

Grand Traverse Regional Land Conservancy

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT

June 30, 2022

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT.....	2
STATEMENT OF FINANCIAL POSITION.....	5
STATEMENT OF ACTIVITIES.....	6
STATEMENT OF FUNCTIONAL EXPENSES.....	7
STATEMENT OF CASH FLOWS.....	8
NOTES TO THE FINANCIAL STATEMENTS.....	9
SUPPLEMENTAL INFORMATION	
CONSOLIDATING STATEMENT OF FINANCIAL POSITION.....	29
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS.....	31



DENNIS, GARTLAND & NIERGARTH

Business Advisors Since 1973

Certified Public Accountants

Brad P. Niergarth, CPA
James G. Shumate, CPA
Shelly K. Bedford, CPA
Heidi M. Wendel, CPA
Shelly A. Ashmore, CPA
James M. Taylor, CPA
Trina B. Ochs, CPA
John A. Blair, CPA
Aaron J. Mansfield, CPA
Elizabeth A. Hedden, CPA
Jonathan P. Benjamin, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Grand Traverse Regional Land Conservancy

Opinion

We have audited the accompanying financial statements of the Grand Traverse Regional Land Conservancy, ("GTRLC") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, 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 financial statements referred to above present fairly, in all material respects, the financial position of Grand Traverse Regional Land Conservancy as of June 30, 2022, and the changes in its net assets and its 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. 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 GTRLC 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.

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.

To the Board of Directors
Grand Traverse Regional Land Conservancy

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of GTRLC'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 GTRLC'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.

To the Board of Directors
Grand Traverse Regional Land Conservancy

Other Matters

Report on Summarized Comparative Information

We have previously audited GTRLC's 2021 financial statements, and our report dated October 20, 2021 expressed an unmodified audit opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information on pages 29 - 31 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Dennis, Gartland & Niergarth

Certified Public Accountants
Traverse City, Michigan

October 19, 2022

Grand Traverse Regional Land Conservancy

STATEMENT OF FINANCIAL POSITION

June 30, 2022

(With Comparative Totals for 2021)

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (Note C)	\$ 5,536,166	\$ 5,056,791
Restricted cash and cash equivalents (Note C)		
Restricted for stewardship	2,023,029	4,264,332
Restricted for endowment	285,416	500
Investments (Note D)	1,589	1,589
Pledges receivable, net (Note E)	<u>3,123,835</u>	<u>2,406,911</u>
Total current assets	<u>10,970,035</u>	<u>11,730,123</u>
FIXED ASSETS , net of accumulated depreciation (Note F)	<u>11,485,979</u>	<u>3,737,134</u>
LAND UNDER PROTECTION		
Nature preserves (Note G)	30,226,671	28,076,806
Development rights (Note H)	252	250
Options to purchase land (Note I)	1,460,467	385,500
Land held for transfer (Note J)	<u>2,931,841</u>	<u>4,408,250</u>
Total land under protection	<u>34,619,231</u>	<u>32,870,806</u>
OTHER ASSETS		
Restricted investments for endowments (Note D)	7,637,613	7,559,366
Restricted investments for stewardship (Note D)	5,799,569	6,440,224
Board designated investments (Note D)	8,589,464	9,406,452
Remainder interest in land (Note E)	285,000	-
Charitable gift annuity investment (Note D)	228,040	291,187
Pledges receivable, net of current portion (Note E)	<u>4,025,505</u>	<u>4,969,559</u>
Total other assets	<u>26,565,191</u>	<u>28,666,788</u>
Total assets	<u><u>\$ 83,640,436</u></u>	<u><u>\$ 77,004,851</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable (Note K)	\$ 1,646,759	\$ -
Accrued liabilities (Note K)	567,114	560,051
Deposits	8,001	8,001
Notes payable, current	<u>-</u>	<u>7,738</u>
Total current liabilities	2,221,874	575,790
OTHER LIABILITIES		
Charitable gift annuity obligation, net of current portion (Note M)	<u>282,152</u>	<u>285,009</u>
Total liabilities	<u>2,504,026</u>	<u>860,799</u>
NET ASSETS		
Without donor restrictions		
Board designated		
Easement defense	517,969	584,509
Operating reserve	2,641,055	3,192,215
Stewardship	5,531,101	5,727,401
Board reserve	5,002,071	4,587,368
With donor restrictions		
Specified use (Note O)	29,561,472	27,535,485
Expiration of time (Note O)	1,190,738	1,462,537
With donor restrictions - perpetual in nature		
Land under protection (Note O)	30,226,923	28,077,056
Endowment (Note O)	<u>6,465,081</u>	<u>4,977,481</u>
Total net assets	<u>81,136,410</u>	<u>76,144,052</u>
Total liabilities and net assets	<u><u>\$ 83,640,436</u></u>	<u><u>\$ 77,004,851</u></u>

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

Grand Traverse Regional Land Conservancy

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2022
(With Comparative Totals for 2021)

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	2021 Total
REVENUE AND SUPPORT				
Grants	\$ 39,535	\$ 770,182	\$ 809,717	\$ 1,211,800
Public support	2,810,353	9,532,675	12,343,028	13,944,213
Non-cash public support	29,948	1,044,995	1,074,943	949,854
Benefit proceeds	5,043	-	5,043	8,649
Gain (loss) from investments	(552,197)	(2,622,363)	(3,174,560)	4,132,123
Other	33,926	9,100	43,026	217,015
Net assets released from restriction:				
Satisfaction of program restrictions	<u>3,342,934</u>	<u>(3,342,934)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>5,709,542</u>	<u>5,391,655</u>	<u>11,101,197</u>	<u>20,463,654</u>
EXPENSES				
Program services	4,988,214	-	4,988,214	5,682,443
Management and general	530,810	-	530,810	560,133
Fundraising	<u>589,815</u>	<u>-</u>	<u>589,815</u>	<u>570,669</u>
Total expenses	<u>6,108,839</u>	<u>-</u>	<u>6,108,839</u>	<u>6,813,245</u>
CHANGES IN NET ASSETS	(399,297)	5,391,655	4,992,358	13,650,409
Other income - PPP loan forgiveness	<u>-</u>	<u>-</u>	<u>-</u>	<u>421,285</u>
CHANGES IN NET ASSETS AFTER OTHER INCOME	(399,297)	5,391,655	4,992,358	14,071,694
NET ASSETS, beginning of year	<u>14,091,493</u>	<u>62,052,559</u>	<u>76,144,052</u>	<u>62,072,358</u>
NET ASSETS, end of year	<u>\$ 13,692,196</u>	<u>\$ 67,444,214</u>	<u>\$ 81,136,410</u>	<u>\$ 76,144,052</u>

