,	
2024	$ 29,127
2025	28,194
2026	29,040
2027	22,355
	108,716
Imputed interest	(7,966)
Present value of operating lease payments	$ 100,750

Rental expense for the years ended December 31, 2023 and 2022 was $29,763 and $28,868, respectively.

Finance Lease and Future Commitments

The Organization had a finance lease for a copier. The lease began in 2017 and had a 60-month term. There was no implicit rate in the lease; as such, the Organization elected to use the risk-free rate of .37%. In January 2023, there was a buyout of the lease.

13. Liquidity and Availability of Resources

The Organization has the following financial assets available within one year of statement of financial position date to meet cash needs for general expenditure. The Organization has a line of credit in the amount of $300,000 which it could draw upon in the event of an unexpected liquidity need.

	2023	2022
Financial assets, at year-end:		
Cash and cash equivalents	$ 1,431,516	$ 771,849
Grants, pledges and other receivables	27,874	406,743
Investments	22,656,369	19,907,539
Total financial assets	24,115,759	21,086,131
Less those unavailable for general expenditure within one year:		
Due to donor imposed restrictions	19,279,897	17,331,119
Due to board designations	3,810,387	3,323,184
Financial assets not available to be used within one year	23,090,284	20,654,303
Financial assets available to meet cash needs for general expenditures within one year	$ 1,025,475	$ 431,828

14. New Accounting Pronouncements

Effective January 1, 2023, the Organization adopted Accounting Standards Update (ASU) No. 2016-13, Financial Instruments–Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. The ASU replaces the incurred loss impairment methodology with a current expected credit losses model for all financial assets measured at amortized cost. Financial assets held by the Organization that are subject to the ASU include grants, contributions, and other receivables. The Organization adopted the standard using a modified retrospective approach as of the effective date. No cumulative-effect adjustment to net assets was required. The adoption of the standard did not have a material impact on the financial statements.

15. Contributed Nonfinancial Assets

Contributed nonfinancial assets are reflected as contributions in the accompanying financial statements at their fair market values at the date of the gift. The Organization does not have a policy to monetize any contributed nonfinancial assets received; the Organization intends to use any in-kind contributions received for its programs and supporting services.

Contributed nonfinancial assets recognized by the Organization during the years ended December 31, 2023 and 2022, were $91,680 and $120,378, respectively.

For the years ended December 31, 2023 and 2022, the Organization received the following contributed nonfinancial assets:

Type of Contributed Nonfinancial Asset	Valuation Methodology	2023	2022
Conferences and meetings	Purchase Price	$ 605	$ 660
Office expenses and supplies	Purchase Price	- -	1,538
Auction items	Sales Price Received at Day of Event	91,075	118,180
		$ 91,680	$ 120,378

There were no donor-imposed restrictions associated with any of the contributed nonfinancial assets received. The Organization utilized the contributed nonfinancial assets for the following programs and supporting services during the years ended December 31, 2023 and 2022, respectively.

	2023			
Type of Contributed Nonfinancial Asset	**Program Services**	**General and Administrative**	**Fundraising**	**Total**
Conferences and meetings	$ - -	$ 605	$ - -	$ 605
	$ - -	$ 605	$ - -	$ 605

	2022			
Type of Contributed Nonfinancial Asset	**Program Services**	**General and Administrative**	**Fundraising**	**Total**
Conferences and meetings	$ - -	$ 660	$ - -	$ 660
Office expenses and supplies	1,050	488	- -	1,538
	$ 1,050	$ 1,148	$ - -	$ 2,198

The Organization recognizes donated services as contributions if the services a) create or enhance nonfinancial assets or b) require specialized skills, are performed by people with those specialized skills, and would otherwise be purchased by the Organization. The Organization did not receive donated services during the years ended December 31, 2023 and 2022 that met the recognition criteria for donated services and therefore, no amounts have been recognized in the accompanying financial statements.

16. Subsequent Events

The Organization has evaluated all subsequent events through May 17, 2024, the date the financial statements are available.

In April 2024, the Organization purchased three easements at a total sales price of $2,621,875. The easements were purchased using $421,875 in grant funds from the Virginia Department of Conservation and Recreation Virginia Land Conservation Foundation, $2,075,000 in grant funds from the U.S. Department of Agriculture Natural Resources Conservation Service, and $125,000 in funding provided by the Organization.

In December 2023, the Organization executed a contingent purchase agreement with Loudoun County to purchase a 6.42 acre property for $600,000. The agreement contains certain contingencies which are expected to be resolved and result in the closing of the purchase in 2024.

The Organization has determined there are no additional subsequent events that require recognition or disclosure.

