

Financial Statements

WILLOWSFORD CONSERVANCY

December 31, 2022

Willowsford Conservancy

OFFICERS

Chase Rowan, President

Claudette Papathanasopoulos, Vice President

Greg Licamele, Secretary

Karyn Moreland, Treasurer

Kathryn Stephens, Interim Executive Director

DIRECTORS

Greg Licamele

Chase Rowan

Karyn Moreland

Avi Sareen

Claudette Papathanasopoulos

Jake Virag

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT

1 – 2

FINANCIAL STATEMENTS

Statement of Financial Position

3

Statement of Activities

4

Statement of Functional Expenses

5

Statement of Cash Flows

6

Notes to Financial Statements

7 - 14

MITCHELL, BURNS & Co., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

JEFFREY D. MITCHELL, CPA
SANDRA M. TONDREAU, CPA
W. MATTHEW BURNS, CPA
KARA J. DOYLE, CPA

110 EAST MARKET STREET | SUITE 200
LEESBURG, VIRGINIA 20176
P 703.777.4900 | F 703.771.3082
WWW.MCOCPA.COM

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

VIRGINIA SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

TONJI M. LEISS, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Willowsford Conservancy
Aldie, Virginia

Opinion

We have audited the accompanying financial statements of Willowsford Conservancy (a nonprofit organization) which comprise the statement of financial position as of December 31, 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 Willowsford Conservancy as of December 31, 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 standard 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 Willowsford 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 these 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 Willowsford 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 the Willowsford 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 Willowsford Conservancy'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.

Report on Summarized Comparative Information

We have previously audited the Willowsford Conservancy's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 22, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Leesburg, Virginia
July 20, 2023

Mitchell, Burns & Co., P.C.

WILLOWSFORD CONSERVANCY

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2022

(with December 31, 2021 comparative totals)

	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,124,532	\$ 987,068
Investments	992,948	1,197,651
Accounts receivable	1,266	28,261
Prepaid expenses and other	33,165	13,751
Total current assets	2,151,911	2,226,731
Property and equipment, net of accumulated depreciation of \$1,711,720 & \$1,538,589 respectively	6,001,115	6,158,385
Total Assets	\$ 8,153,026	\$ 8,385,116
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 56,836	\$ 30,203
Current portion of loan payable	-	15,799
Total current liabilities	56,836	46,002
Security deposits	2,485	1,964
Loan payable, net of current portion	-	17,568
Deferred revenue	56,024	17,904
Total liabilities	115,345	83,438
Net Assets		
With donor restriction	992,948	1,197,651
Without donor restriction		
Designated for reserve	405,219	400,000
Land in conservation	4,330,121	4,288,607
Invested in capital assets net of related debt	1,670,994	1,836,411
Undesignated	638,399	579,009
Total net assets	8,037,681	8,301,678
Total Liabilities and Net Assets	\$ 8,153,026	\$ 8,385,116

See Notes to Financial Statements.

WILLOWSFORD CONSERVANCY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2022

(with December 31, 2021 summary comparative totals)

	2022			2021 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Support and Revenue				
Contributions and grants	\$ 4,263	\$ 15,590	\$ 19,853	\$ 35,990
Deeded land	41,514	-	41,514	299,744
Farm sales, net of discounts	224,817	-	224,817	418,940
Retail product sales, net of discounts	72,117	-	72,117	39,560
Wholesale product sales	20,928	-	20,928	30,207
Program revenue	18,023	-	18,023	28,502
Homeowner/lot assessments and fees	1,512,099	-	1,512,099	1,501,593
Rental income	24,625	-	24,625	45,141
Other income	21,738	-	21,738	-
Gain/(loss) on sale of fixed assets	45,824	-	45,824	5,028
Investment income	9,149	20,490	29,639	21,782
Investment gains (losses)	-	(225,193)	(225,193)	128,615
Total support and revenue	1,995,097	(189,113)	1,805,984	2,555,102
Net assets released from restrictions:				
Satisfaction of usage restrictions	15,590	(15,590)	-	-
Total support and revenue	2,010,687	(204,703)	1,805,984	2,555,102
Cost of Goods Sold	226,256	-	226,256	377,820
Operational expenses				
Maintenance	150,383	-	150,383	127,278
Land stewardship	50,365	-	50,365	45,642
Payroll and benefits	948,711	-	948,711	782,924
Employee housing	19,047	-	19,047	24,530
General administrative	96,254	-	96,254	72,423
Property taxes	49,456	-	49,456	51,420
Insurance	27,021	-	27,021	31,835
Depreciation	241,786	-	241,786	249,808
Professional services	223,639	-	223,639	75,882
Events	8,022	-	8,022	-
Travel and staffing	25,522	-	25,522	10,046
Interest expense	2,418	-	2,418	3,520
Miscellaneous expense	665	-	665	-
Total expenses	2,069,545	-	2,069,545	1,853,128
Changes in net assets	(58,858)	(204,703)	(263,561)	701,974
Net assets, Beginning of year	7,104,027	1,197,651	8,301,678	7,599,704
Reclassification	(436)	-	(436)	-
Net assets, End of year	\$ 7,044,733	\$ 992,948	\$ 8,037,681	\$ 8,301,678