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

Grand Traverse Regional Land Conservancy

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2022
(With Comparative Totals for 2021)

	Program Services	Management and General	Fundraising	Total	2021 Total
Salaries	\$ 1,558,661	\$ 286,604	\$ 297,487	\$ 2,142,752	\$ 2,150,561
Employee benefits	321,094	59,042	61,284	441,420	424,562
Payroll taxes	111,703	20,540	21,320	153,563	138,504
Professional development	7,528	1,384	1,437	10,349	7,104
Interest	25,257	20	19	25,296	50,309
Provision for doubtful pledges	628	190	182	1,000	5,000
Professional fees	511,927	61,552	-	573,479	475,182
Lease expense	726	2,974	2,974	6,674	3,733
Transfers to other organizations	550,636	-	-	550,636	161,988
Title work and recording fees	134,968	-	-	134,968	121,844
Property tax expenses	123,077	-	-	123,077	84,042
Repairs and maintenance	22,423	4,125	4,282	30,830	28,598
Other supplies	122,691	-	-	122,691	62,754
Travel	26,744	4,918	5,104	36,766	13,994
Rent	40,110	7,375	7,655	55,140	59,140
Depreciation (Note F)	156,798	5,688	5,904	168,390	169,568
Insurance	62,074	11,414	11,847	85,335	81,378
Utilities	25,046	2,892	3,001	30,939	23,435
Office supplies	17,183	3,160	3,280	23,623	11,609
Telephone	22,332	3,777	3,921	30,030	29,780
Software	35,465	6,521	6,769	48,755	59,754
Miscellaneous	8,374	976	18,407	27,757	43,449
Printing and publishing	-	24,955	74,860	99,815	132,566
Postage	82	18,521	18,521	37,124	26,660
Merchandise and fundraising events	1,757	214	32,388	34,359	1,949
Dues and subscriptions	21,578	3,968	4,119	29,665	23,031
Advertising	5,054	-	5,054	10,108	4,932
Executed development value on conservation easements	<u>1,074,298</u>	<u>-</u>	<u>-</u>	<u>1,074,298</u>	<u>2,417,819</u>
	<u><u>\$ 4,988,214</u></u>	<u><u>\$ 530,810</u></u>	<u><u>\$ 589,815</u></u>	<u><u>\$ 6,108,839</u></u>	<u><u>\$ 6,813,245</u></u>

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

Grand Traverse Regional Land Conservancy

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2022
(With Comparative Totals for 2021)

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 4,992,358	\$ 14,071,694
Adjustments to reconcile changes in net assets to net cash flows from operating activities		
Depreciation	168,390	169,568
Development rights extinguished	1,074,298	2,417,819
Donated development rights	(489,550)	(421,055)
Unrealized loss (gain) on investments	3,630,768	(3,894,212)
Realized loss (gain) on investments	(560,306)	(328,872)
Donated investments	(585,393)	(208,799)
Endowment contributions	(1,487,600)	(9,225)
Land options exercised or expired	147,750	554,774
(Increase) decrease in pledges receivable	227,130	(3,156,015)
Increase (decrease) in accounts payable and accrued liabilities	<u>1,650,965</u>	<u>129,325</u>
Net cash flows from operating activities	<u>8,768,810</u>	<u>9,325,002</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of development rights	(428,642)	(1,235,954)
Acquisition of property and equipment	(7,917,235)	(731,904)
Proceeds from sale of land held for transfer	149,500	1,311,142
Acquisition of land held for transfer	(286,609)	(1,464,142)
Acquisition of preserves	(796,755)	(4,126,895)
Purchase of land options	(1,118,417)	(185,500)
Acquisition of investments	(5,263,587)	(2,924,875)
Proceeds from sale of investments	<u>3,936,061</u>	<u>1,353,680</u>
Net cash flows from investing activities	<u>(11,725,684)</u>	<u>(8,004,448)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(7,738)	(414,538)
Extinguished debt - PPP loan forgiveness	-	(421,285)
Endowment contributions	<u>1,487,600</u>	<u>9,225</u>
Net cash flows from financing activities	<u>1,479,862</u>	<u>(826,598)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,477,012)	493,956
Cash and cash equivalents, beginning of year	<u>9,321,623</u>	<u>8,827,667</u>
Cash and cash equivalents, end of year	<u>\$ 7,844,611</u>	<u>\$ 9,321,623</u>
Cash and cash equivalents per Statement of Financial Position:		
Unrestricted cash and cash equivalents	\$ 5,536,166	\$ 5,056,791
Restricted cash and cash equivalents	<u>2,308,445</u>	<u>4,264,832</u>
	<u>\$ 7,844,611</u>	<u>\$ 9,321,623</u>

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

Grand Traverse Regional Land Conservancy

NOTES TO THE FINANCIAL STATEMENTS

NOTE A - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

The Grand Traverse Regional Land Conservancy ("GTRLC") is committed to protecting significant natural, agricultural and scenic areas in Antrim, Benzie, Grand Traverse, Kalkaska and Manistee Counties in Michigan - now and for future generations. GTRLC relies on contributions from individuals, foundations and State and Federal grant programs.

The significant accounting policies used in the preparation of the financial statements are described below:

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting and otherwise in accordance with generally accepted accounting principles applicable to not-for-profit organizations in the United States of America.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles 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 and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

Cash Equivalents

For the purposes of the statement of financial position classification and the statement of cash flows, GTRLC considers all restricted and unrestricted cash and other highly-liquid investments not held in trust with initial maturities of three months or less to be cash equivalents. Restricted cash is reported as a current asset on the statement of financial position. Cash is reported as restricted when it has been earmarked for a donor restricted project.

