

LITTLE TRAVERSE CONSERVANCY, INC.

(a Michigan nonprofit corporation)

FINANCIAL STATEMENTS

AND OTHER FINANCIAL INFORMATION

for the year ended December 31, 2024

KAMMERMANN & BASCOM, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CHARLEVOIX, MICHIGAN

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KAMMERMANN & BASCOM, P.C.

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Established 1988
www.northmicpa.com

INDEPENDENT AUDITOR'S REPORT

June 27, 2025

To the Board of Trustees of
Little Traverse Conservancy, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Little Traverse Conservancy, Inc. (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 present fairly, in all material respects, the financial position of Little Traverse Conservancy, Inc. 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 Little Traverse Conservancy, Inc. 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.

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Responsibilities of Management for the Financial Statements (Continued)

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 Little Traverse Conservancy, Inc.'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 the 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 judgement 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 Little Traverse Conservancy, Inc.'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 Little Traverse Conservancy, Inc.'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.

Supplementary Information

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

Kammermann & Bascom, P.C.

LITTLE TRAVERSE CONSERVANCY, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2024

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 5,652,353
Accounts receivable	249,509
Grants receivable	27,707
Land held for resale	1,126,884
Prepaid expenses	<u>211,799</u>

Total current assets 7,268,252

LAND, BUILDING AND EQUIPMENT:

Construction in progress	\$ 47,587
Land and improvements	1,605,244
Buildings and improvements	588,650
Furniture, fixtures and equipment	184,138
Vehicles	<u>217,543</u>
	2,643,162
Less accumulated depreciation	<u>(1,012,403)</u>

Total land, building and equipment 1,630,759

OTHER ASSETS:

Investments (Notes E and G)	26,551,839
Split-interest agreements (Notes E and H)	1,049,758
Conservation easements	6,902,499
Nature preserves	<u>111,681,670</u>

Total other assets 146,185,766

Total assets \$ 155,084,777

The accompanying notes are a part of the financial statements.

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$ 62,089
Accrued vacation	<u>10,080</u>

Total current liabilities	72,169
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OTHER LIABILITIES:

Deferred revenue, charitable gift annuity funds (Note H)	<u>224,003</u>
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Total liabilities	296,172
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NET ASSETS:

Without donor restrictions	10,227,898
With donor restrictions (Note N)	<u>144,560,707</u>

Total net assets	<u>154,788,605</u>
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Total liabilities and net assets	<u>\$ 155,084,777</u>
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LITTLE TRAVERSE CONSERVANCY, INC.

STATEMENT OF ACTIVITIES

for the year ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total All Funds
REVENUES AND SUPPORT:			
Contributions and grants	\$ 493,017	\$ 5,898,590	\$ 6,391,607
Contributions of nonfinancial assets	-	637,262	637,262
Memberships and annual giving	1,236,193	-	1,236,193
Investment income	503,977	215,887	719,864
Special event, net expenses of \$75,574	271,257	-	271,257
Realized gains (losses) on investments	2,663	1,573,731	1,576,394
Realized losses on sales of property	-	(21,322)	(21,322)
Unrealized gains on investments	15,765	704,843	720,608
Insurance recovery for flood damage	-	393,266	393,266
Other income	10,097	11,292	21,389
Support provided by expiring time and purpose restrictions	<u>5,196,528</u>	<u>(5,196,528)</u>	<u>-</u>
 Total revenues and support	 7,729,497	 4,217,021	 11,946,518
EXPENSES:			
Program services:			
Land preservation	424,520	-	424,520
Stewardship	2,847,163	-	2,847,163
Education and outreach	<u>412,989</u>	<u>-</u>	<u>412,989</u>
Total program services	3,684,672	-	3,684,672
Supporting services:			
Management	231,464	-	231,464
Fundraising	<u>352,870</u>	<u>-</u>	<u>352,870</u>
Total supporting services	<u>584,334</u>	<u>-</u>	<u>584,334</u>
Total expenses	<u>4,269,006</u>	<u>-</u>	<u>4,269,006</u>
Change in net assets	3,460,491	4,217,021	7,677,512
 NET ASSETS, January 1, 2024	 <u>6,767,407</u>	 <u>140,343,686</u>	 <u>147,111,093</u>
NET ASSETS, December 31, 2024	<u>\$10,227,898</u>	<u>\$144,560,707</u>	<u>\$ 154,788,605</u>

The accompanying notes are a part of the financial statements.