See Notes to Financial Statements.

WILLOWSFORD CONSERVANCY

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(with December 31, 2021 summary comparative totals)**

EXPENSES	Support Services			2022 Total	2021 Total
	Program	Management and General	Fundraising		
Cost of goods sold	\$ 226,256	\$ -	\$ -	\$ 226,256	\$ 377,820
Maintenance	150,383	-	-	150,383	127,278
Land Stewardship	50,365	-	-	50,365	45,642
Payroll and benefits	817,827	130,884	-	948,711	782,924
Employee housing	19,047	-	-	19,047	24,530
General and administrative	82,975	13,279	-	96,254	72,423
Property taxes	49,456	-	-	49,456	51,420
Insurance	24,691	2,330	-	27,021	31,835
Depreciation	241,786	-	-	241,786	249,808
Professional services	152,536	71,103	-	223,639	75,882
Events	8,022	-	-	8,022	-
Travel and staffing	-	25,522	-	25,522	10,046
Interest expense	2,418	-	-	2,418	3,520
Miscellaneous expense	573	92	-	665	-
	\$ 1,826,335	\$ 243,210	\$ -	\$ 2,069,545	\$ 1,853,128

See Notes to Financial Statements.

WILLOWSFORD CONSERVANCY

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
(with December 31, 2021 comparative totals)**

	2022	2021
Cash Flows From Operating Activities		
Increase in net assets	\$ (263,561)	\$ 701,974
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	241,786	249,808
Unrealized investment (gains) & losses	226,366	(109,096)
Gain on property sale	(45,824)	(5,028)
Prior period adjustment	(436)	-
Deeded land from developer	(41,514)	(299,744)
(Increase) decrease in assets:		
Accounts receivable	26,995	(26,756)
Prepaid expenses	(19,414)	29,148
Increase (decrease) in liabilities:		
Accounts payable & accrued expenses	26,633	4,895
Deferred revenue	38,120	(47,870)
Security deposits	521	(1,786)
Net cash provided by operating activities	189,672	495,545
Cash Flows From Investing Activities		
Purchase of property and equipment	(89,136)	(172,991)
Proceeds from equipment sales	91,958	16,518
Investment purchases	(21,663)	(41,213)
Net cash (used in) investing activities	(18,841)	(197,686)
Cash Flows From Financing Activities		
Loan payable principal debt service	(33,367)	(21,680)
Net cash (used in) financing activities	(33,367)	(21,680)
Net increase in cash	137,464	276,179
Cash and Cash Equivalents		
Beginning of year	987,068	710,889
End of year	\$ 1,124,532	\$ 987,068
Supplemental Disclosures of Cash Flow Information		
Interest paid	\$ 2,418	\$ 3,520

See Notes to Financial Statements.

WILLOWSFORD CONSERVANCY

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies

Nature of Activities

Willowsford Conservancy (Willowsford) is a nonprofit organization originally organized by the developer of the Willowsford Community located in Ashburn and Aldie, Virginia. The Organization was created to protect, maintain, and promote the viable, long-term use of the land, integrating farming, recreation, conservation and education to enhance the quality of life for the residents of Willowsford and the greater community. Willowsford Conservancy was incorporated under the laws of the Commonwealth of Virginia on December 14, 2010.

Significant Accounting Policies

The financial statements of Willowsford have been prepared in accordance with policies followed by nonprofit organizations. The significant accounting policies that follow are described below to enhance the usefulness of the financial statements to the reader.