Investments

Investments in marketable securities are carried at fair market value. Unrealized increases or decreases resulting from changes in market value of investments are included annually in the statement of activities together with realized gains and losses. The realized gain or loss on sale of investments is the difference between the proceeds received and the cost basis of specific investments.

Land

GTRLC records land at its appraised value at the date of gift, if contributed or purchased below market value, or at cost if purchased at market value. The preserved land is reported as nature preserves or land held for transfer on the statement of financial position, depending upon its intended disposition.

NOTES TO THE FINANCIAL STATEMENTS - Continued

Conservation Easements

A conservation easement is a legal agreement between a landowner and a qualified conservation organization (i.e., GTRLC) that permanently limits a property's use in order to protect its conservation values. Conservation easements, either purchased or donated, are initially valued at their appraised value. The difference between the purchase price and appraised value is reflected as grants and contributions in the statement of activities. Once the development rights for a specific conservation easement are executed, generally immediately after acquisition, a valuation allowance is established to reduce the value of the conservation easement to \$1. This value reflects the lack of marketability related to the easements. The reduction in value due to establishment of development rights is reflected as a program expense in the statement of activities and executed development value on conservation easements on the statement of functional expenses.

Fixed Assets

Fixed assets consist of equipment, leasehold improvements and preserve and operating buildings and improvements (boardwalks, observation decks, etc.), which are recorded at cost. GTRLC capitalizes preserve improvements in excess of \$100,000 and other fixed assets in excess of \$2,500. Construction in progress consists of capital assets not yet completed, depreciation will begin as the asset is placed into service. Expenditures for maintenance and repairs which do not improve or extend the lives of the respective assets are expensed as incurred. When assets are retired or sold, the related cost and accumulated depreciation are removed from the accounts and any gain or loss on retirement or disposal of the individual assets is recorded as revenue. Depreciation is provided using the straight-line method for all depreciable assets over their estimated future lives which have been estimated to be from five to fifty years.

Remainder Interest in Property

Proceeds of donated life estates are recorded at fair market value at the date the property is deeded to the GTRLC.

Net Assets

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

Net Assets Without Donor Restrictions: Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve, easement defense, stewardship and a board reserve.

Net Assets With Donor Restrictions: Net assets subject to donor or grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor or grantor. Other donor or grantor-imposed restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity. Donor or grantor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

NOTES TO THE FINANCIAL STATEMENTS - Continued

Contributions

Contributions, grants or other revenue received are recorded as support with or without donor restrictions, depending on the existence and/or nature of any donor or grantor restrictions.

Gifts of cash and other assets are reported as restricted support, if they are received with donor stipulations that limit the use of the donated assets. 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.

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

Charitable Gift Annuities

Proceeds of charitable gift annuities are included in the general investments, the related obligation is carried at its net present value and the initial net difference is recorded as contribution revenue. The obligation is revalued annually based upon life expectancy tables and prevailing interest rates. The amortization of the obligation is reported annually as interest expense in the statement of activities.

Contributed Services

A portion of GTRLC's activities has been conducted by volunteers without compensation and by professional and business organizations at significantly reduced charges. Support for services contributed has only been recognized to the extent such contributions (1) require specialized skills (and are provided by individuals possessing those skills) and would typically need to be purchased if not provided by donation or (2) create or enhance the non-financial assets of GTRLC.

Income Taxes

No provision for Federal and State income taxes has been made since GTRLC is exempt under Section 501(c)(3) of the Internal Revenue Code.

GTRLC files information returns in the U.S. Federal jurisdiction and these returns are generally no longer subject to examination by tax authorities for years before June 30, 2019. Although GTRLC has been granted income tax exemption by the Internal Revenue Service, such exemption does not apply to "unrelated business taxable income".

Prior Year Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Accordingly, such information should be read in conjunction with GTRLC's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

NOTES TO THE FINANCIAL STATEMENTS - Continued

Subsequent Events

GTRLC has evaluated subsequent events and transactions for potential recognition and disclosure through October 19, 2022, the date the financial statements were available to be issued.

NOTE B - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are comprised of the following at June 30, 2022:

Cash and cash equivalents	\$ 5,536,166
Investments	1,589
Pledges receivable	<u>3,123,835</u>
Total current assets	8,661,590
Less restricted current assets	
Restricted pledges receivable	<u>(2,896,079)</u>
Total current assets available for operations	<u>\$ 5,765,511</u>

GTRLC also has available access to board designated investments through board motion and endowments as permitted by endowment spending policies, as detailed in Note D and Note Q, respectively.

The board-designated endowment of \$8,589,464 is subject to an annual spending rate of 5 percent as described in Note Q. Although GTRLC does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

Additionally, GTRLC has available a \$3,000,000 line of credit that can be drawn upon, should the need arise, as detailed in Note L.

NOTES TO THE FINANCIAL STATEMENTS - Continued

NOTE C - DEPOSITS

GTRLC maintains substantially all of its cash at two financial institutions. Separate accounts are maintained where required by funding sources. A summary of cash deposits in the statement of financial position consist of the following at June 30, 2022:

	<u>Bank Amount</u>	<u>Carrying Amount</u>
Insured (FDIC)	\$ 488,063	\$ 488,063
Uninsured and uncollateralized	<u>7,730,350</u>	<u>7,356,548</u>
	<u>\$ 8,218,413</u>	<u>\$ 7,844,611</u>
Financial Statement Presentation		
Cash and cash equivalents		\$ 5,536,166
Restricted cash and cash equivalents		
Restricted for stewardship		2,023,029
Restricted for endowment		<u>285,416</u>
		<u>\$ 7,844,611</u>

NOTE D - INVESTMENTS

GTRLC's investments are held in trust by financial institutions and consist of the following at June 30, 2022:

	<u>Cost</u>	<u>Market</u>
Cash equivalents	\$ 334,912	\$ 334,912
Certificates of deposit with maturities greater than 90 days	31,462	31,462
Mutual funds	22,423,929	21,837,091
Corporate bonds	<u>50,000</u>	<u>52,810</u>
Totals	<u>\$ 22,840,303</u>	<u>\$ 22,256,275</u>
Financial Statement Presentation		
Current investments		\$ 1,589
Restricted investments for endowments		7,637,613
Restricted investments for stewardship		5,799,569
Board designated investments		8,589,464
Charitable gift annuity investment		<u>228,040</u>
		<u>\$ 22,256,275</u>

NOTES TO THE FINANCIAL STATEMENTS - Continued

Investment returns consisted of the following for the year ended June 30, 2022:

Interest and dividends	\$ 7,054
Net realized gains (losses)	560,307
Unrealized gains (losses)	(3,630,768)
Investment fees	<u>(111,153)</u>
Net investment returns	<u>\$ (3,174,560)</u>

Concentration Custodial of Credit Risk - Investments

Brokerage accounts have insurance of \$500,000 per broker, provided by the Securities Investor Protection Corporation. Cash equivalents and certificates of deposit of approximately \$216,000 are insured under federal depository insurance. The balance of investments exceeded insured limits by approximately \$21 million at June 30, 2022.

NOTE E - PLEDGES RECEIVABLE

Substantially all promises to give were initially pledged over a three to five year period. The pledges are initially recorded at fair value as determined by the present value of the future cash flows, utilizing a risk-adjusted interest rate. GTRLC amortizes imputed interest through a charge to pledge receivables and a credit to contributions.

During the year ended June 30, 2022, GTRLC received substantially all scheduled payments on a timely basis. However, GTRLC maintains allowances for doubtful pledges for estimated losses resulting from an inability of its donors to make pledged payments. Based on management's assessment, GTRLC provides for estimated uncollectible amounts through a charge to program services expense and a credit to a valuation allowance.

NOTES TO THE FINANCIAL STATEMENTS - Continued

Pledges receivable are expected to be collected as follows:

Year Ended June 30,	
2023	\$ 3,716,964
2024	2,267,025
2025	1,455,250
2026	381,250
2027	<u>531,250</u>
Total pledges receivable	8,351,739
Discount on pledges receivable	(784,812)
Allowance for doubtful pledges	<u>(417,587)</u>
	<u>\$ 7,149,340</u>
Financial statement presentation	
Current assets	\$ 3,123,835
Other assets	<u>4,025,505</u>
	<u>\$ 7,149,340</u>

The allowance for doubtful pledges and 5% discount rate used to record the net amortized value of pledges receivables are based on management's best estimates and judgments. These estimates may be adjusted as more current information becomes available and any adjustment could be significant.

NOTES TO THE FINANCIAL STATEMENTS - Continued

NOTE F - FIXED ASSETS

Fixed assets are comprised of the following at June 30, 2022:

Nature Preserves		
Universally accessible trail	\$	2,883,399
Buildings		396,998
Land Held for Transfer		
Buildings		500,000
Office equipment		585,768
Leasehold improvements		49,035
Equipment		41,226
Vehicle		35,753
Construction in progress		<u>8,043,351</u>
Total fixed assets, at cost		12,535,530
Less accumulated depreciation		<u>(1,049,551)</u>
Total fixed assets, net of accumulated depreciation	\$	<u><u>11,485,979</u></u>

Fixed assets net of accumulated depreciation is as follows at June 30, 2022:

Nature Preserves		
Universally accessible trail	\$	2,625,374
Buildings		377,998
Land Held for Transfer		
Buildings		351,500
Fixed assets - general		87,756
Construction in progress		<u>8,043,351</u>
Total fixed assets, net	\$	<u><u>11,485,979</u></u>

Total depreciation expense was \$168,390 for the year ended June 30, 2022.

NOTES TO THE FINANCIAL STATEMENTS - Continued

NOTE G - NATURE PRESERVES

Nature preserves acquired by GTRLC are as follows:

	Acquired During the Year Ended June 30, 2022	Total Acquired Through June 30, 2022
Arcadia Dunes	140.57 Acres	3,927.30 Acres
Arcadia Marsh	143.38	452.34
Bauer	-	356.53
Boardman	-	50.64
Brinkman Bog	-	51.10
Carter Strong Bird Sanctuary	-	6.27
Cosner	-	134.63
Criger Nature Preserve	-	5.28
Eden Hill Woodland	-	63.00
Edwards, Howard and Mary Dunn	-	77.00
Elizabeth Parr	-	4.70
Embayment Lake Nature Preserve	-	166.27
Fox Island	-	10.00
Finch Creek	56.00	56.00
Fruithaven Orchards	-	175.89
Golden Days Loon Preserve	-	52.47
Green Point Dunes	-	241.84
Halladay Hicks Chowning	-	40.50
Herring Lake	-	180.15
High Bluffs Dune Sanctuary	-	22.00
Intermediate Lake Sanctuary	-	131.71
Kewadin Wetlands	-	40.50
Lake St. Clair/Six Mile Lake	-	256.80
Lower Woodcock Lake	-	230.00
Maple Bay Farm	-	11.00
Medenbrook	-	47.63
Misty Acres Preserve	-	627.37
Mitchell Creek Meadows	19.12	185.12
Mitchell Creek Meadows - Bercini addition	-	38.00
Mitchell Creek Preserve	-	128.39
Mt. Minnie Nature Preserve	-	64.96
Nana's Woods	-	23.44
North Skegemog	-	36.72
Palastra	-	41.97
Papoose Lake Preserve	-	46.00
Point Betsie	-	94.39
Polaczyk	-	5.00
Pyatt Lake	17.80	176.40
Reffitt	-	106.94
Sagaser	-	20.00
Seven Bridges Cabin	-	5.60
South Island	-	13.80
The Gorge Nature Preserve	-	17.78
Torch Lake Nature Preserve	-	95.99
Torch River Ridge Nature Preserve	-	294.70
Trapp Farm	-	140.10
Upper Manistee Headwaters	-	1,288.00
Wilcox-Palmer-Sha	-	57.64
Wintergreen Woods - Rottenbucher	-	13.00
Wintergreen Woods - Saylor	-	8.00
Total acres	<u>376.87</u>	<u>10,320.86</u>
Total value reported	<u>\$ 2,149,865</u>	<u>\$ 30,226,671</u>

NOTES TO THE FINANCIAL STATEMENTS - Continued

NOTE H - DEVELOPMENT RIGHTS

Development rights typically are donated through the gift of a conservation easement. The donation of a perpetual conservation easement which preserves the conservation values of a property deemed to be in the public benefit, such as agricultural land, scenic views, wetlands, forests and unique wildlife habitats, is recognized in the Federal Tax Code and may result in substantial income and estate tax benefits to the donor/landowner.

