

DELAWARE HIGHLANDS CONSERVANCY

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

DELAWARE HIGHLANDS CONSERVANCY
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YEAR ENDED DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Delaware Highlands Conservancy

Opinion

We have audited the accompanying financial statements of Delaware Highlands Conservancy (a Pennsylvania nonprofit corporation), which comprise the statement of financial position as of December 31, 2023, 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 Delaware Highlands Conservancy as of December 31, 2023, 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 Delaware Highlands Conservancy 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.

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 Delaware Highlands Conservancy'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 Delaware Highlands Conservancy'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 Delaware Highlands Conservancy's ability to continue as a going concern for a reasonable period of time.

Board of Directors
Delaware Highlands Conservancy
Independent Auditor's Report
Page Three

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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of easements held and transferred on pages 17-19 are presented for purposes of additional analysis and are 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.

Report on Summarized Comparative Information

We have previously audited Delaware Highlands Conservancy's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 11, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

GINADER, JONES & CO., LLP

GINADER, JONES & CO., LLP
Archbald, Pennsylvania
August 22, 2024

DELAWARE HIGHLANDS CONSERVANCY
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023
(With Summarized Information as of December 31, 2022)

	<u>2023</u>			<u>2022</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>TOTAL</u>	<u>TOTAL</u>
<u>ASSETS</u>				
<u>CURRENT ASSETS</u>				
Cash and Cash Equivalents	\$ 316,344	\$ 20,900	\$ 337,244	\$ 140,663
Accounts Receivable	35,118	-	35,118	33,779
Unconditional Promises to Give, Net	-	20,930	20,930	21,127
Prepaid Expenses	22,909	-	22,909	24,437
<u>TOTAL CURRENT ASSETS</u>	<u>374,371</u>	<u>41,830</u>	<u>416,201</u>	<u>220,006</u>
<u>PROPERTY AND EQUIPMENT, NET</u>	<u>1,210,828</u>	<u>-</u>	<u>1,210,828</u>	<u>1,082,013</u>
<u>OTHER ASSETS</u>				
Unconditional Promises to Give, Net	-	4,327	4,327	19,568
Investments	716,913	2,424,189	3,141,102	2,727,207
<u>TOTAL OTHER ASSETS</u>	<u>716,913</u>	<u>2,428,516</u>	<u>3,145,429</u>	<u>2,746,775</u>
<u>TOTAL ASSETS</u>	<u>\$ 2,302,112</u>	<u>\$ 2,470,346</u>	<u>\$ 4,772,458</u>	<u>\$ 4,048,794</u>
<u>LIABILITIES AND NET ASSETS</u>				
<u>CURRENT LIABILITIES</u>				
Accounts Payable	\$ 8,419	\$ -	\$ 8,419	\$ 5,437
<u>NET ASSETS</u>	<u>2,293,693</u>	<u>2,470,346</u>	<u>4,764,039</u>	<u>4,043,357</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 2,302,112</u>	<u>\$ 2,470,346</u>	<u>\$ 4,772,458</u>	<u>\$ 4,048,794</u>

See notes to financial statements.