LITTLE TRAVERSE CONSERVANCY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

for the year ended December 31, 2024

	Program Services			
	Land Preservation	Stewardship	Education and Outreach	Total
Salaries and wages	\$ 172,805	\$ 633,698	\$ 244,852	\$ 1,051,355
Payroll taxes	14,635	53,670	20,737	89,042
Employee benefits	38,648	141,731	54,763	235,142
Professional services	50,875	39,510	16,777	107,162
Insurance	26,881	35,841	8,960	71,682
Printing	17,144	17,144	17,144	51,432
Grants	-	1,450,574	-	1,450,574
Office supplies	9,627	12,838	3,210	25,675
Travel and meetings	8,836	22,090	8,836	39,762
Telephone and internet	7,991	5,993	3,996	17,980
Signs and materials	-	55,453	-	55,453
Property taxes	20,421	-	-	20,421
Other land protection costs	8,456	181,964	-	190,420
Utilities	2,650	14,360	883	17,893
Repairs and maintenance	7,052	42,822	2,351	52,225
Conferences and education	6,795	13,592	13,592	33,979
Postage	7,734	7,734	7,734	23,202
Memberships and dues	6,974	6,974	3,488	17,436
Depreciation	13,361	100,459	4,454	118,274
Interest	-	3,451	-	3,451
Miscellaneous	3,635	7,265	1,212	12,112
Totals	\$ 424,520	\$ 2,847,163	\$ 412,989	\$ 3,684,672

The accompanying notes are a part of the financial statements.

Supporting Services

<u>Management</u>	<u>Fundraising</u>	<u>Total</u>	<u>Total Expenses</u>
\$ 146,189	\$ 181,240	\$ 327,429	\$ 1,378,784
12,381	15,349	27,730	116,772
32,696	40,535	73,231	308,373
6,292	6,292	12,584	119,746
8,960	8,960	17,920	89,602
4,473	18,635	23,108	74,540
-	-	-	1,450,574
3,210	3,210	6,420	32,095
2,209	45,548	47,757	87,519
999	999	1,998	19,978
-	-	-	55,453
-	-	-	20,421
-	-	-	190,420
883	883	1,766	19,659
2,351	2,351	4,702	56,927
-	-	-	33,979
5,155	23,202	28,357	51,559
-	-	-	17,436
4,454	4,454	8,908	127,182
-	-	-	3,451
<u>1,212</u>	<u>1,212</u>	<u>2,424</u>	<u>14,536</u>
<u>\$ 231,464</u>	<u>\$ 352,870</u>	<u>\$ 584,334</u>	<u>\$ 4,269,006</u>

LITTLE TRAVERSE CONSERVANCY, INC.

STATEMENT OF CASH FLOWS

for the year ended December 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets		\$ 7,677,512
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	\$ 127,182	
Unrealized gains on investments	(720,608)	
Realized gains on investments	(1,576,394)	
Realized losses on sales of property	21,322	
Noncash contributions	(637,262)	
Contributions restricted for land protection	(3,296,180)	
Contributions for endowment	(2,602,410)	
Increase in operating assets:		
Accounts and grants receivable	(277,216)	
Prepaid expenses	(675)	
Increase in operating liabilities,		
Accounts payable and accrued expenses	<u>8,275</u>	
Total adjustments		<u>(8,953,966)</u>
Net cash flows provided by operating activities		(1,276,454)

CASH FLOWS FROM INVESTING ACTIVITIES:

Contributions for land protection	3,296,180	
Purchase of nature preserves and conservation easements	(2,789,429)	
Purchase of fixed assets	(434,184)	
Purchase of land held for resale	(1,969,964)	
Proceeds from sales of land held for resale	1,215,851	
Proceeds from sales of long-term investments	6,715,204	
Purchase of long-term investments	<u>(9,388,976)</u>	
Net cash flows used by investing activities		(3,355,318)

CASH FLOWS FROM FINANCING ACTIVITIES:

Repayments of long-term debt	(91,549)	
Contributions restricted for endowment	<u>2,602,410</u>	
Net cash flows provided by financing activities		<u>2,510,861</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS (2,120,911)

CASH AND CASH EQUIVALENTS, January 1, 2024 7,773,264

CASH AND CASH EQUIVALENTS, December 31, 2024 \$ 5,652,353

Supplemental Disclosure:

Interest expense	\$ 3,451
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The accompanying notes are a part of the financial statements.

