

*Financial Statements*

WILLOWSFORD CONSERVANCY

December 31, 2023

## **WILLOWSFORD CONSERVANCY**

### **OFFICERS**

Claudette Papathanasopoulos, President  
Chase Rowan, Vice President  
Greg Licamele, Secretary  
Karyn Moreland, Treasurer  
Sophie Lambert, Executive Director

### **DIRECTORS**

Greg Licamele  
Karyn Moreland  
Claudette Papathanasopoulos  
Chase Rowan  
Avi Sareen  
Jake Virag

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## 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, 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 Willowsford 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 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 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 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 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 20, 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.

Leesburg, Virginia  
June 28, 2024

*Mitchell, Burns & Co., P.C.*

**WILLOWSFORD CONSERVANCY**

**STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2023**

(with December 31, 2022 comparative totals)

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 1,038,316	\$ 1,124,532
Investments	1,177,124	992,948
Accounts receivable	2,785	1,266
Prepaid expenses and other	42,366	33,165
<b>Total current assets</b>	<b>2,260,591</b>	<b>2,151,911</b>
Property and equipment, net of accumulated depreciation	<b>6,154,095</b>	<b>6,001,115</b>
<b>Total assets</b>	<b>8,414,686</b>	<b>8,153,026</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable and accrued expenses	48,597	56,836
Security deposits	3,470	2,485
Deferred revenue	47,326	56,024
<b>Total current liabilities</b>	<b>99,393</b>	<b>115,345</b>
Net Assets		
With donor restriction	1,285,512	992,948
Without donor restriction		
Designated for reserve	424,572	405,219
Land in conservation	4,330,121	4,330,121
Invested in capital assets	1,823,974	1,670,994
Undesignated	451,114	638,399
<b>Total net assets</b>	<b>8,315,293</b>	<b>8,037,681</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 8,414,686</b>	<b>\$ 8,153,026</b>

See Notes to Financial Statements.

## WILLOWSFORD CONSERVANCY

### STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2023

(with December 31, 2022 summary comparative totals)

	Without	With Donor	<b>Totals</b>	
	Donor Restriction	Restriction	<b>2023</b>	2022
<b>SUPPORT AND REVENUE</b>				
Conservancy assessment fees	\$ 1,566,568	\$ -	\$ <b>1,566,568</b>	\$ 1,512,099
Contributions and grants	-	150,000	<b>150,000</b>	19,583
Deeded land	-	-	-	41,514
Farm grown product and farmstand sales, net of discounts and fees	129,802	-	<b>129,802</b>	191,440
Purchased goods sales	89,048	-	<b>89,048</b>	72,117
Delivery and other farm revenues	15,240	-	<b>15,240</b>	25,476
Event and program revenues	12,493	-	<b>12,493</b>	18,023
Land revenues	19,236	-	<b>19,236</b>	17,587
Interest and dividends	34,601	26,894	<b>61,495</b>	29,639
Realized and unrealized investment gains (losses)	-	157,282	<b>157,282</b>	(225,193)
Rental income	14,900	-	<b>14,900</b>	24,625
Gain on sales/disposals	6,392	-	<b>6,392</b>	45,824
Insurance proceeds	68,022	-	<b>68,022</b>	-
Other income	2,206	-	<b>2,206</b>	-
Easement income	-	-	-	17,190
Related entity donation	100,000	-	<b>100,000</b>	-
	2,058,508	334,176	<b>2,392,684</b>	1,789,924
Net assets released from restrictions:				
Satisfaction of usage restrictions	41,612	(41,612)	-	-
<b>Total support and revenue</b>	<b>2,100,120</b>	<b>292,564</b>	<b>2,392,684</b>	<b>1,789,924</b>
<b>EXPENSES</b>				
Program services	1,696,713	-	<b>1,696,713</b>	1,810,275
Supportive services:				
Management and general	418,359	-	<b>418,359</b>	243,210
Fundraising	-	-	-	-
<b>Total expenses</b>	<b>2,115,072</b>	<b>-</b>	<b>2,115,072</b>	<b>2,053,485</b>
<b>Changes in net assets</b>	<b>(14,952)</b>	<b>292,564</b>	<b>277,612</b>	<b>(263,561)</b>
<b>Net assets, beginning of year</b>	<b>7,044,733</b>	<b>992,948</b>	<b>8,037,681</b>	<b>8,301,678</b>
Prior period adjustment	-	-	-	(436)
<b>Net assets, end of year</b>	<b>\$ 7,029,781</b>	<b>\$ 1,285,512</b>	<b>\$ 8,315,293</b>	<b>\$ 8,037,681</b>

See Notes to Financial Statements.