DELAWARE HIGHLANDS CONSERVANCY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023
(With Summarized Information for the Year Ended December 31, 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	TOTAL	TOTAL
<u>PUBLIC SUPPORT AND REVENUE</u>				
Grants	\$ 515,825	\$ -	\$ 515,825	\$ 255,531
Contributions	469,799	4,189	473,988	200,136
Investment Return	66,698	303,610	370,308	(401,363)
Education Programs	89,054	-	89,054	71,196
Contributed Services	73,584	-	73,584	257,890
Special Events, net of expenses: \$36,476	56,439	-	56,439	41,972
Conservation Programs	33,418	-	33,418	2,500
Land Protection	31,000	-	31,000	-
Net Assets Released from Restrictions	53,803	(53,803)	-	-
<u>TOTAL SUPPORT AND REVENUE</u>	<u>1,389,620</u>	<u>253,996</u>	<u>1,643,616</u>	<u>427,862</u>
<u>EXPENSES</u>				
Program Services	696,207	-	696,207	789,647
General and Administrative	146,121	-	146,121	166,608
Fund Raising	80,606	-	80,606	58,433
<u>TOTAL EXPENSES</u>	<u>922,934</u>	<u>-</u>	<u>922,934</u>	<u>1,014,688</u>
<u>CHANGE IN NET ASSETS</u>	466,686	253,996	720,682	(586,826)
Net Assets, Beginning of Year	1,827,007	2,216,350	4,043,357	4,713,887
<u>NET ASSETS, END OF YEAR</u>	<u>\$ 2,293,693</u>	<u>\$ 2,470,346</u>	<u>\$ 4,764,039</u>	<u>\$ 4,127,061</u>

See notes to financial statements.

DELAWARE HIGHLANDS CONSERVANCY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023
(With Summarized Information for the Year Ended December 31, 2022)

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	Program Services			General & Admin.	Fund Raising	GRAND TOTAL	GRAND TOTAL
	Land Conservation	Education	Total Program				
<u>EXPENSES</u>							
Wages and Benefits	\$ 264,337	\$ 157,022	\$ 421,359	\$ 61,587	\$ 65,371	\$ 548,317	\$ 498,889
Professional Fees	66,741	-	66,741	18,058	2,514	87,313	281,610
Outreach and Education	-	31,434	31,434	8,619	-	40,053	25,382
Occupancy	13,598	11,907	25,505	12,517	1,206	39,228	44,122
Depreciation	21,723	5,431	27,154	11,618	-	38,772	33,350
Conservation	32,320	-	32,320	-	-	32,320	40,741
Communications	24,820	2,057	26,877	5,143	-	32,020	9,634
Land Protection	31,160	-	31,160	-	-	31,160	13,134
Insurance	11,681	3,440	15,121	11,665	-	26,786	27,456
Administrative	5,223	1,330	6,553	16,837	868	24,258	19,954
Ads and Promotion	-	-	-	-	10,647	10,647	12,080
Training and Travel	7,603	2,380	9,983	77	-	10,060	6,336
Scholar Awards	-	2,000	2,000	-	-	2,000	2,000
<u>TOTAL EXPENSES</u>	<u>\$ 479,206</u>	<u>\$ 217,001</u>	<u>\$ 696,207</u>	<u>\$ 146,121</u>	<u>\$ 80,606</u>	<u>\$ 922,934</u>	<u>\$ 1,014,688</u>

See notes to financial statements.

DELAWARE HIGHLANDS CONSERVANCY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023
(With Summarized Information for the Year Ended December 31, 2022)

	2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in Net Assets	\$ 720,682	\$ (586,826)
Adjustments:		
Losses (Gains) on Investments	(304,230)	463,151
Depreciation	38,772	33,350
Changes In Operating Assets and Liabilities:		
Accounts Receivable and Promises to Give	14,099	1,809
Prepaid Expenses	1,528	(425)
Accounts Payable	2,982	(5,226)
<u>Net Cash Flows from Operating Activities</u>	473,833	(94,167)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds from Sale of Investments	696,171	1,306,553
Purchase of Investments	(805,836)	(1,443,011)
Purchase of Property and Equipment	(167,587)	(9,542)
Repayments Received, Loan Receivable	-	237,977
<u>Net Cash Flows from Investing Activities</u>	(277,252)	91,977
<u>NET CHANGE IN CASH and RESTRICTED CASH</u>	196,581	(2,190)
Cash and Restricted Cash, Beginning of Year	140,663	142,853
<u>CASH AND RESTRICTED CASH, END OF YEAR</u>	\$ 337,244	\$ 140,663
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest Payments	\$ -	\$ -
Income Taxes Paid	\$ -	\$ -

See notes to financial statements.