In situations where charitable tax benefits do not provide sufficient incentives, development rights are purchased rather than donated. This is often the case with farmland preservation programs. The amount paid to the landowner is determined by a "before and after" appraisal of the fair market value of the subject land. The amount recorded as development rights reflect only the fair value of the development rights. Other costs, such as appraisals, surveys, title work and personnel expenditures for securing the easement, are expensed.

When GTRLC receives a conservation easement, it takes on the permanent responsibility and legal right to enforce the terms of the easement. GTRLC monitors easements by inspecting the land regularly (yearly in most cases) and maintaining communications with the landowner about future plans in order to avoid conflict with the easement. If a future owner or someone else violates the easement, for example by erecting a building that the easement does not allow, GTRLC will take action to have the violation corrected, including going to court if necessary. These permanent responsibilities are a long-term cost to GTRLC. GTRLC has a designated easement defense fund for this purpose.

From its inception, GTRLC has secured (by purchase and donation) the following easements:

<u>County</u>	<u>Secured During the Year Ended June 30, 2022</u>		<u>Total Secured Through June 30, 2022</u>	
	<u>Number of Easements</u>	<u>Acres Protected</u>	<u>Number of Easements</u>	<u>Acres Protected</u>
Antrim	1	81.08	45	5,025.90
Benzie	-	-	34	2,814.67
Grand Traverse	1	17.39	114	7,847.80
Kalkaska	-	-	35	3,666.41
Leelanau	-	-	4	169.82
Manistee	-	-	20	2,421.85
Total	<u>2</u>	<u>98.47</u>	<u>252</u>	<u>21,946.45</u>

At June 30, 2022, the total historical value of development rights acquired by GTRLC was \$63,438,108, of which \$63,437,856 has been recorded in the valuation allowance.

NOTES TO THE FINANCIAL STATEMENTS - Continued

NOTE I - OPTIONS TO PURCHASE LAND

Options to purchase land are held for projects GTRLC is assisting with or for properties to be added to the nature preserves in perpetuity for which the funding is not complete. Options, which are stated at cost, were held for the following projects as of June 30, 2022:

	Option Purchase Price
Schuler Road	\$ 1,332,467
Turtle Cove	25,000
Birch Point	45,000
Holiday Woodlands	38,000
Williams Trust	10,000
Goodheart	3,000
Gardner	2,000
Hickory Woods	5,000
	<u>\$ 1,460,467</u>

During the year ended June 30, 2022, four options valued at \$147,750 were exercised, six options valued at \$1,222,717 were purchased and no options expired.

NOTE J - LAND HELD FOR TRANSFER

Land held for transfer includes projects where the final disposition of the property is not completed. The land may be intended for sale with a conservation easement (or without in the case of portions of acquisitions not requiring protection), to become the property of a State or local government or be financed land acquisitions that, when paid in full, become a part of our nature preserves.

Land held for transfer consists of:

	Beginning of Year	Purchase	Transfers	Sales	End of Year
Arcadia/CMS	\$ 1,191,110	\$ -	\$ 1,191,110	\$ -	\$ -
Reffitt	786,000	-	-	-	786,000
South Long Lake Forest	-	149,500	-	149,500	-
Srdjack	475,000	-	-	-	475,000
Cole	950,000	-	-	-	950,000
Maple Bay	160,508	-	-	-	160,508
Neahtawanta	156,108	-	156,108	-	-
Gardner	-	137,109	-	-	137,109
Cedar River Island	162,000	-	162,000	-	-
Lake Dubonet	136,000	-	-	-	136,000
Indian Hill Woodland	180,000	-	-	-	180,000
Boardman/McDonald	20,992	-	-	-	20,992
Chain of Lakes	63,232	-	-	-	63,232
Nichols	23,000	-	-	-	23,000
Goetz	104,300	-	104,300	-	-
	<u>\$ 4,408,250</u>	<u>\$ 286,609</u>	<u>\$ 1,613,518</u>	<u>\$ 149,500</u>	<u>\$ 2,931,841</u>

NOTES TO THE FINANCIAL STATEMENTS - Continued

NOTE K - ACCRUED LIABILITIES AND ACCOUNTS PAYABLE

Accrued liabilities at June 30, 2022 consist of the following:

Accrued wages and payroll liabilities	\$ 90,690
Accrued vacation time	145,839
Accrued sick time	301,916
Accrued charitable gift annuities	<u>28,669</u>
	<u>\$ 567,114</u>

Accounts payable at June 30, 2022 consists of the following:

Mitchell Creek Nature Preserve construction	\$ 1,626,923
Other accounts payable	<u>19,836</u>
	<u>\$ 1,646,759</u>

NOTE L - LINE OF CREDIT

At June 30, 2022, GTRLC had available a \$3,000,000 revolving line of credit at June 30, 2022, and 2021. There was no balance outstanding on the line of credit at June 30, 2022 or 2021. The line of credit matures on June 10, 2023. Interest is charged at 1.0% below the Wall Street Journal prime rate, which resulted in a rate of 3.75% at June 30, 2022.