## WILLOWSFORD CONSERVANCY

### STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2023

(with December 31, 2022 summary comparative totals)

EXPENSES	Program	Management and General	Fundraising	Totals	
				2023	2022
Salaries and wages	\$ 663,664	\$ 200,572	\$ -	\$ 864,236	\$ 772,840
Payroll taxes	54,728	16,540	-	71,268	64,593
Employee housing	28,045	8,476	-	36,521	19,047
Employee benefits	122,773	37,104	-	159,877	135,429
<b>Total personnel costs</b>	<b>869,210</b>	<b>262,692</b>	<b>-</b>	<b>1,131,902</b>	<b>991,909</b>
Cost of goods sold	130,884	-	-	130,884	186,043
Maintenance	192,908	-	-	192,908	150,383
Land stewardship	39,541	-	-	39,541	50,365
Programs, classes and events	15,887	-	-	15,887	8,022
Office and administrative	41,157	12,438	-	53,595	50,707
Professional services:					
Interim Executive Director	18,750	56,250	-	75,000	135,000
Accounting, audit and tax	-	65,431	-	65,431	46,691
Legal services	13,221	3,995	-	17,216	26,836
Other professional fees	13,997	2,133	-	16,130	3,113
Travel and staffing	22,680	6,854	-	29,534	26,404
Marketing and advertising	42,141	-	-	42,141	18,292
Property taxes	56,262	-	-	56,262	49,456
Insurance	32,127	2,330	-	34,457	27,021
Interest	-	381	-	381	2,418
Depreciation	206,467	-	-	206,467	241,786
Other expenses	1,481	5,855	-	7,336	38,372
Bad debt	-	-	-	-	667
<b>Total expenses</b>	<b>\$ 1,696,713</b>	<b>\$ 418,359</b>	<b>\$ -</b>	<b>\$ 2,115,072</b>	<b>\$ 2,053,485</b>

See Notes to Financial Statements.



## WILLOWSFORD CONSERVANCY

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2023 (with December 31, 2022 comparative totals)

	<u>2023</u>	<u>2022</u>
<b>Cash Flows From Operating Activities</b>		
Increase in net assets	\$ 277,612	\$ (263,561)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	206,467	241,786
Unrealized investment (gains) & losses	(157,282)	226,366
(Gain) loss on property sale/disposal	(6,392)	(45,824)
Prior period adjustment	-	(436)
Deeded land from developer	-	(41,514)
(Increase) decrease in assets:		
Accounts receivable	(1,519)	26,995
Prepaid expenses	(9,201)	(19,414)
Increase (decrease) in liabilities:		
Accounts payable & accrued expenses	(8,239)	26,633
Deferred revenue	(8,698)	38,120
Security deposits	985	521
<b>Net cash provided by operating activities</b>	<u>293,733</u>	<u>189,672</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of property and equipment	(361,968)	(89,136)
Proceeds from equipment sales	8,913	91,958
Investment purchases	(26,894)	(21,663)
<b>Net cash (used in) investing activities</b>	<u>(379,949)</u>	<u>(18,841)</u>
<b>Cash Flows From Financing Activities</b>		
Loan payable principal debt service	-	(33,367)
<b>Net cash (used in) financing activities</b>	<u>-</u>	<u>(33,367)</u>
<b>Net increase (decrease) in cash</b>	<b>(86,216)</b>	<b>137,464</b>
<b>Cash and Cash Equivalents</b>		
Beginning of year	<u>1,124,532</u>	<u>987,068</u>
End of year	<u>\$ 1,038,316</u>	<u>\$ 1,124,532</u>
<b>Supplemental Disclosures of Cash Flow Information</b>		
Interest paid	<u>\$ 381</u>	<u>\$ 2,418</u>

See Notes to Financial Statements.

# WILLOWSFORD CONSERVANCY

## NOTES TO FINANCIAL STATEMENTS

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### 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:* 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, 2023.