DELAWARE HIGHLANDS CONSERVANCY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Operations

Delaware Highlands Conservancy is a not-for-profit corporation whose mission is to conserve lands that define the upper Delaware River region, to protect its ecology, to sustain its outdoor traditions, and to promote the well-being of its people. The Conservancy negotiates conservation easements on behalf of landowners and various holding agencies and other organizations who operate in this region. The Conservancy's support comes primarily from contributions, grants, land protection fees, and public education programs.

Basis of Presentation

The Conservancy has prepared the accompanying financial statements on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles (GAAP) and with the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*.

The Conservancy presents information regarding its financial position and activities according to two net asset categories based on the existence or absence of donor-imposed restrictions. Accordingly, the Conservancy classifies and reports its net assets, and changes therein, as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Conservancy. All revenues, gains, and losses that are not restricted by donors are included in this classification. All expenses are reported as decreases in net assets without donor restrictions.

Net assets with donor restrictions - Net assets that are subject to donor-imposed restrictions that will be met either by actions of the Conservancy or the passage of time. Generally, the donors' imposed restrictions of these assets permit the Conservancy to use all or part of the income earned on related investments only for certain general or specific purposes. Expirations of donor restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions in the statement of activities.

Revenue Recognition

The Conservancy recognizes contributions, bequests, and grants when cash, securities, or other assets (such as unconditional promises to give) are received. Conditional promises to give are not recognized until the conditions on which they depend have been met.

DELAWARE HIGHLANDS CONSERVANCY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions which impose restrictions that are met in the same fiscal year they are received are reported as increases in net assets without donor restrictions. All other donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, the net assets are reclassified to net assets without donor restrictions. Non-cash contributions are recorded at their fair market value at the date of the contribution.

Program fees for various services such as land protection, education programs, and consulting, are recognized as revenue at the time the service is performed. Such fees are due at the completion of service.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits held by financial institutions, and any equivalent securities with a maturity of twelve months or less. Restricted cash was received from donors for the educational scholarship program.

Accounts Receivable

Accounts receivable arise primarily from education programs, contributions, and grants. Such receivables are recorded at amortized cost, less an allowance for credit losses. Management provides for expected credit losses through a charge to expenses and a credit to a valuation allowance, based on historical experience, current conditions, and reasonable forecasts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. At December 31, 2023, the allowance for credit losses was \$0. The Conservancy generally does not charge interest on accounts receivable.

Unconditional Promises to Give

Unconditional promises to give consist of pledges and are recorded in the year the promise is made. Promises that are expected to be collected within one year are recorded at their net realizable value. Promises that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contributions revenue.

Investments

The Conservancy reports its investments, which consist of money market funds and mutual funds, at fair market value determined by quoted market prices. Gains and losses (realized and unrealized) are included in investment earnings on the statement of activities. Investment earnings are reported net of fees of approximately \$12,400 in 2023.

DELAWARE HIGHLANDS CONSERVANCY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Property and equipment are recorded at cost, or if donated, at the approximate fair value at the date of donation. Significant additions and renewals are capitalized. Payments for maintenance, repairs, and minor renewals are charged to operations as incurred. Depreciation is computed using the straight-line method over estimated useful lives of the assets, which range from three (3) to twenty-five (25) years. Depreciation expense for 2023 was \$38,772.

Estimates

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 results could differ from those estimates.

Easements

Easements are restrictions placed on the development of certain parcels of real estate and are held in perpetuity by the Conservancy. The Conservancy expenses property easements when paid, and uses the zero value approach to value easements for financial statements purposes.

Contributed Services

The Conservancy receives donated professional services that would typically be purchased if not provided as an in-kind contribution. These services, which require specialized skills, are recognized as in-kind contributions at fair value when the pledge is made and are expensed when the services are rendered. The estimated fair value of these professional services is determined by the service provider, who estimates the fair value based on the date, time, and market in which each service is rendered.