Basis of Presentation: Financial statements presentation follows the recommendations of the Financial Accounting Standards Board (FASB) as defined in the FASB Accounting Standards Codification (ASC) Topic 958, *Not-For-Profit Entities*, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations". Under ASC Topic 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restriction: Net assets not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net Assets With Donor Restriction: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents: For purposes of the statement of cash flows, Willowsford considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Investments: Investments are stated at fair market value. Investments consist of mutual funds.

Allowance for Uncollectible Accounts Receivable: The reserve method is used to provide for possible uncollectible accounts receivable. The reserve is based upon management's knowledge and review of the outstanding items. Management has determined all outstanding accounts are collectible at December 31, 2022 and 2021.

Conservation Land: The land was deeded to Willowsford, from the Developer, as conservation land. The land is to be used for the benefit of the community and not developed. The land was valued at the assessed value for conservancy land.

Fixed Assets and Depreciation: Purchases of fixed assets are capitalized at cost. Depreciation of fixed assets are calculated using a straight-line method over the estimated useful lives. Costs of normal repairs and maintenance are expensed as incurred.

WILLOWSFORD CONSERVANCY

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Fixed assets are depreciated over estimated service lives as follows:

Description	Years	Method
Buildings and improvements	20	Straight-Line
Land improvements	10-15	Straight-Line
Furnishings and Equipment	3-7	Straight-Line

Income Taxes: Willowsford Conservancy was granted exemption from federal income taxes under Internal Revenue Code Section 501(c)(4) in December, 2010.

For federal income tax purposes, Willowsford is taxed on all income from unrelated business activities reduced by expenses from unrelated business activities for which a profit motive exists. Unrelated business income is not offset by tax exempt function expenses. The organization files form 990-T, which has a tax rate of 21% applied to net unrelated business taxable income.

The Organization has adopted the guidance under ASC Topic 740, *Income Taxes*. Management has evaluated the Organization's tax positions and concluded that the Organization has taken no uncertain tax provisions that would require adjustment to, or disclosure in, the financial statements to comply with the provisions of the guidance.

Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue Recognition: Willowsford generates income from several sources; CSA farm sales, retail and wholesale farm sales, program events and assessments. CSA farm sales are often purchased in advanced and recorded as deferred revenues until delivery of product. Retail and wholesale farm sales would be recorded at time of sale. Program event revenue would be recognized at the time of the event. Assessments are collected quarterly and recognized ratably over the quarter.

Functional Expenses: The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Management allocates all costs directly when possible. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management based on their natural cost driver. The expenses that are allocated include the following:

Natural Category	Allocation Method
Personnel costs	Time and effort
Professional services	Time and effort
General and Administrative	Time and effort

WILLOWSFORD CONSERVANCY

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

FASB ASC 842, Leases: Effective January 1, 2022, Willowsford adopted *FASB ASC 842, Leases*. The new standard establishes a right of use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the statement of financial position for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. Leases with a term of less than 12 months will not record a right of use asset and lease liability and the payments will be recognized into profit or loss on a straight-line basis over the lease term. Willowsford's office lease is immaterial so there is no effect on the financial statements related to the new standard. See note 12 for lease details. The new standard also applies to long term leases as a lessor. Willowsford leases residences on the property to employees. These leases are all month to month so there is no effect on the financial statements related to the new standard.

Note 2. Cash Deposits and Concentration of Credit Risk

Cash deposits consist of the following as of December 31, 2022:

Description	Bank Balance	Reported Balance
PNC Bank:		
Conservancy debit account	\$ 1,057	\$ -
Checking	394,057	408,845
Money market account	5,097	5,097
Total PNC	<u>400,211</u>	<u>413,942</u>
Fidelity money market account	709,133	709,133
Pay Pal account	1,224	1,457
Total Cash deposits	<u>\$ 1,110,568</u>	<u>\$ 1,124,532</u>

Individual bank combined cash account deposits up to \$250,000 are insured by the Federal Deposit Insurance Corporation (FDIC). At December 31, 2022 and December 31, 2021, deposits with PNC bank exceeded insured amounts by \$150,211 and \$733,474, respectively. In 2022, Willowsford opened a new account with Fidelity to reduce their deposit risk. Money market deposits in this account are protected up to \$500,000 by the Securities Investor Protection Act and Fidelity provides excess coverage over that amount. All balances fully covered at December 31, 2022.

