

*Financial Statements*

WILLOWSFORD CONSERVANCY

December 31, 2024

## **WILLOWSFORD CONSERVANCY**

### **OFFICERS**

Greg Licamele, Acting President

Karyn Moreland, Secretary

Jake Virag, Treasurer

Sophie Lambert, Executive Director

### **TRUSTEES**

Charles Graybeal

Greg Licamele

Karyn Moreland

Chase Rowan

Avi Sareen

Jake Virag

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# MITCHELL, BURNS & Co., P.C.

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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, 2024, 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, 2024, 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 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 28, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Leesburg, Virginia  
May 28, 2025

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

# WILLOWSFORD CONSERVANCY

## STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2024

(with December 31, 2023 comparative totals)

	2024	2023
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 770,473	\$ 1,038,316
Investments	1,332,216	1,177,124
Accounts receivable	977	2,785
Easement fee receivable	300,000	-
Prepaid expenses and other	40,527	42,366
<b>Total current assets</b>	<b>2,444,193</b>	<b>2,260,591</b>
Property and equipment, net of accumulated depreciation	6,280,053	6,154,095
<b>Total assets</b>	<b>\$ 8,724,246</b>	<b>\$ 8,414,686</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 68,442	\$ 48,597
Security deposits	3,150	3,470
Contract liabilities - unearned income	56,478	47,326
<b>Total current liabilities</b>	<b>128,070</b>	<b>99,393</b>
Net Assets		
With donor restriction	1,385,574	1,285,512
Without donor restriction		
Designated for reserve	443,551	424,572
Land in conservation	4,330,121	4,330,121
Invested in capital assets	1,949,932	1,823,974
Undesignated	486,998	451,114
<b>Total net assets</b>	<b>8,596,176</b>	<b>8,315,293</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 8,724,246</b>	<b>\$ 8,414,686</b>

See Notes to Financial Statements.

# WILLOWSFORD CONSERVANCY

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2024

(with December 31, 2023 summary comparative totals)

	Without Donor Restriction	With Donor Restriction	<b>Totals</b>	
			<b>2024</b>	<b>2023</b>
<b>SUPPORT AND REVENUE</b>				
Conservancy assessment fees	\$ 1,675,372	\$ -	\$ 1,675,372	\$ 1,566,568
Contributions and grants	-	-	-	150,000
Farm grown product and farmstand sales, net of discounts and fees	143,500	-	143,500	129,802
Purchased goods sales	100,455	-	100,455	89,048
Delivery and other farm revenues	15,667	-	15,667	15,240
Event and program revenues	10,548	-	10,548	12,493
Land revenues	16,009	-	16,009	19,236
Interest and dividends	36,267	30,795	67,062	61,495
Realized and unrealized investment gains (losses)	-	124,297	124,297	157,282
Rental income	19,800	-	19,800	14,900
Gain on sales/disposals	2,843	-	2,843	6,392
Insurance proceeds	-	-	-	68,022
Other income	4,878	-	4,878	2,206
Grants	2,850	-	2,850	-
Easement income	300,000	-	300,000	-
Related entity donation	-	-	-	100,000
	2,328,189	155,092	2,483,281	2,392,684
Net assets released from restrictions:				
Satisfaction of usage restrictions	55,030	(55,030)	-	-
<b>Total support and revenue</b>	<b>2,383,219</b>	<b>100,062</b>	<b>2,483,281</b>	<b>2,392,684</b>
<b>EXPENSES</b>				
Program services	1,643,914	-	1,643,914	1,696,713
Supportive services:				
Management and general	558,484	-	558,484	418,359
Fundraising	-	-	-	-
<b>Total expenses</b>	<b>2,202,398</b>	<b>-</b>	<b>2,202,398</b>	<b>2,115,072</b>
<b>Changes in net assets</b>	<b>180,821</b>	<b>100,062</b>	<b>280,883</b>	<b>277,612</b>
<b>Net assets, beginning of year</b>	<b>7,029,781</b>	<b>1,285,512</b>	<b>8,315,293</b>	<b>8,037,681</b>
<b>Net assets, end of year</b>	<b>\$ 7,210,602</b>	<b>\$ 1,385,574</b>	<b>\$ 8,596,176</b>	<b>\$ 8,315,293</b>

See Notes to Financial Statements.

# WILLOWSFORD CONSERVANCY

## STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2024

(with December 31, 2023 summary comparative totals)