LITTLE TRAVERSE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2024

NOTE A - NATURE OF ACTIVITIES:

Little Traverse Conservancy, Inc., a Michigan nonprofit corporation, was incorporated in 1972 under the provisions of Act 161 of P.A. of 1911, as amended, of the State of Michigan. The purpose of the Conservancy is to protect the natural diversity and beauty of northern Michigan by preserving significant land and scenic areas, and fostering appreciation and understanding of the environment.

Little Traverse Conservancy, Inc. has two wholly owned subsidiaries: LTC Endowment Holdings and LTC Recreational Properties. LTC Endowment Holdings retains land or other assets that have been contributed by donors, with the intent to sell and use the proceeds to further the mission of the Conservancy. LTC Recreational Properties holds a property that is leased to two unrelated nonprofit organizations for public use.

In addition, a separate 501(c)(3) nonprofit organization, Little Traverse Conservancy Conservation Trust, holds the nominal value of conservation easements that have been protected by Little Traverse Conservancy, Inc.

The financial statements include the accounts of the Conservancy, the Trust, and the two wholly owned subsidiaries. All significant inter-organization transactions and accounts are eliminated.

Support for the Conservancy comes primarily from donor contributions and long-term investment income.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting

The Conservancy uses the accrual basis of accounting whereby revenues are recognized when earned or when the commitment of a future gift to the Conservancy becomes unconditional and expensed when an obligation is incurred.

Use of 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.

Contributed Services

The Conservancy generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Conservancy with programs. No amounts have been recorded for volunteer services.

LITTLE TRAVERSE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2024

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based on the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the Conservancy, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor's instructions.

The Conservancy's unspent contributions are included in this class if the donor limited their use, including land acquisition, donor-restricted endowment funds and its beneficial interest in community foundation.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without restrictions. Net assets restricted for acquisition of buildings or equipment (or the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the organization.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash and cash equivalents include checking, savings and money market accounts.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

LITTLE TRAVERSE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2024

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Accounts Receivable

Accounts receivable are carried at the original amount less an estimate for credit losses. The Conservancy maintains an allowance for credit losses which represents management's estimate of expected credit losses over the remaining life of the Conservancy's financial assets measured at amortized cost and comprised of three main components: (i) historical collection performance, (ii) specific collection issues, (iii) current conditions, and reasonable and supportable forecasts about the future. If actual provision for credit losses differs from the reserves calculated based on historical trends and known customer issues and current conditions, an adjustment to the provision for credit losses is recorded in the period in which the difference occurs.

Such adjustment could result in additional expenses or reduction of expenses. The Conservancy writes off accounts to the allowance when it has determined collection is unlikely. Some of the factors considered in reaching this determination are (i) the apparent financial condition of the customer, (ii) the success the Conservancy has in contacting and negotiating with the customer, (iii) the current state of the industry, and the (iv) the number of days the account has been outstanding.

At December 31, 2024, the Conservancy deemed it not necessary to record for expected credit losses.

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses are reported as decreases in net assets without donor restrictions.

Property and Equipment

The Conservancy has purchased conservation easements totaling \$6,902,499. In addition, the Conservancy has received approximately 319 easements as donations since inception. The Conservancy has not recorded any of the donated easements in the accounting records due to the difficulty in establishing a value for these contributions.

Acquisitions of property and equipment in excess of \$5,000 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair market value at the date of donation. Depreciation is computed over the estimated useful lives of such assets, using the straight-line method. Land and equipment held for resale is recorded at the lower of cost or market. Depreciation expense for the year totaled \$127,182.

LITTLE TRAVERSE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2024

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Property and Equipment (Continued)

The Conservancy reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of the assets. The factors considered by management in performing this assessment include current operating results, trends, and prospects, as well as the effects of obsolescence, demand, competition, and other economic factors. The Conservancy did not recognize any impairment loss in 2024.

The Conservancy had construction in progress relating to architectural fees for a new building totaling \$47,587.

Revenue Recognition

The Conservancy recognizes contributions, grants, and memberships when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. For the year ended December 31, 2024, the Conservancy did not have any conditional promises to give.

The Conservancy recognizes proceeds from the sale of a property when the sale closes. The Conservancy had accounts receivable totaling \$249,509 from sales of property, and grants receivable totaling \$27,707.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified to net assets without donor restrictions.