*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. Willowsford maintains a capitalization policy to capitalize assets above \$5,000. Costs of normal repairs and maintenance are expensed as incurred.

*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.

# WILLOWSFORD CONSERVANCY

## NOTES TO FINANCIAL STATEMENTS

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

*Income Taxes:* Willowsford Conservancy was granted exemption from federal income taxes under Internal Revenue Code Section 501(c)(4) in December, 2010. The Organization adopted the guidance under ASC Topic 740, Accounting for Uncertainty in Income Taxes. Management has evaluated the Organization's tax positions and concluded that the Organization has taken no uncertain tax provisions that would required adjustment to, or disclosure in, the financial statements to comply with the provisions of the guidance. Income tax reporting years open for IRS audit include 2020, 2021, 2022, and 2023.

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.

*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.

*Contributions:* Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give in future years are recorded at their net realized value. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without donor restriction upon acquisition of the assets and the assets are placed in service.

*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:

<u>Natural Category</u>	<u>Allocation Method</u>
Personnel costs	Time and effort
Professional services	Time and effort
General and administrative	Time and effort

*Reclassifications:* Certain reclassifications have been made to the 2022 financial statement presentation to correspond to the current year's format. Net assets and change in net assets are unchanged due to these reclassifications.

*Advertising Costs:* Advertising costs are expensed as incurred. Total advertising costs for 2023 were \$42,141.

# WILLOWSFORD CONSERVANCY

## NOTES TO FINANCIAL STATEMENTS

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

*Leases:* Willowsford determines if an arrangement is a lease at inception. All leases are recorded on the statement of financial position except for leases with an initial term of less than 12 months for which Willowsford made the short-term lease election. Operating lease right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future minimum payment over the lease term. ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term in the statement of activities. Lease and non-lease components of lease agreements are combined as the non-lease components are not material to breakout. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised.

*Measure of Operations:* The statements of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to Willowsford's ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature. Non-operating activities for 2023 were limited to investment income.

### Note 2. Cash Deposits and Concentration of Credit Risk

Cash deposits consist of the following as of December 31, 2023:

Description	Bank Balance	Book Balance
PNC Bank:		
Conservancy checking	\$ 154,474	\$ 161,128
Money market account	130,830	130,830
Fidelity - money market account	743,001	743,001
Pay Pal	2,068	2,268
Clearing accounts	-	1,089
Total cash deposits	<u>\$ 1,030,373</u>	<u>\$ 1,038,316</u>

Individual bank combined cash account deposits up to \$250,000 are insured by the Federal Deposit Insurance Corporation (FDIC). At December 31, 2023, deposits with PNC bank exceeded insured amounts by \$35,304. Money market deposits in Fidelity are protected up to \$500,000 by the Securities Investor Protection Act and Fidelity provides excess coverage over that amount. At December 31, 2023 balance exceeded Securities Investor Protection Act limits by \$243,001.

### Note 3. Investments

At December 31, 2023, investments consist of the following:

Asset	Cost	Estimated Fair Value	Unrealized Gain (Loss)
Vanguard LifeStrategy mutual fund	<u>\$ 1,126,758</u>	<u>\$ 1,177,124</u>	<u>\$ 50,366</u>

# WILLOWSFORD CONSERVANCY

## NOTES TO FINANCIAL STATEMENTS

### Note 4. Property and Equipment

A summary of property and equipment for the year ended December 31, 2023 is as follows:

Description	Balance	2023 Activity		Balance
	12/31/2022	Additions	Deletions	12/31/2023
Land under conservation	\$ 4,330,121	\$ -	\$ -	\$ 4,330,121
Land improvements	421,694	27,874	-	449,568
Buildings & improvements	2,125,156	191,974	-	2,317,130
Furniture and fixtures	75,437	25,000	(27,545)	72,892
Equipment	551,078	84,594	(41,375)	594,297
Vehicles	209,349	32,526	-	241,875
	7,712,835	361,968	(68,920)	8,005,883
Less accumulated depreciation	(1,711,720)	(206,467)	66,399	(1,851,788)
	<u>\$ 6,001,115</u>	<u>\$ 155,501</u>	<u>\$ (2,521)</u>	<u>\$ 6,154,095</u>

### Note 5. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following:

Description	Amount
Accounts payable	\$ 29,207
Sales tax payable	836
Accrued paid time off	18,554
	<u>\$ 48,597</u>