17. Schedules of Functional Expenses

The schedules of functional expenses were as follows as of December 31, 2023 and 2022:

	2023									
	Program Services							Supporting Services		
	Conservation, Stewardship and Habitat	County Issues and Planning	Policy	Farms and Food	Transportation and Growth Management	Outreach and Education	Total Program Services	Fundraising	Management and General	Total
Salaries, wages, taxes and benefits	$ 1,000,076	$ 818,733	$ 453,845	$ 304,423	$ 142,193	$ 650,941	$ 3,370,211	$ 707,767	$ 929,160	$ 5,007,138
Professional fees	229,706	44,861	131,840	8,736	52,112	48,145	515,400	11,719	346,626	873,745
Subcontracts	53,479	- -	- -	- -	- -	- -	53,479	- -	- -	53,479
Scholarships and donations	192,871	6,603	1,279	36,800	225	777	238,555	12,157	620	251,332
Printing, copying, and publications	5,217	10	3,153	31,194	18	17,539	57,131	10,326	215	67,672
Occupancy	23,515	23,780	10,474	18,412	1,989	9,087	87,257	9,869	16,240	113,366
Postage expense	161	- -	587	33,337	- -	2,017	36,102	3,544	6,313	45,959
Travel	23,051	3,574	3,740	1,578	1,187	20,767	53,897	3,882	6,067	63,846
Conferences and meetings	9,785	5,183	11,137	921	724	26,093	53,843	16,894	20,758	91,495
Telephone and internet	6,931	5,660	3,137	2,404	985	4,500	23,617	4,888	6,425	34,930
Web-based services	15,967	13,039	27,242	4,861	2,269	13,810	77,188	14,759	14,801	106,748
Office expenses and supplies	37,258	7,677	4,766	46,038	1,032	8,416	105,187	6,398	5,045	116,630
Dues and subscriptions	11,030	1,701	3,418	100	100	1,802	18,151	803	6,827	25,781
Depreciation and amortization	33,764	27,572	15,281	10,280	4,798	21,921	113,616	23,808	31,591	169,015
Insurance	17,427	10,504	6,049	3,916	1,828	8,351	48,075	9,070	11,923	69,068
Interest	- -	- -	- -	- -	- -	- -	- -	- -	21,243	21,243
Advertising	4,250	- -	105	437	- -	1,906	6,698	1,250	3,852	11,800
Other expenses	19,260	7,199	12,748	2,851	1,234	6,331	49,623	7,502	8,529	65,654
Total expenses	$ 1,683,748	$ 976,096	$ 688,801	$ 506,288	$ 210,694	$ 842,403	$ 4,908,030	$ 844,636	$ 1,436,235	$ 7,188,901

Notes to Consolidated Financial Statements

	2022									
	Program Services							Supporting Services		
	Conservation, Stewardship and Habitat	County Issues and Planning	Policy	Farms and Food	Transportation and Growth Management	Outreach and Education	Total Program Services	Fundraising	Management and General	Total
Salaries, wages, taxes and benefits	$ 1,081,294	$ 749,150	$ 474,830	$ 191,908	$ 102,924	$ 566,049	$ 3,166,155	$ 556,250	$ 1,164,275	$ 4,886,680
Professional fees	217,536	41,765	131,366	1,575	46,525	41,350	480,117	8,386	237,080	725,583
Subcontracts	49,820	- -	- -	- -	- -	- -	49,820	- -	- -	49,820
Scholarships and donations	121,911	6,000	25,900	19,000	150	17,255	190,216	2,850	- -	193,066
Printing, copying, and publications	11,731	4,289	4,425	395	22	8,914	29,776	19,279	78	49,133
Occupancy	55,465	22,887	17,187	22,617	1,723	9,433	129,312	9,236	19,081	157,629
Postage expense	1,789	- -	177	57	- -	3,293	5,316	1,404	4,854	11,574
Travel	32,374	4,278	4,448	506	663	13,478	55,747	7,809	3,154	66,710
Conferences and meetings	31,549	4,901	3,997	2,363	30	3,112	45,952	37,967	26,115	110,034
Telephone and internet	12,205	8,463	5,359	2,151	1,179	6,418	35,775	6,285	12,984	55,044
Web-based services	14,938	10,358	32,804	2,633	1,448	8,306	70,487	11,193	15,891	97,571
Office expenses and supplies	18,398	10,249	9,414	35,800	948	10,885	85,694	7,005	10,504	103,203
Dues and subscriptions	11,774	4,579	1,987	- -	- -	790	19,130	510	4,859	24,499
Depreciation	38,937	26,998	17,095	6,862	3,740	20,477	114,109	20,050	41,426	175,585
Insurance	16,589	8,745	5,537	2,233	1,211	6,632	40,947	6,494	13,418	60,859
Interest	- -	- -	- -	- -	- -	- -	- -	- -	1,486	1,486
Advertising	210	105	301	- -	- -	1,840	2,456	630	13,317	16,403
Other expenses	25,262	9,265	14,754	90,114	980	5,365	145,740	6,333	12,253	164,326
Total expenses	$ 1,741,782	$ 912,032	$ 749,581	$ 378,214	$ 161,543	$ 723,597	$ 4,666,749	$ 701,681	$ 1,580,775	$ 6,949,205