Functional Allocation of Expenses

The costs of providing the Conservancy's various services and other activities are summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Natural expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques such as time and effort, square footage, or other reasonable basis.

DELAWARE HIGHLANDS CONSERVANCY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Joint Costs

The costs of the Conservancy's land protection efforts, professional fees, occupancy costs, and administrative costs are allocated between program, general, and fundraising expenses as reflected in the statement of functional expenses.

Advertising

Advertising costs are expensed as incurred. These costs totaled \$10,647 during 2023.

Income Taxes

The Conservancy qualifies as a tax-exempt, not-for-profit Corporation under Section 501C (3) of the Internal Revenue Code. The Conservancy files an annual information return with the Internal Revenue Service (IRS) (Form 990) and with the following states: Connecticut, New Jersey, New York, and Pennsylvania. No provision for federal or state income taxes has been recorded. The Conservancy has not been informed of any tax examinations by the IRS or the various state authorities.

Subsequent Events

Subsequent events have been evaluated by management through August 22, 2024, the date on which the financial statements were available to be issued. Material events, if any, are disclosed in a separate footnote to these financial statements.

NOTE 2 - CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Conservancy to concentrations of credit risk consist of cash and investments. The Conservancy places its cash and investments in various investment vehicles allowing for diversification which limits the amount of credit exposure. However, the Conservancy may, from time to time, have cash and investments in excess of that insured by the FDIC and SIPC. The Conservancy periodically assesses the financial condition of the institutions holding the cash and investments, and it believes that risk of loss due to a failure of a specific institution is minimal.

NOTE 3 - RECENT ACCOUNTING PRONOUNCEMENT

In 2023, the Conservancy adopted FASB Accounting Standards Update (ASU) 2016-03, *Financial Instruments (Topic 326): Measurement of Credit Losses on Financial Instruments*, which modifies the measurement of expected credit losses on certain financial instruments. *Topic 326* requires measurement and recognition of expected versus incurred losses for financial assets held. Financial assets held by the Conservancy that are subject to ASU 2016-13 include trade accounts receivable. The Conservancy's adoption of ASU 2016-03 had no impact on its financial statements.

DELAWARE HIGHLANDS CONSERVANCY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 4 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The Conservancy has approximately \$1,068,000 in financial assets at year-end, consisting of unrestricted cash, accounts receivable, and unrestricted investments available to support operations. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for expenditures. Management expects a conservative withdrawal from its investment portfolio to supplement current operating costs. In addition, the Conservancy will continue to actively earn program fees as well as solicit contributions and grants to fund current operations. The Conservancy has a plan to maintain financial assets to cover at least 12 months of recurring operating expenses which, on average, total approximately \$71,000 per month under full programmatic operations.

NOTE 5 - UNCONDITIONAL PROMISES TO GIVE

Promises to give are measured using the present value of future cash flows based on a discount rate of 7.5%. Promises to give are comprised of the following:

Due within one year:	\$22,500, unamortized discount of \$1,570.	\$ 20,930
Due in one to five years:	\$5,000, unamortized discount of \$673.	4,327
<u>Unconditional Promises to Give</u>		\$ 25,257

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2023 consisted of the following:

Buildings	\$ 841,445
Land	420,000
Computer and Office Equipment	61,208
Maintenance Equipment	8,831
	1,331,484
Less: Accumulated Depreciation	120,656
<u>NET PROPERTY and EQUIPMENT</u>	\$ 1,210,828

DELAWARE HIGHLANDS CONSERVANCY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 7 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments at December 31, 2023 consisted of the following:

	Cost	Fair Value
Mutual Funds	\$ 558,984	\$ 581,083
Mutual Funds, With Donor Restrictions	2,362,056	2,299,647
Money Market Funds	135,830	135,830
Money Market Funds, With Donor Restrictions	124,542	124,542
<u>TOTAL INVESTMENTS</u>	\$ 3,181,412	\$ 3,141,102