EXPENSES	Program	Management and General	Fundraising	Totals	
				2024	2023
Salaries and wages	\$ 616,904	\$ 338,702	\$ -	\$ 955,606	\$ 864,236
Payroll taxes	45,551	25,009	-	70,560	71,268
Employee benefits	136,121	74,736	-	210,857	159,877
<b>Total personnel costs</b>	<b>798,576</b>	<b>438,447</b>	<b>-</b>	<b>1,237,023</b>	<b>1,095,381</b>
Employee housing	49,287	-	-	49,287	36,521
Cost of goods sold	134,001	-	-	134,001	130,884
Maintenance	173,052	-	-	173,052	192,908
Land stewardship	27,598	-	-	27,598	39,541
Programs, classes and events	12,116	-	-	12,116	15,887
Office and administrative	40,027	21,975	-	62,002	53,595
Professional services:					
Interim Executive Director	-	-	-	-	75,000
Accounting, audit and tax	-	58,621	-	58,621	65,431
Legal services	18,187	9,986	-	28,173	17,216
Other professional fees	18,638	10,233	-	28,871	16,130
Travel and staffing	-	11,841	-	11,841	29,534
Marketing and advertising	31,302	-	-	31,302	42,141
Property taxes	55,838	-	-	55,838	56,262
Insurance	36,251	2,330	-	38,581	34,457
Interest	-	-	-	-	381
Depreciation	239,841	-	-	239,841	206,467
Other expenses	1,711	939	-	2,650	7,336
HOA reserve fund contribution	7,489	4,112	-	11,601	-
<b>Total expenses</b>	<b>\$ 1,643,914</b>	<b>\$ 558,484</b>	<b>\$ -</b>	<b>\$ 2,202,398</b>	<b>\$ 2,115,072</b>

See Notes to Financial Statements.



## WILLOWSFORD CONSERVANCY

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2024 (with December 31, 2023 comparative totals)

	2024	2023
<b>Cash Flows From Operating Activities</b>		
Increase in net assets	\$ 280,883	\$ 277,612
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	239,841	206,467
Realized and unrealized investment (gains) & losses	(124,297)	(157,282)
(Gain) loss on property sale/disposal	(2,843)	(6,392)
(Increase) decrease in assets:		
Accounts receivable	1,808	(1,519)
Easement fee receivable	(300,000)	-
Prepaid expenses	1,839	(9,201)
Increase (decrease) in liabilities:		
Accounts payable & accrued expenses	19,845	(8,239)
Deferred revenue	9,152	(8,698)
Security deposits	(320)	985
<b>Net cash provided by operating activities</b>	<b>125,908</b>	<b>293,733</b>
<b>Cash Flows From Investing Activities</b>		
Purchase of property and equipment	(376,197)	(361,968)
Proceeds from equipment sales	2,935	8,913
Net investment purchases	(20,489)	(26,894)
<b>Net cash (used in) investing activities</b>	<b>(393,751)</b>	<b>(379,949)</b>
<b>Net (decrease) in cash</b>	<b>(267,843)</b>	<b>(86,216)</b>
<b>Cash and Cash Equivalents</b>		
Beginning of year	1,038,316	1,124,532
End of year	\$ 770,473	\$ 1,038,316
<b>Supplemental Disclosures of Cash Flow Information</b>		
Interest paid	\$ -	\$ 381

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, 2024.

*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, 2021, 2022, 2023 and 2024.

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:* The Organization recognizes revenue in accordance with Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*. Under this standard, revenue is recognized when control of the promised goods or services is transferred to the customer in an amount that reflects the consideration the Organization expects to receive in exchange for those goods or services. The Organization's revenue is primarily derived from CSA (Community Supported Agriculture) farm shares, retail and wholesale farm product sales, program events, and member assessments. Revenue is recognized as follows:

*CSA Farm Shares:* Community members purchase CSA shares in advance of the growing season, which entitles them to receive periodic distributions of farm products. These advance payments are recorded as contract liabilities until each distribution is made. Revenue is recognized at the point in time when the goods are delivered, and the Organization's performance obligation is satisfied.

*Retail and Wholesale Farm Sales:* Revenue from the sale of farm products through retail and wholesale channels is recognized at the point of sale, when the products are transferred to the customer and collectability is reasonably assured.

*Program Events:* The Organization hosts educational and community-based events. Revenue from these events is recognized at a point in time, typically when the event takes place and the Organization has fulfilled its obligation to the participant.

*Member Assessments:* Assessments from members are invoiced quarterly and provide access to ongoing member services and benefits. Revenue is recognized ratably over the quarter as the Organization performs its obligations over time.

Amounts received in advance of the Organization fulfilling its performance obligations are recorded as deferred revenue until such obligations are met. The Organization does not typically offer refunds, significant financing terms, or variable consideration in its exchange transactions. Contributions and grants, which fall outside the scope of ASC 606, are recognized in accordance with ASC 958-605.

## WILLOWSFORD CONSERVANCY

### NOTES TO FINANCIAL STATEMENTS

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

*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:

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

*Advertising Costs:* Advertising costs are expensed as incurred. Total advertising costs for 2024 were \$31,302.

*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 2024 were limited to investment income.

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

Cash deposits consist of the following as of December 31, 2024:

Description	Bank Balance	Book Balance
PNC Bank:		
Conservancy checking	\$ 164,007	\$ 180,911
Money market account	3,444	3,444
Fidelity - money market account	576,655	576,655
Pay Pal	-	1,183
Clearing accounts	-	8,280
Total cash deposits	<u>\$ 744,106</u>	<u>\$ 770,473</u>

## WILLOWSFORD CONSERVANCY

### NOTES TO FINANCIAL STATEMENTS

#### Note 2. Cash Deposits and Concentration of Credit Risk (Continued)

Individual bank combined cash account deposits up to \$250,000 are insured by the Federal Deposit Insurance Corporation (FDIC). At December 31, 2024, deposits with PNC bank were fully insured. 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, 2024 balance exceeded Securities Investor Protection Act limits by \$76,655.