The Conservancy records special events revenue when the event occurs and is reported in the accompanying statement of activities net of direct expenses.

LITTLE TRAVERSE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2024

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Contributions of Nonfinancial Assets

Contributed nonfinancial assets are reflected in the financial statements at the estimated fair market value at the time of the donation. Contributed non-financial assets recognized in the statement of activities totaled \$637,242 for the year ended December 31, 2024. These were donations of land for preservation and protection. Board members and other individuals volunteer their time and perform a variety of tasks that assist the Conservancy in carrying out its activities. These services do not meet the accounting standards to be recorded and have not been included in the financial statements.

NOTE C - INCOME TAX STATUS:

The Internal Revenue Service has determined the Conservancy to be exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Therefore, the financial statements reflect no provision or liability for federal income tax. The Conservancy believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Organization's financial condition, results of operations, or cash flows. Therefore, the financial statements reflect no provision or liability for federal income tax. The Organization's tax filings are no longer subject to examination for years prior to December 31, 2022.

NOTE D – LIQUIDITY AND AVAILABILITY:

Financial assets available for general expenditure, this, without donor or other restrictions limiting their use, within one year of December 31, 2024 are:

Financial assets:

Cash and cash equivalents	\$ 5,652,353
Accounts and grants receivable	277,216
Land held for resale	1,126,884
Investments	<u>26,551,839</u>
Total financial assets	33,608,292

Less financial assets held to meet donor-imposed restrictions:

Purpose-restricted financial assets	(6,795,169)
Donor-restricted endowment fund	<u>(18,355,614)</u>

Amount available for general expenditures within one year \$ 8,457,509

LITTLE TRAVERSE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2024

NOTE E - INVESTMENTS:

Investments include a portfolio of money markets and mutual funds. Money markets totaling \$4,007,239 have been included in cash and cash equivalents. Investments are carried at fair market value, as determined by the agencies holding the investments, and are summarized as follows:

	Unrestricted	Restricted			Total
		Land Protection	Endowment	Split-Interest Agreements	
Exchange traded funds (ETF)	\$ 129,944	\$ -	\$ 26,322,163	\$ 1,049,758	\$ 27,501,865
Mutual funds, Equity	-	99,732	-	-	99,732
Total	<u>\$ 129,944</u>	<u>\$ 99,732</u>	<u>\$ 26,322,163</u>	<u>\$ 1,049,758</u>	<u>\$ 27,601,597</u>

Investment income, reported in the statement of activities totaled \$719,864 and is summarized as follows:

Interest and dividends	\$826,656
Investment management fees	(54,823)
Distributions to beneficiaries of split-interest agreements	<u>(50,056)</u>
Total interest and dividends, net of costs	721,777
Cost of timber activities	<u>(1,913)</u>
Total investment income	<u>\$719,864</u>

NOTE F - FAIR VALUE MEASUREMENTS:

Financial Accounting Standards Board Codification 820.10 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

LITTLE TRAVERSE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2024

NOTE F - FAIR VALUE MEASUREMENTS (CONTINUED):

The three levels of the fair value hierarchy are described below:

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

Level 2 Inputs to the valuation methodology include:

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

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

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

Fair values for mutual funds are determined by reference to quoted market prices and other relevant information by market transactions. Fair values for investment in community foundation are based on meaningful third-party transactions and comparable public market valuations.

At December 31, 2024, the Conservancy's investments, including split-interest agreements, measured on a recurring basis, are as follows:

	Level 1	Level 2	Level 3	Total
Exchange traded funds	\$27,501,865	\$ -	\$ -	\$27,501,865
Mutual funds,				
Equity	<u>99,732</u>	<u>-</u>	<u>-</u>	<u>99,732</u>
Totals	<u>\$27,601,597</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$27,601,597</u>

LITTLE TRAVERSE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2024

NOTE G - ENDOWMENT FUNDS:

The Conservancy has designated funds for endowment to be used for education, land protection and unrestricted purposes. The spending policies vary up to 5 percent, depending upon the purpose of the fund.

The investment policies set a target allocation of 40 to 70 percent equities and 30 to 60 percent fixed income investments. The objective is to achieve a total return in excess of spending and inflation. The volatility is expected to be no greater than 1.2 times the weighted average of various index funds, representing equities and fixed income funds.