Note 3. Investments

Investments consist of the following:

Asset	2022	
	Cost	Estimated Fair Value
Vanguard LifeStrategy mutual fund	<u>\$ 1,092,207</u>	<u>\$ 992,948</u>

WILLOWSFORD CONSERVANCY

NOTES TO FINANCIAL STATEMENTS

Note 4. Property and Equipment

A summary of equipment and leasehold improvements for the year ended December 31, 2022 is as follows:

	Beginning	Additions	Deletions	Ending
Land	\$ 4,288,607	\$ 41,514	\$ -	\$ 4,330,121
Land improvements	421,694	-	-	421,694
Buildings & improvements	1,392,495	-	-	1,392,495
Buildings & improvements-housing	732,661	-	-	732,661
Furniture and fixtures	71,838	3,599	-	75,437
Equipment	534,572	46,979	(30,473)	551,078
Vehicles	255,107	38,558	(84,316)	209,349
	<u>7,696,974</u>	<u>130,650</u>	<u>(114,789)</u>	<u>7,712,835</u>
Less accumulated depreciation	(1,538,589)	(241,786)	68,655	(1,711,720)
	<u>\$ 6,158,385</u>	<u>\$ (111,136)</u>	<u>\$ (46,134)</u>	<u>\$ 6,001,115</u>

Note 5. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following:

Description	2022
Accounts payable	\$ 37,376
Sales tax payable	2,296
Accrued payroll	17,164
	<u>\$ 56,836</u>

Note 6. Deferred Revenue

Deferred revenue represents CSA farm sales collected in advance of the CSA delivery and unused store credits. During 2022, Willowsford offered a new option for customers to purchase credits to be used to purchase farm products at a later time. During the subsequent business year, these sales will be recognized as revenue. The table below shows the activity in deferred revenue:

Deferred farm sales December 31, 2021	\$ 17,904
Previously deferred revenue recognized	(17,904)
Cash received in current year	352,958
Current farm sales revenue recognized	(296,934)
Deferred farm sales December 31, 2022	<u>\$ 56,024</u>

Note 7. Note Payable

On May 8 2020, the Organization entered into a loan agreement with Hitachi Capital to purchase a vehicle. The original note was for \$63,012. Interest accrues at 6.90%. Installment payments are \$1,523 per month for 48 months. At December 31, 2022, the balance of the note was paid off. Interest paid in 2022 was \$2,418.

WILLOWSFORD CONSERVANCY

NOTES TO FINANCIAL STATEMENTS

Note 8. Net Assets with Donor Restrictions

Net assets with donor restrictions are as follows:

Purpose	Balance 12/31/2021	2022 Activity		Balance 12/31/2022
		Additions	Uses	
Arbor Day Foundation - tree planting	\$ -	\$ 4,800	\$ (4,800)	\$ -
Loudoun Soil & Water Conservation District - plantings	-	10,790	(10,790)	-
Endowment	1,197,651		(204,703)	992,948
	<u>\$ 1,197,651</u>	<u>\$ 15,590</u>	<u>\$ (220,293)</u>	<u>\$ 992,948</u>

Note 9. Endowment Fund

During 2020, Willowsford established an endowment fund based on a restricted contribution from a donor. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The endowment funds are held in an investment account. The Organization has established Endowment operating procedures which stipulate that the endowment will be managed by the Endowment Directors who are all members of the Finance Committee. The Endowment operating procedures guide the duties and authority of the Directors. The Directors are given discretion to choose investments that balance the need to preserve principal while producing income and achieving long-term growth of the assets. The Endowment is intended to operate as a foundation for the future of the Conservancy. For the first three years, the Directors are encouraged to limit any distributions. After the initial three-year period, the Directors may make annual distributions to support conservation projects with Willowsford Conservancy open space. The distributions should not exceed 50% of the funds net income earned in the most recently completed fiscal year. The Organization has not distributed any funds from the endowment.