#### Note 3. Investments

At December 31, 2024, investments consist of the following:

Asset	Cost	Fair Value	Unrealized Gain (Loss)
Vanguard LifeStrategy mutual fund	\$ 1,254,868	\$ 1,332,216	\$ 77,348

#### Note 4. Property and Equipment

A summary of property and equipment for the year ended December 31, 2024 is as follows:

Description	Balance 12/31/2023	2024 Activity		Balance 12/31/2024
		Additions	Deletions	
Land under conservation	\$ 4,330,121	\$ -	\$ -	\$ 4,330,121
Land improvements	449,568	-	-	449,568
Buildings & improvements	2,317,130	328,472	(274)	2,645,328
Furniture and fixtures	72,892	-	-	72,892
Equipment	594,297	47,725	-	642,022
Vehicles	241,875	-	-	241,875
	8,005,883	376,197	(274)	8,381,806
Less accumulated depreciation	(1,851,788)	(250,147)	182	(2,101,753)
	\$ 6,154,095	\$ 126,050	\$ (92)	\$ 6,280,053

#### Note 5. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following:

Description	Amount
Accounts payable	\$ 50,713
Sales tax payable	949
Accrued paid time off	16,780
	<u>\$ 68,442</u>

## WILLOWSFORD CONSERVANCY

### NOTES TO FINANCIAL STATEMENTS

#### Note 6. Contract Liabilities – Unearned Income

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, 2023	\$ 47,326
Previously deferred revenue recognized	(47,326)
Cash received in current year	300,433
Current farm sales revenue recognized	(243,955)
Deferred farm sales December 31, 2024	<u>\$ 56,478</u>

#### Note 7. Net Assets with Donor Restrictions

A summary of net assets with donor restrictions for the year ended December 31, 2024 is as follows:

Purpose	Balance	2024 Activity		Balance
	12/31/2023	Additions	Uses	12/31/2024
Endowment	\$ 1,177,124	\$ 155,092	\$ -	\$ 1,332,216
Buffer zone	108,388	-	(55,030)	53,358
	<u>\$ 1,285,512</u>	<u>\$ 155,092</u>	<u>\$ (55,030)</u>	<u>\$ 1,385,574</u>

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

#### Note 8. Board Designated Net Assets

A summary of board designated net assets for the year ended December 31, 2024 is as follows:

Purpose	Balance	2024 Activity		Balance
	12/31/2023	Additions	Uses	12/31/2024
Reserve fund	\$ 424,572	\$ 18,979	\$ -	\$ 443,551

*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.

## WILLOWSFORD CONSERVANCY

### NOTES TO FINANCIAL STATEMENTS

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#### 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.

In late 2023 as part of the budget process to fund Capital Expenditures in fiscal year 2024, the Directors voted to amend the Endowment operating procedures to allow withdrawals to fund land management or capital expenditure projects, when determined necessary by the Directors. The Directors voted to cover the 2024 Capital Expenditures with a withdrawal from the Endowment. While the Directors were working to get authorizations from the investment company, they also sought approval of the changes to the Endowment operating procedures from the sole donor to the Endowment. This was granted in late 2024. As such, the Organization has not yet distributed any funds from the endowment, but still intends to cover the cost of the 2024 Capital Expenditures as unanimously supported by the Directors.

A summary of endowment net assets as of December 31, 2024 are as follows:

Description	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Endowment net assets, beginning of year	\$ -	\$ 1,177,124	\$ 1,177,124
Contributions	-	-	-
Investment earnings (loss)	-	155,092	155,092
Amount appropriated for expenditure	-	-	-
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 1,332,216</u>	<u>\$ 1,332,216</u>
Support of net assets:			
Investments			<u>\$ 1,332,216</u>

#### 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 2024 amounted to \$35,761.

**WILLOWSFORD CONSERVANCY**

**NOTES TO FINANCIAL STATEMENTS**

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**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, 2024, 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	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 1,332,216	\$ -	\$ -	\$ 1,332,216

**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. At December 31, 2024 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 2024 were \$1,675,372. 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 CONSERVANCY

### NOTES TO FINANCIAL STATEMENTS

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#### 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	Amount
Cash and equivalents without donor restriction	\$ 717,115
Accounts receivable	977
Easement fees receivable	300,000
Investments	1,332,216
Total financial assets	\$ 2,350,308
Less amounts not available to be used within one year:	
Net assets with donor restriction	1,385,574
Financial assets available to meet general expenditures over the next twelve months	\$ 964,734

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

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

Description	Amount
Unrelated business income	\$ 36,808
Allocated expenses	33,133
Unrelated business income(loss)	3,675
Carryover of prior year loss	(448,585)
Unrelated business taxable income(loss)	\$ (444,910)
Unrelated business income tax	\$ -

#### Note 17. Subsequent Events

The Organization has evaluated subsequent events through May 28, 2025, 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, 2024 that require adjustment to, or disclosure in, the financial statements for the year ended December 31, 2024.