NOTE M - GIFT ANNUITIES

GTRLC has received \$439,435 in charitable gift annuity agreement proceeds which have been added to the general investments of GTRLC of which \$310,821 remains payable. In consideration of the proceeds, GTRLC is obligated to make agreed upon quarterly payments for the remainder of the donors' lives. During the year ended June 30, 2022, GTRLC received no new annuities, retired no annuities and made payments totaling \$28,669. The obligation is initially recorded at fair value as determined by the net present value of future cash outflows, utilizing life expectancy tables as provided in IRS section 1.401(a)(9)-9 and a discount rate of 6.5%, which reflects the level of assessed risk related to future payments and the borrowing rate available to GTRLC.

Financial statement presentation

Accrued current liabilities	\$ 28,669
Charitable gift annuity obligation	<u>282,152</u>
	<u>\$ 310,821</u>

NOTES TO THE FINANCIAL STATEMENTS - Continued

NOTE N - JOINT VENTURES

Little Traverse Conservancy

GTRLC entered into a cooperative agreement with the Little Traverse Conservancy, which involved a joint fundraising effort for the purchase of the Lake St. Clair/Six Mile Lake Natural Area Project. The project's activities are accounted for by GTRLC, with the land included in nature preserves. The Little Traverse Conservancy retains an undivided 50% interest in the total nature preserve, valued at \$361,980 on June 30, 2022.

Assist Projects

GTRLC works with units of government to assist communities in creating public natural areas and parks. In addition to local public and private sources of funding, the Michigan Natural Resources Trust Fund ("MNRTF") is a frequent source of competitive funding for these types of projects. Since its inception in 1991, GTRLC has secured \$62 million in grants from the Michigan Natural Resources Trust Fund. GTRLC has helped assist local units of government with 52 MNRTF projects, featuring over 11,082 acres across its service region.

NOTE O - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consists of the following at June 30, 2022:

Subject to expenditure for specified purpose:	
Land Protection and Stewardship	\$ 26,819,479
Spendable endowment income reinvested	<u>2,741,993</u>
	<u>29,561,472</u>
Subject to the passage of time:	
Conservancy Fund pledges receivable	<u>1,190,738</u>
Perpetual in nature - for land under protection:	
Preserves	30,226,671
Development rights	<u>252</u>
	<u>30,226,923</u>
Perpetual in nature - for endowment:	
Restricted cash for endowment	285,416
Restricted investments for endowment	7,637,613
Restricted pledges for endowment	1,284,045
Spendable endowment income	<u>(2,741,993)</u>
	<u>6,465,081</u>
Total net assets with donor restrictions	<u>\$ 67,444,214</u>

NOTES TO THE FINANCIAL STATEMENTS - Continued

NOTE P - NON-CASH DONATIONS

GTRLC received the following non-cash donations for the year ended June 30, 2022:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Stock	\$ 29,948	\$ 555,445	\$ 585,393
Development rights	<u>-</u>	<u>489,550</u>	<u>489,550</u>
Total non-cash donations	<u>\$ 29,948</u>	<u>\$ 1,044,995</u>	<u>\$ 1,074,943</u>

NOTE Q - ENDOWMENT

GTRLC's endowment consists of donor restricted donations, and realized and unrealized gains and losses. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment net assets are classified as the following as of June 30, 2022:

Net assets with donor restrictions (Note O)	
Specified use - spendable endowment income	\$ 2,741,993
Perpetual in nature	<u>6,465,081</u>
	<u>\$ 9,207,074</u>

NOTES TO THE FINANCIAL STATEMENTS - Continued

The net changes in endowment net assets are as follows for June 30, 2022:

	Net Assets With Donor Restrictions - Specified Use	Net Assets With Donor Restrictions - Perpetual in Nature	Total
Endowment net assets, beginning of year	<u>\$ 4,263,740</u>	<u>\$ 4,977,481</u>	<u>\$ 9,241,221</u>
Investment return			
Investment income	189,717	-	189,717
Net depreciation (realized and unrealized)	<u>(1,412,026)</u>	<u>-</u>	<u>(1,412,026)</u>
Total investment return	(1,222,309)	-	(1,222,309)
Contributions	-	1,487,600	1,487,600
Appropriation and expenditure of endowment assets	<u>(299,438)</u>	<u>-</u>	<u>(299,438)</u>
	<u>(1,521,747)</u>	<u>1,487,600</u>	<u>(34,147)</u>
Endowment net assets, end of year	<u><u>\$ 2,741,993</u></u>	<u><u>\$ 6,465,081</u></u>	<u><u>\$ 9,207,074</u></u>

Return Objectives and Risk Parameters

GTRLC has adopted investment and spending policies for endowment assets that attempt to provide for consistent long-term financial stability of GTRLC. Endowment assets include donor-restricted assets that GTRLC must hold in perpetuity or for a donor-specified period.

Strategies Employed for Achieving Objectives

To meet its investment objectives, the Endowment Fund shall be invested in long-term investments. The goal of the Endowment Fund investments will be to provide a high total return on investments, consistent with the security of principal and prudent investment management coordinated by an investment consultant selected by the Board.

Spending Policy and How the Investment Objectives Relate to Spending Policy

GTRLC has a policy of appropriating income for distribution each year. The annual endowment fund distributions will not exceed five percent of the average market value for the previous 12 quarters ending December 31. Similarly, the annual board designated fund distributions will not exceed five percent of the average market value for the previous 12 quarters ending December 31. The distribution rate is established annually, for the next year, by the Board and may be adjusted to reflect special funding needs or financial market conditions.

To meet the distribution level determined each year, GTRLC may utilize interest and dividends generated by various investments, as well as capital appreciation of its investments. It is expected distributions will be made annually. Income of the general endowment is available for the use of the Operating Fund for ongoing activities. Income of the Stewardship Endowment is available for the use of the Land Protection and Stewardship Fund for current and future stewardship obligations related to any and all lands under protection by GTRLC, including easements and lands held in fee. The Executive Director is authorized to transfer budgeted amounts of income from the Endowment Fund to the Operating Fund, and Land Protection and Stewardship Funds with Board approval as the need exists. In the event that available income after two years is not utilized in ongoing operations, it is added to principal.

NOTE R - FAIR VALUE MEASUREMENTS

GTRLC uses 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that GTRLC has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's 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.

NOTES TO THE FINANCIAL STATEMENTS - Continued

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis.