Investment return consisted of the following at December 31:

Dividends and interest from investments	\$ 78,492
Realized and unrealized gains on investments	304,230
Investment advisory fees	(12,414)
<u>INVESTMENT RETURN</u>	\$ 370,308

Fair value standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels. The three levels of the fair value hierarchy are presented as follows:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for the identical assets or liabilities in active markets that the Conservancy has the ability to access. The type of investments included in Level 1 are money market funds and mutual funds listed in active markets.

Level 2

Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date.

Level 3

Inputs are unobservable inputs for which little or no market data exists. Level 3 inputs require an entity to develop its own assumptions.

FASB ASC 820-10 requires the Conservancy to give the highest priority to Level 1 inputs and the lowest priority to unobservable inputs (level 3) when measuring fair value. There have been no changes in the methodologies used at December 31, 2023.

DELAWARE HIGHLANDS CONSERVANCY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 7 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

The following table sets forth by level, within the fair value hierarchy, the Conservancy's assets at fair value as of December 31:

Description	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 2,880,730	\$ -	\$ -	\$ 2,880,730
Money Market Funds	260,372	-	-	260,372
Total Investments, fair value	<u>\$ 3,141,102</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,141,102</u>
Promises to Give	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,257</u>	<u>\$ 25,257</u>

The following presents a summary of the changes in fair value of Level 3 investments:

Balance, beginning of year	\$ 40,695
Change in discount to net present value	2,062
Collections	<u>(17,500)</u>
Balance, end of year	<u>\$ 25,257</u>

NOTE 8 - BOARD DESIGNATED NET ASSETS

The Conservancy's Board of Directors has designated certain net assets without donor restrictions as available for specific purposes at December 31, 2023. The Board's designations are as follows:

Fund for the Future	\$ 697,740
Operating Reserve	203,601
Land Protection	<u>19,164</u>
<u>TOTAL BOARD DESIGNATED NET ASSETS</u>	<u>\$ 920,505</u>

The remaining net assets without donor restrictions are undesignated.

DELAWARE HIGHLANDS CONSERVANCY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

These net assets are comprised of the following:

Van Scott Reserve (investments)	\$ 1,086,752
Monitoring of easements (investments)	802,659
Legal Defense of easements (investments)	353,982
Eagle Habitat (investments)	146,481
Educational Scholarships (cash of \$20,900, plus investments)	55,215
Unconditional Promises to Give	25,257
<u>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</u>	\$ 2,470,346

NOTE 10 - NET ASSETS RELEASED FROM RESTRICTIONS

During 2023, net assets were released from donor restrictions by incurring expenses, or receiving pledged funds, that satisfied the restricted purposes as follows:

Funding for development of the Van Scott Nature Reserve	\$ 34,303
Collections on unconditional promises to give	17,500
Educational scholarships awarded	2,000
<u>TOTAL</u>	\$ 53,803

NOTE 11 - CONTRIBUTED SERVICES

During 2023, the Conservancy recorded the value of contributed professional services as follows:

Contributions without donor restrictions included in program expenses:

Legal Fees	\$ 64,624
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Contributions without donor restrictions included in general and administrative expenses:

Accounting Fees	8,960
Total Contributed Services	\$ 73,584

DELAWARE HIGHLANDS CONSERVANCY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 12 - COMPENSATED ABSENCES

No amounts for compensated absences, such as vacation and sick time, have been accrued since the amount cannot be reasonably estimated. Management believes that it will continue to be able to fund any such absences with current revenues.

NOTE 13 - RETIREMENT PLAN

The Conservancy has established a retirement savings plan to provide post-employment benefits to its employees. All employees who meet age and service requirements are eligible to participate in the plan. Each participant may contribute a percentage of his/her annual compensation to the plan, subject to annual limits established by the Internal Revenue Service. The Conservancy may make discretionary matching contributions to the plan, as determined by management. During 2023, the Conservancy made retirement plan contributions of \$23,489.