Changes in endowment net assets as of December 31, 2022 are as follows:

Description	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Endowment net assets, beginning of year	\$ -	\$ 1,197,651	\$ 1,197,651
Contributions	-	-	-
Investment earnings (loss)	-	(204,703)	(204,703)
Amount appropriated for expenditure	-	-	-
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 992,948</u>	<u>\$ 992,948</u>

Support of net assets:

Investments	<u>\$ 992,948</u>
-------------	-------------------

WILLOWSFORD CONSERVANCY

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan

Willowsford established a 401(k) retirement plan for eligible employees. Eligible employees can elect to defer and contribute their compensation up to the maximum allowed under IRS law with Willowsford matching up to 3.5% of compensation. 401(k) expense for 2022 and 2021 amounted to \$22,200 and \$20,393 respectively.

Note 11. Financial Instruments and Concentration of Credit Risk

The Organization's financial instruments are cash and cash equivalents, investments, accounts receivable, and deferred revenues. The recorded values of all instruments except investments approximate their fair values based on their short-term nature. Accounts receivable and deferred revenues are with customers in the Loudoun County area. Realization is dependent on the passage of time. Investments are in high quality mutual funds and are recorded at fair value based on market prices at the financial statement date as noted in the Fair Value Measurements note. As of December 31, 2022, the Organization had no significant concentrations of credit risk other than cash balances above the FDIC insured amount.

Note 12. Fair Value Measurements

FASB has issued guidance for measurement and disclosure of fair value and establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1:* Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2:* Quoted prices for similar instruments in active and inactive markets; and model driven valuations with significant inputs and drivers derived from observable active markets.
- Level 3:* Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for investments carried or disclosed at fair value:

Mutual funds: Valued at the market value of shares held by the Organization at year end.

The following tables set forth by level, within the fair value hierarchy, the Organization's assets measured at fair value as of the Organization's year end date:

Asset	2022			Total
	Level 1	Level 2	Level 3	
Mutual funds	\$ 992,948	\$ -	\$ -	\$ 992,948

Note 13. Related Party Transactions

Willowsford Management: The Developer of the Community established the Conservancy and has provided financial subsidies, office space, and other related incidental support through 2021. Over the period of development the Developer has deeded the land to the Conservancy. The Developer continues to deed small parcels. At December 31, 2022 and 2021 the value of land deeded were \$4,330,121 and \$4,288,607, respectively.

Willowsford Homeowners Association (Association): Willowsford Conservancy and the Association maintain a relationship to benefit the residents of the Willowsford Community. The relationship is governed by a

WILLOWSFORD CONSERVANCY

NOTES TO FINANCIAL STATEMENTS

Note 13. Related Party Transactions (Continued)

Community Covenant which outlines the programs and funding of Willowsford. Willowsford Conservancy is supported by assessments paid by the residents. The assessments are collected by the Association and paid to Willowsford Conservancy. Assessments paid in 2022 and 2021 were \$1,512,099 and \$1,501,593, respectively. Willowsford also has a lease with the Association to use their boat house building as an office. The lease is for \$1 per year. Willowsford agrees to pay all costs for maintenance and repair as well as contributing to a replacement reserve.

Note 14. Prior Year Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles.

Note 15. Liquidity

The Organization's financial assets available within one year of the balance sheet date for general expenditure are as follows:

Description	2022	2021
Cash and equivalents without donor restriction	\$ 1,124,532	\$ 987,068
Member receivables	1,266	28,261
Investments	992,948	1,197,651
Total financial assets	\$ 2,118,746	\$ 2,212,980
Less amounts not available to be used within one year:		
Net assets with donor restriction	992,948	1,197,651
Financial assets available to meet general expenditures over the next twelve months	\$ 1,125,798	\$ 1,015,329

Note 16. Provision for Unrelated Business Income Tax

The provision for net unrelated business income tax is as follows:

Description	2022	2021
Unrelated business income	\$ 72,117	\$ 39,560
Allocated expenses	114,336	65,194
Unrelated business income(loss)	(42,219)	(25,634)
Carryover of prior year loss	(430,220)	(404,586)
Unrelated business taxable income(loss)	\$ (472,439)	\$ (430,220)
Unrelated business income tax	\$ -	\$ -

WILLOWSFORD CONSERVANCY

NOTES TO FINANCIAL STATEMENTS

Note 17. Subsequent Events

The Organization has evaluated subsequent events through July 20, 2023, the date these financial statements were available to be issued. Based on the definitions and requirements of the U.S. generally accepted accounting principles, management has not identified any events that have occurred subsequent to December 31, 2022 that require adjustment to, or disclosure in, the financial statements for the year ended December 31, 2022.