There have been no changes in the methodologies used at June 30, 2022.

Mutual funds: Valued at the net asset value ("NAV") of shares held by GTRLC at year-end.

U.S. government bonds, municipal bonds and corporate bonds: Valued at fair value based on quoted market prices.

Equity securities: Valued at the closing price reported on the active market on which the individual securities are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while GTRLC 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.

The following table sets forth by level, within the fair value hierarchy, GTRLC's assets at fair value as of June 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds				
Index funds	\$ 7,335,356	\$ -	\$ -	\$ 7,335,356
Growth funds	4,761,954	-	-	4,761,954
Fixed income funds	5,276,225	-	-	5,276,225
Exchange traded funds	4,461,967	-	-	4,461,967
Other funds	1,589	-	-	1,589
Corporate bonds	<u>52,810</u>	<u>-</u>	<u>-</u>	<u>52,810</u>
	<u>\$ 21,889,901</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,889,901</u>

NOTE S - RETIREMENT PLANS

GTRLC's employees are eligible after one year of service to participate in the Grand Traverse Regional Land Conservancy Retirement Plan (the "Plan"). The Plan was established under the provisions of Section 403(b) of the Internal Revenue Code. An employer discretionary contribution, if approved by the Board of Directors, is contributed throughout the year based on percentages of salary as specified in the Plan document which takes into consideration years of service. GTRLC's total contribution to the Plan for the year ended June 30, 2022 was \$75,640.

GTRLC offers a deferred compensation plan created in accordance with Internal Revenue Code 457(b) effective July 1, 2016. The plan, available to one employee, permits the employee to defer a portion of their salary until future years. Employer contributions to the plan are discretionary. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. GTRLC's total contribution to the Plan for the year ended June 30, 2022 was \$19,386. In complying with the amended Section 457(b) requirements, these assets are for the exclusive benefit of participants and not subject to the claims of GTRLC's general creditors. As such, they are not included as assets of GTRLC.

NOTE T - GRAND TRAVERSE REGIONAL COMMUNITY FOUNDATION

Through its fundraising projects, GTRLC accepts donations directly or encourages donors to contribute to the Grand Traverse Regional Land Conservancy Agency Endowment Fund, the Drummond - Skegemog Lake Wildlife Area Educational Endowment and the Wetland Mitigation Stewardship Endowment Fund, maintained by the Grand Traverse Regional Community Foundation. GTRLC is the named beneficiary of these endowments. The net assets of the funds were \$950,926 at June 30, 2022. GTRLC received distributions of \$34,270 from the funds for the year ended June 30, 2022, in accordance with the Grand Traverse Regional Community Foundation spending policy.

These assets are reported exclusively on the books of the Grand Traverse Regional Community Foundation. Distributions to GTRLC from the endowment funds are made in accordance with the Grand Traverse Regional Community Foundation spending policy, and are reported in the statement of activities as public support.

NOTE U - RISKS AND UNCERTAINTIES

COVID-19

On March 10, 2020 the World Health Organization declared the coronavirus outbreak (COVID-19) a pandemic. Multiple jurisdictions in the United States, including the State of Michigan, declared a state of emergency. GTRLC continues to implement risk mitigation tactics as to the risk of the impact of COVID-19 related to all aspects of GTRLC's business transactions with donors and human interaction within and outside of GTRLC.

NOTES TO THE FINANCIAL STATEMENTS - Continued

NOTE V - SUPPLEMENTAL CASH FLOWS INFORMATION

GTRLC paid interest of \$25,296 and \$50,309 for the years ended June 30, 2022 and 2021, respectively.

GTRLC transferred \$1,353,110 of land held for transfer to preserves for the year ended June 30, 2022.

GTRLC transferred \$104,300 of land held for transfer to options as part of a conservation easement purchase agreement for the year ended June 30, 2022.

GTRLC provided land held for transfer of \$156,108 in exchange for development rights.

GTRLC received land for nature preserves during the year ended June 30, 2021. GTRLC recorded the donation at the fair market value at the date of donation and recognized \$320,000 in non-cash contribution revenue.

GTRLC records donated development rights at the fair market value at the date of donation. GTRLC recognized \$489,550 and \$421,055 in non-cash contribution revenue from donated development rights for the years ended June 30, 2022 and 2021, respectively.

SUPPLEMENTAL INFORMATION

Grand Traverse Regional Land Conservancy

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2022

(With Comparative Totals for 2021)

	Operating Fund	Land Protection and Stewardship Fund	Endowment Fund	Total	2021 Total
ASSETS					
CURRENT ASSETS					
Cash	\$ 5,536,166	\$ -	\$ -	\$ 5,536,166	\$ 5,056,791
Restricted cash	-	2,023,029	285,416	2,308,445	4,264,832
Investments	1,589	-	-	1,589	1,589
Pledges receivable, net	<u>227,756</u>	<u>2,475,866</u>	<u>420,213</u>	<u>3,123,835</u>	<u>2,406,911</u>
Total current assets	<u>5,765,511</u>	<u>4,498,895</u>	<u>705,629</u>	<u>10,970,035</u>	<u>11,730,123</u>
FIXED ASSETS, net of accumulated depreciation	<u>123,257</u>	<u>11,362,722</u>	<u>-</u>	<u>11,485,979</u>	<u>3,737,134</u>
LAND UNDER PROTECTION					
Nature preserves	-	30,226,671	-	30,226,671	28,076,806
Development rights	-	252	-	252	250
Options to purchase land	-	1,460,467	-	1,460,467	385,500
Land held for transfer	-	<u>2,931,841</u>	-	<u>2,931,841</u>	<u>4,408,250</u>
Total land under protection	-	<u>34,619,231</u>	-	<u>34,619,231</u>	<u>32,870,806</u>
OTHER ASSETS					
Restricted investments for endowments	-	-	7,637,613	7,637,613	7,559,366
Restricted investments for stewardship	-	5,799,569	-	5,799,569	6,440,224
Board designated investments	3,058,363	5,531,101	-	8,589,464	9,406,452
Remainder interest in land	-	285,000	-	285,000	-
Charitable gift annuity investment	-	228,040	-	228,040	291,187
Pledges receivable, net of current portion	<u>962,982</u>	<u>2,198,691</u>	<u>863,832</u>	<u>4,025,505</u>	<u>4,969,559</u>
Total other assets	<u>4,021,345</u>	<u>14,042,401</u>	<u>8,501,445</u>	<u>26,565,191</u>	<u>28,666,788</u>
Total assets	<u>\$ 9,910,113</u>	<u>\$ 64,523,249</u>	<u>\$ 9,207,074</u>	<u>\$ 83,640,436</u>	<u>\$ 77,004,851</u>