NOTE 14 - OPERATING LEASE

The Conservancy leases operating space in Barryville NY for a term of one year. During 2023, the Conservancy incurred and paid total rent expense of \$6,000. The Conservancy has reported this expense in the Statement of Functional expenses under the caption Occupancy.

NOTE 15 - LITIGATION

The Conservancy filed a 2022 complaint against certain defendants for multiple violations of a conservation easement on certain property located in Pennsylvania. The Complaint and Answer have been filed and discovery is in process. The Conservancy intends to vigorously pursue the violations of the conservation easement. Based on the allegations, the Conservancy's management believes the Conservancy will prevail in its affirmative claims.

NOTE 16 - PRIOR YEAR SUMMARIZED COMPARATIVE INFORMATION

The financial statements include certain prior-year summarized comparative information in total but not by resource category or natural expense category. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Conservancy's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

DELAWARE HIGHLANDS CONSERVANCY
SCHEDULE I - EASEMENTS HELD: DECEMBER 31, 2023

ID #	Name	County	Year	Acres
1	Willowemoc I	Sullivan, NY	1995	112
2	Willowemoc II	Sullivan, NY	1995	70
3	Butterfly Barn	Wayne, PA	1996	13
4	Journey's End Farm	Wayne, PA	1997	65
5	Coxton Lake, Lot 1	Wayne, PA	1998	35
6	Coxton Lake, Lot 2	Wayne, PA	1998	35
7	Coxton Lake, Lot 3	Wayne, PA	1998	35
8	Coxton Lake, Lot 4	Wayne, PA	1998	35
9	Coxton Lake, Lot 5	Wayne, PA	1998	35
10	Coxton Lake, Lot 6	Wayne, PA	1998	35
11	Twin Lakes I	Pike, PA	1999	154
12	Mill Pond A1	Pike, PA	1999	25
13	Mill Pond A2	Pike, PA	1999	32
14	Mill Pond A3	Pike, PA	1999	8
15	Mill Pond	Pike, PA	1999	504
16	Bone Pond	Wayne, PA	1999	96
17	Hempstead Lake	Wayne, PA	2000	154
18	Crooked Creek Farm	Wayne, PA	2001	312
19	Twin Lakes II	Pike, PA	2001	3
20	Dwarfskill Preserve	Pike, PA	2001	364
21	Lake Lattimore Ia	Pike, PA	2002	39
22	Lake Lattimore Ib	Pike, PA	2002	44
23	Sherwood House	Delaware, NY	2002	221
24	Hempstead Lake II	Wayne, PA	2003	39
25	Green Valley	Pike, PA	2003	506
26	South Canaan Meadows	Wayne, PA	2004	35
27	Westfall Marsh	Pike, PA	2004	110
28	Spruce Lake Farm	Wayne, PA	2004	189
29	Carr Pond	Wayne, PA	2004	242
30	Lacawac Partner Ridge	Wayne, PA	2004	10
31	Penn Wood Forest	Pike, PA	2004	25
32	Bradley Woods	Pike, PA	2005	22
33	Milford Aquifer	Pike, PA	2005	28
34	Baldwin Hill I	Wayne, PA	2005	10
35	Baldwin Hill IIa	Wayne, PA	2005	56
36	Baldwin Hill IIb	Wayne, PA	2005	10
37	Windsor Woods Ia	Broome, NY	2005	1,048
38	Windsor Woods Ib	Broome, NY	2005	168
39	Crestmont Estate	Wayne, PA	2006	57
40	Spring Brook	Pike, PA	2006	29
41	Baldwin Hill III	Wayne, PA	2006	112
42	Birch Ridge	Sullivan, NY	2006	24
44	Old Milford Turnpike	Pike, PA	2006	57
45	La Anna I	Pike/Monroe, PA	2006	1,234
46	Baldwin Hill IV	Wayne, PA	2007	23
47	South Canaan Meadows II	Wayne, PA	2007	51
Total Acreage of Easements Held, Page 1				6,511