### Note 6. Deferred Revenue

Deferred revenue represents CSA farm sales collected in advance of the CSA delivery and unused store credits. During the subsequent business year, these sales will be recognized as revenue. The table below shows the activity in deferred revenue:

Description	Amount
Deferred farm sales December 31, 2022	\$ 56,024
Previously deferred revenue recognized	(56,024)
Cash received in current year	210,152
Current farm sales revenue recognized	(162,826)
Deferred farm sales December 31, 2023	<u>\$ 47,326</u>

# WILLOWSFORD CONSERVANCY

## NOTES TO FINANCIAL STATEMENTS

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### Note 7. Net Assets with Donor Restrictions

A summary of net assets with donor restrictions for the year ended December 31, 2023 is as follows:

Purpose	Balance	2023 Activity		Balance
	12/31/2022	Additions	Uses	12/31/2023
Endowment	\$ 992,948	\$ 184,176	\$ -	\$ 1,177,124
Buffer zone	-	150,000	(41,612)	108,388
	<u>\$ 992,948</u>	<u>\$ 334,176</u>	<u>\$ (41,612)</u>	<u>\$ 1,285,512</u>

Endowed net assets are time restricted, see Note 9. Buffer zone restricted net assets were restricted for a specific purposes.

### Note 8. Board Designated Net Assets

A summary of board designated net assets for the year ended December 31, 2023 is as follows:

Purpose	Balance	2023 Activity		Balance
	12/31/2022	Additions	Uses	12/31/2023
Reserve fund	\$ 405,219	\$ 19,353	\$ -	\$ 424,572

*Reserve fund:* The portion of net assets that the Board has designated for use in order to sustain financial operations in the event of significant unbudgeted increases in operating expenses and/or losses of operating support. Operating reserves help to ensure that Willowsford is positioned to respond to varying economic conditions and changes and allow Willowsford the ability to continuously carry out its mission.

### 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.

**WILLOWSFORD CONSERVANCY**

**NOTES TO FINANCIAL STATEMENTS**

**Note 9. Endowment Fund (Continued)**

A summary of endowment net assets as of December 31, 2023 are as follows:

Description	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Endowment net assets, beginning of year	\$ -	\$ 992,948	\$ 992,948
Contributions	-	-	-
Investment earnings (loss)	-	184,176	184,176
Amount appropriated for expenditure	-	-	-
Endowment net assets, end of year	\$ -	\$ 1,177,124	\$ 1,177,124

Support of net assets:

Investments	\$ 1,177,124
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**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 4% of compensation. 401(k) expense for 2023 amounted to \$27,535.

**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, 2023, 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.

## WILLOWSFORD CONSERVANCY

### NOTES TO FINANCIAL STATEMENTS

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#### Note 12. Fair Value Measurements (Continued)

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	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 1,177,124	\$ -	\$ -	\$ 1,177,124

#### 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. Over the period of development the Developer has deeded the land to the Conservancy. The Developer continues to deed small parcels. At December 31, 2023 the value of land deeded was \$4,330,121.

*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 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 2023 were \$1,566,568. 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.

*Willowsford Operations:* Willowsford Conservancy received a contribution for \$100,000 during 2023.

#### 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.



## WILLOWSFORD CONSERVANCY

### NOTES TO FINANCIAL STATEMENTS

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#### Note 15. Liquidity

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

Description	Amount
Cash and equivalents without donor restriction	\$ 929,928
Member receivables	2,785
Investments	<u>1,177,124</u>
Total financial assets	\$ <u>2,109,837</u>
Less amounts not available to be used within one year:	
Net assets with donor restriction	<u>1,285,512</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 824,325</u>

#### Note 16. Provision for Unrelated Business Income Tax

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

Description	Amount
Unrelated business income	\$ 89,048
Allocated expenses	<u>65,194</u>
Unrelated business income(loss)	23,854
Carryover of prior year loss	<u>(472,439)</u>
Unrelated business taxable income(loss)	<u>\$ (448,585)</u>
Unrelated business income tax	<u>\$ -</u>

#### Note 17. Subsequent Events

The Organization has evaluated subsequent events through June 28, 2024, 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, 2023 that require adjustment to, or disclosure in, the financial statements for the year ended December 31, 2023.