Grand Traverse Regional Land Conservancy

CONSOLIDATING STATEMENT OF FINANCIAL POSITION - Continued

June 30, 2022
(With Comparative Totals for 2021)

	Operating Fund	Land Protection and Stewardship Fund	Endowment Fund	Total	2021 Total
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable	\$ 19,836	\$ 1,626,923	\$ -	\$ 1,646,759	\$ -
Accrued liabilities	538,444	28,670	-	567,114	560,051
Deposits	-	8,001	-	8,001	8,001
Notes payable, current	-	-	-	-	7,738
Total current liabilities	558,280	1,663,594	-	2,221,874	575,790
OTHER LIABILITIES					
Charitable gift annuity obligation, net of current portion	-	282,152	-	282,152	285,009
Total liabilities	558,280	1,945,746	-	2,504,026	860,799
NET ASSETS					
Without donor restrictions					
Board designated					
Easement defense	517,969	-	-	517,969	584,509
Board reserve	2,641,055	-	-	2,641,055	3,192,215
Stewardship	-	5,531,101	-	5,531,101	5,727,401
Operating reserve	5,002,071	-	-	5,002,071	4,587,368
With donor restrictions					
Specified use	-	26,819,479	2,741,993	29,561,472	27,535,485
Expiration of time	1,190,738	-	-	1,190,738	1,462,537
With donor restrictions - perpetual in nature	-	30,226,923	-	30,226,923	28,077,056
Land under protection	-	-	-	-	4,977,481
Endowment	-	-	6,465,081	6,465,081	-
Total net assets	9,351,833	62,577,503	9,207,074	81,136,410	76,144,052
Total liabilities and net assets	\$ 9,910,113	\$ 64,523,249	\$ 9,207,074	\$ 83,640,436	\$ 77,004,851

Grand Traverse Regional Land Conservancy

CONSOLIDATING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the Year Ended June 30, 2022
(With Comparative Totals for 2021)

	Operating Fund	Land Protection and Stewardship Fund	Endowment Fund	Total	2021 Total
REVENUE AND SUPPORT					
Grants	\$ 39,535	\$ 770,182	\$ -	\$ 809,717	\$ 1,211,800
Public support	2,810,353	8,045,075	1,487,600	12,343,028	13,944,213
Non-cash public support	29,948	1,044,995	-	1,074,943	949,854
Benefit proceeds	5,043	-	-	5,043	8,649
Gain (loss) from investments	(552,197)	(1,400,054)	(1,222,309)	(3,174,560)	4,132,123
Other	33,926	9,100	-	43,026	217,015
Total revenue and support	<u>2,366,608</u>	<u>8,469,298</u>	<u>265,291</u>	<u>11,101,197</u>	<u>20,463,654</u>
EXPENSES					
Salaries	2,142,752	-	-	2,142,752	2,150,561
Employee benefits	441,420	-	-	441,420	424,562
Payroll taxes	153,563	-	-	153,563	138,504
Professional development	10,349	-	-	10,349	7,104
Interest	106	25,190	-	25,296	50,309
Provision for doubtful pledges	1,000	-	-	1,000	5,000
Professional fees	201,075	372,404	-	573,479	475,182
Lease	5,948	726	-	6,674	3,733
Transfers to other organizations	-	550,636	-	550,636	161,988
Title work and recording fees	7,750	127,218	-	134,968	121,844
Property taxes	-	123,077	-	123,077	84,042
Repairs and maintenance	30,830	-	-	30,830	28,598
Other supplies	55,569	67,122	-	122,691	62,754
Travel	36,766	-	-	36,766	13,994
Rent	55,140	-	-	55,140	59,140
Depreciation	42,525	125,865	-	168,390	169,568
Insurance	85,335	-	-	85,335	81,378
Utilities	21,618	9,321	-	30,939	23,435
Office supplies	23,623	-	-	23,623	11,609
Telephone	28,239	1,791	-	30,030	29,780
Software	48,755	-	-	48,755	59,754
Miscellaneous	24,676	3,081	-	27,757	43,449
Printing and publishing	99,815	-	-	99,815	132,566
Postage	37,043	81	-	37,124	26,660
Merchandise and fundraising events	33,765	594	-	34,359	1,949
Dues and subscriptions	29,665	-	-	29,665	23,031
Advertising	10,108	-	-	10,108	4,932
Executed development value on conservation easements	-	1,074,298	-	1,074,298	2,417,819
Total expenses	<u>3,627,435</u>	<u>2,481,404</u>	<u>-</u>	<u>6,108,839</u>	<u>6,813,245</u>
REVENUES OVER (UNDER) EXPENSES	(1,260,827)	5,987,894	265,291	4,992,358	13,650,409
Transfers in (out)	<u>786,031</u>	<u>(486,593)</u>	<u>(299,438)</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	(474,796)	5,501,301	(34,147)	4,992,358	13,650,409
Other income - PPP loan forgiveness	-	-	-	-	421,285
CHANGE IN NET ASSETS AFTER OTHER INCOME	(474,796)	5,501,301	(34,147)	4,992,358	14,071,694
NET ASSETS, beginning of year	<u>9,826,629</u>	<u>57,076,202</u>	<u>9,241,221</u>	<u>76,144,052</u>	<u>62,072,358</u>
NET ASSETS, end of year	<u>\$ 9,351,833</u>	<u>\$ 62,577,503</u>	<u>\$ 9,207,074</u>	<u>\$ 81,136,410</u>	<u>\$ 76,144,052</u>