Following is a schedule identifying the primary purposes for these funds:

Education	\$ 3,437,878
Stewardship	1,126,832
Conservation easements	251,070
Land acquisition	41,088
Operations	<u>13,498,746</u>
Total	<u>\$18,355,614</u>

The Conservancy has interpreted the Michigan Uniform Prudent Management of Institutional Funds Act (UPMIFA) (Act 87 of 2009) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds unless there are explicit donor stipulations to the contrary. The original gift is defined by the Conservancy as (a) the original value of gifts donated to all donor-restricted endowments, (b) the original value of subsequent gifts to donor-restricted endowments and (c) accumulations to the donor-restricted endowments made in accordance with the direction of the applicable donor gift instrument at the time of the accumulation.

In accordance with UPMIFA, the Conservancy considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund;
2. The purpose of the organization and the donor-restricted endowment fund;
3. General economic conditions;
4. The possible effect of inflation and deflation;
5. The expected total return from income and the appreciation (depreciation) of investments;
6. Other resources of the organization;
7. The investment policies of the organization.

LITTLE TRAVERSE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2024

NOTE G - ENDOWMENT FUNDS (CONTINUED):

The changes in endowment net assets for the year ended December 31, 2024, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, January 1, 2024	\$ 4,817,916	\$15,836,962	\$ 20,654,878
Investment income	476,555	-	476,555
Contributions	-	2,518,652	2,518,652
Realized gains	1,555,992	-	1,555,992
Unrealized gains	579,004	-	579,004
Net transfers	<u>752,631</u>	<u>-</u>	<u>752,631</u>
Endowment net assets, December 31, 2024	<u>\$ 8,182,098</u>	<u>\$18,355,614</u>	<u>\$ 26,537,712</u>

NOTE H - SPLIT-INTEREST AGREEMENTS:

Split-interest agreements include charitable gift annuities.

The charitable gift annuities provide for annual payments of \$50,056 over the donors' lifetimes and have been recorded at the net present value of the expected future benefits based on the donors' life expectations.

At December 31, 2024, the Conservancy held investments of \$1,049,758 relating to split-interest agreements with obligations of \$224,003. The remainder interests of \$825,755 are classified as net assets with donor restrictions because they are unavailable for spending until the deaths of the donors or other beneficiaries.

There was the following activity in the split-interest obligations during the year ended December 31, 2024:

Net split-interest agreements, January 1, 2024	\$ 662,031
Contributions	100,334
Investment income	17,729
Realized gains	17,739
Unrealized gains	136,517
Net transfers	(41,963)
Payments to beneficiaries	(50,056)
Change in estimated obligations	<u>(16,576)</u>
Total net split-interest agreements, December 31, 2024	<u>\$ 825,755</u>

LITTLE TRAVERSE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2024

NOTE I - WORKING FOREST PLANNING:

The Conservancy contracted services for the planning and surveying of timber cuts for the working forest preserves totaling \$53,542 during 2017 and 2018. This timber plan was amortized using the straight-line method over five years.

NOTE J - DATE OF MANAGEMENT REVIEW:

In preparing the financial statements, the Conservancy has evaluated events and transactions for potential recognition or disclosure through June 27, 2025, the date that the financial statements were available to be issued.

NOTE K - CONCENTRATION OF CREDIT RISK:

Financial instruments that potentially subject the Conservancy to a significant concentration of credit risk consist of cash and investments. Cash is deposited with banks having 4-star credit ratings. Cash deposits exceed Federal and SIPC insurance limits by \$5,152,353. Investments are subject to market fluctuations but are invested among various investments to minimize risk.

NOTE L - RETIREMENT PLAN:

The Conservancy has a defined contribution annuity plan which covers all eligible employees with more than one year of service. The plan is formulated to comply with section 403(b) of the Internal Revenue Code. Contributions to the plan consist of an amount specified annually by the Board of Trustees plus an amount to match employee contributions to the plan within established limits. The cost recognized during 2024 totaled \$94,801.

NOTE M – NET ASSETS WITH DONOR RESTRICTIONS:

As of December 31, 2024, net assets with donor restrictions are available for the following purposes:

Purpose restrictions, available for spending,	
Land protection	\$ 6,795,169
Time restrictions,	
Split-interest agreements, which are unavailable	
for spending until the deaths of the beneficiaries	825,755
Endowment funds	18,355,614
Nature preserves and conservation easements	<u>118,584,169</u>
Total net assets with donor restrictions	<u>\$144,560,707</u>

NOTE N – SUBSEQUENT EVENTS:

As of June 27, 2024, the Conservancy had completed the purchase of properties totaling approximately \$2,834,000.