DELAWARE HIGHLANDS CONSERVANCY
SCHEDULE I - EASEMENTS HELD: DECEMBER 31, 2023 (Continued)

ID #	Name	County	Year	Acres
48	La Anna II	Pike/Monroe, PA	2007	40
49	Baldwin Hill V	Wayne, PA	2007	25
50	Hemlock I	Susquehanna, PA	2007	200
51	Hemlock II	Broome, NY	2007	98
52	Perry Pond Brook	Sullivan, NY	2007	97
53	Stony Brook Farm	Pike, PA	2007	205
54	River Road I	Wayne, PA	2008	10
55	River Road II	Wayne, PA	2008	3
56	Swan Lake	Sullivan, NY	2008	31
57	River Road III	Wayne, PA	2008	7
58	River Road IV	Wayne, PA	2008	4
59	Lackawaxen Ridge	Pike, PA	2008	300
60	Barn Bass Sanctuary	Wayne, PA	2008	98
61	Partridge Island	Delaware, NY	2008	83
62	Egypt Creek	Pike, PA	2009	58
63	Stairway Ridge	Pike, PA	2009	708
64	Long Swamp	Pike, PA	2009	458
65	Holbert Creek Farm	Wayne, PA	2009	47
66	Lemons Brook Farm	Sullivan, NY	2009	119
67	Bait Pond	Pike, PA	2009	500
68	Mongaup Sanctuary	Sullivan, NY	2010	101
69	Lake Lattimore IIa	Pike, PA	2011	10
70	Lake Lattimore IIb	Pike, PA	2011	10
71	Lake Lattimore III	Pike, PA	2011	36
72	Sulphur Springs Farm	Sullivan, NY	2011	161
73	Lemons Brook Farm II	Sullivan, NY	2011	45
74	Windsor Woods II	Broome, NY	2012	33
75	Beaver Run	Pike, PA	2012	854
76	Mitchell Pond Brook	Sullivan, NY	2012	22
77	Rose Valley Forest	Sullivan, NY	2012	25
78	Turner Brook Preserve	Sullivan, NY	2012	36
79	Smallwood Forest I	Sullivan, NY	2013	124
80	Smallwood Forest II	Sullivan, NY	2013	10
81	Hornbecks Mill Falls	Pike, PA	2013	17
82	Alden Hill Forest	Wayne, PA	2013	86
83	Silver Lake	Pike, PA	2016	65
84	Gorr Road Farm	Sullivan, NY	2016	315
85	Bone Ridge	Wayne, PA	2016	236
86	Tri-Angle Farm	Pike, PA	2017	50
87	Mongaup River Forest	Sullivan, NY	2018	33
88	Foster Hill Farm	Pike, PA	2019	73
92	Apple Pond Farm	Sullivan, NY	2020	82
93	Confluence Flats	Wayne, PA	2023	63
94	Sometimes Brook	Sullivan, NY	2023	49
Total Acreage of Easements Held, Page 2				<u>5,627</u>

Grand Total Acreage of Easements Held

12,138

DELAWARE HIGHLANDS CONSERVANCY
 SCHEDULE II - EASEMENTS TRANSFERRED: DECEMBER 31, 2023

ID #	Name	County	Year	Acres
43	Milford Experimental Forest	Pike, PA	2006	1,191
89	NE Connection: Lehman Lake	Pike, PA	2019	694
90	NE Connection: Maskenozha	Pike, PA	2019	1,176
91	NE Connection: Mink Pond	Pike, PA	2019	<u>1,813</u>
Total Acreage of Easements Transferred				<u><u>4,874</u></u>

See notes to financial statements.