LITTLE TRAVERSE CONSERVANCY, INC.

SCHEDULE OF FINANCIAL POSITION BY FUND

as of December 31, 2024

	Operating	Land Protection	Endowment	Total
ASSETS:				
Cash and cash equivalents	\$ 1,615,477	\$ 3,833,677	\$ 203,199	\$ 5,652,353
Investments	129,944	99,732	26,322,163	26,551,839
Accounts receivable	-	249,509	-	249,509
Grants receivable	27,707	-	-	27,707
Land held for resale	-	1,126,884	-	1,126,884
Due from (to) other funds	(20,675)	8,325	12,350	-
Prepaid expenses	50,842	160,957	-	211,799
Land, building, equipment, net of accumulated depreciation	286,701	1,344,058	-	1,630,759
Split-interest agreements	-	-	1,049,758	1,049,758
Conservation easements	-	6,902,499	-	6,902,499
Nature preserves	-	111,681,670	-	111,681,670
Total assets	<u>\$ 2,089,996</u>	<u>\$ 125,407,311</u>	<u>\$ 27,587,470</u>	<u>\$ 155,084,777</u>
LIABILITIES:				
Accounts payable	\$ 34,116	\$ 27,973	\$ -	\$ 62,089
Accrued vacation	10,080	-	-	10,080
Deferred revenue, charitable gift annuity funds	-	-	224,003	224,003
Total liabilities	44,196	27,973	224,003	296,172
NET ASSETS:				
Without donor restrictions	2,045,800	-	8,182,098	10,227,898
With donor restrictions:				
Land protection	-	6,795,169	-	6,795,169
Split-interest arrangements	-	-	825,755	825,755
Endowment	-	-	18,355,614	18,355,614
Nature preserves and conservation easements	-	118,584,169	-	118,584,169
Total with donor restrictions	-	125,379,338	19,181,369	144,560,707
Total net assets	<u>2,045,800</u>	<u>125,379,338</u>	<u>27,363,467</u>	<u>154,788,605</u>
Total liabilities and net assets	<u>\$ 2,089,996</u>	<u>\$ 125,407,311</u>	<u>\$ 27,587,470</u>	<u>\$ 155,084,777</u>

The accompanying notes are a part of the financial statements.

LITTLE TRAVERSE CONSERVANCY, INC.

SCHEDULE OF ACTIVITIES BY FUND CLASSIFICATION

for the year ended December 31, 2024

	Operating	Land Protection	Endowment	Total
REVENUES AND SUPPORT:				
Contributions and grants	\$ 493,017	\$ 3,296,180	\$ 2,602,410	\$ 6,391,607
Contributions of nonfinancial assets	-	637,262	-	637,262
Memberships and annual giving	1,236,193	-	-	1,236,193
Special event, net expenses of \$75,574	271,257	-	-	271,257
Investment income	59,749	215,887	444,228	719,864
Realized gains (losses) on investments	2,663	-	1,573,731	1,576,394
Unrealized gains on investments	15,765	(10,678)	715,521	720,608
Realized losses on sales of property	-	(21,322)	-	(21,322)
Insurance recovery for flood damage	-	393,266	-	393,266
Other income	10,097	11,292	-	21,389
Total revenues and support	2,088,741	4,521,887	5,335,890	11,946,518
EXPENSES:				
Program services:				
Land preservation	361,546	62,974	-	424,520
Stewardship	1,175,267	1,671,896	-	2,847,163
Education and outreach	412,989	-	-	412,989
Total program services	1,949,802	1,734,870	-	3,684,672
Supporting services:				
Management	231,464	-	-	231,464
Fundraising	352,870	-	-	352,870
Total supporting services	584,334	-	-	584,334
Total expenses	2,534,136	1,734,870	-	4,269,006
Excess (deficiency) of revenues over expenses	(445,395)	2,787,017	5,335,890	7,677,512
TRANSFERS:				
Transfers from (to) other funds	541,704	(1,252,372)	710,668	-
Change in net assets	96,309	1,534,645	6,046,558	7,677,512
NET ASSETS, January 1, 2024	1,949,491	123,844,693	21,316,909	147,111,093
NET ASSETS, December 31, 2024	\$ 2,045,800	\$ 125,379,338	\$ 27,363,467	\$ 154,788,605

The accompanying notes are a part of the financial statements.