

MISSISSIPPI VALLEY CONSERVANCY, INC.

FINANCIAL STATEMENTS WITH
SUPPLEMENTARY INFORMATION

June 30, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Mississippi Valley Conservancy, Inc.
La Crosse, Wisconsin

Opinion

We have audited the financial statements of Mississippi Valley Conservancy, Inc., which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Mississippi Valley Conservancy, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Mississippi Valley Conservancy, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Mississippi Valley 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 GAAS 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 GAAS, 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 Mississippi Valley 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 Mississippi Valley 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.

Wegner CPAs LLP

Wegner CPAs, LLP
Madison, Wisconsin
December 30, 2022

MISSISSIPPI VALLEY CONSERVANCY, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
ASSETS			
CURRENT ASSETS			
Cash	\$ 60,496	\$ -	\$ 60,496
Government grant receivable	297,068	-	297,068
Unconditional promises to give	4,150	131,815	135,965
Prepaid expenses	13,507	-	13,507
	<u>375,221</u>	<u>131,815</u>	<u>507,036</u>
Total current assets	375,221	131,815	507,036
OTHER ASSETS			
Investments	1,898,823	4,979,332	6,878,155
Unconditional promises to give, net	-	533,073	533,073
Equipment, net	90,622	-	90,622
Land held for conservation	1,475,487	14,184,050	15,659,537
	<u>3,464,932</u>	<u>19,696,455</u>	<u>23,161,387</u>
Total other assets	3,464,932	19,696,455	23,161,387
Total assets	<u><u>\$ 3,840,153</u></u>	<u><u>\$ 19,828,270</u></u>	<u><u>\$ 23,668,423</u></u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$ 20,535	\$ -	\$ 20,535
Accrued expenses	29,459	-	29,459
	<u>49,994</u>	<u>-</u>	<u>49,994</u>
Total liabilities	49,994	-	49,994
NET ASSETS			
Without donor restrictions	3,790,159	-	3,790,159
With donor restrictions	-	19,828,270	19,828,270
	<u>3,790,159</u>	<u>19,828,270</u>	<u>23,618,429</u>
Total net assets	3,790,159	19,828,270	23,618,429
Total liabilities and net assets	<u><u>\$ 3,840,153</u></u>	<u><u>\$ 19,828,270</u></u>	<u><u>\$ 23,668,423</u></u>

See accompanying notes.

MISSISSIPPI VALLEY CONSERVANCY, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
ASSETS			
CURRENT ASSETS			
Cash	\$ 208,775	\$ -	\$ 208,775
Unconditional promises to give	1,000	115,843	116,843
Prepaid expenses	11,125	-	11,125
Total current assets	220,900	115,843	336,743
OTHER ASSETS			
Investments	2,107,415	4,139,551	6,246,966
Unconditional promises to give, net	-	636,125	636,125
Equipment, net	19,517	-	19,517
Land held for conservation	1,475,487	10,459,293	11,934,780
Total other assets	3,602,419	15,234,969	18,837,388
Total assets	\$ 3,823,319	\$ 15,350,812	\$ 19,174,131
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$ 2,685	\$ -	\$ 2,685
Accrued expenses	42,026	-	42,026
Total liabilities	44,711	-	44,711
NET ASSETS			
Without donor restrictions	3,778,608	-	3,778,608
With donor restrictions	-	15,350,812	15,350,812
Total net assets	3,778,608	15,350,812	19,129,420
Total liabilities and net assets	\$ 3,823,319	\$ 15,350,812	\$ 19,174,131

See accompanying notes.

MISSISSIPPI VALLEY CONSERVANCY, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Contributions	\$ 858,652	\$ 5,355,126	\$ 6,213,778
Government grants	-	368,568	368,568
Fundraising	38,391	-	38,391
Investment return, net	(280,489)	(950,800)	(1,231,289)
Miscellaneous	4,479	-	4,479
Net assets released from restrictions			
Satisfaction of purpose restrictions	295,436	(295,436)	-
Total revenues	916,469	4,477,458	5,393,927
EXPENSES			
Program services			
Land management services	265,811	-	265,811
Land protection services	335,478	-	335,478
Outreach and education	144,942	-	144,942
Supporting activities			
Management and general	90,540	-	90,540
Fundraising	68,147	-	68,147
Total expenses	904,918	-	904,918
Change in net assets	11,551	4,477,458	4,489,009
Net assets at beginning of year	3,778,608	15,350,812	19,129,420
Net assets at end of year	<u>\$ 3,790,159</u>	<u>\$ 19,828,270</u>	<u>\$ 23,618,429</u>

See accompanying notes.

MISSISSIPPI VALLEY CONSERVANCY, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Contributions	\$ 1,163,090	\$ 759,074	\$ 1,922,164
Government grants	-	181,595	181,595
Fundraising	41,165	-	41,165
Investment return, net	271,050	663,495	934,545
Miscellaneous	8,904	-	8,904
Net assets released from restrictions			
Satisfaction of purpose restrictions	322,620	(322,620)	-
Total revenues	1,806,829	1,281,544	3,088,373
EXPENSES			
Program services			
Land management services	204,581	-	204,581
Land protection services	342,449	-	342,449
Outreach and education	125,703	-	125,703
Supporting activities			
Management and general	51,469	-	51,469
Fundraising	42,418	-	42,418
Total expenses	766,620	-	766,620
Change in net assets	1,040,209	1,281,544	2,321,753
Net assets at beginning of year	2,738,399	14,069,268	16,807,667
Net assets at end of year	<u>\$ 3,778,608</u>	<u>\$ 15,350,812</u>	<u>\$ 19,129,420</u>

See accompanying notes.

MISSISSIPPI VALLEY CONSERVANCY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2022

	Program Services			Supporting Activities		Total Expenses
	Land Management Services	Land Protection Services	Outreach and Education	Management and General	Fundraising	
Personnel	\$ 166,303	\$ 295,107	\$ 107,778	\$ 65,723	\$ 56,203	\$ 691,114
Professional services	206	357	130	9,386	3,131	13,210
Supplies	2,924	1,558	3,573	1,080	691	9,826
Occupancy	7,351	5,611	2,119	2,604	859	18,544
Postage and printing	1,461	2,173	19,804	1,389	2,220	27,047
Communications	1,280	1,878	809	994	328	5,289
Professional development	1,170	1,021	976	377	315	3,859
Depreciation	7,571	-	1,940	2,385	786	12,682
Land and easement acquisition	-	5,419	-	-	-	5,419
Land stewardship	60,864	2,739	-	-	-	63,603
Special events	-	-	321	-	1,974	2,295
Miscellaneous	-	-	35	32	-	67
Travel	5,028	2,726	508	439	386	9,087
Dues and subscriptions	992	2,354	4,010	860	254	8,470
Information technology	2,901	4,338	1,669	2,195	676	11,779
Publicity	100	98	471	-	-	669
Repairs and maintenance	3,977	150	106	131	43	4,407
Insurance	3,683	9,949	693	2,945	281	17,551
Total expenses	\$ 265,811	\$ 335,478	\$ 144,942	\$ 90,540	\$ 68,147	\$ 904,918

See accompanying notes.

MISSISSIPPI VALLEY CONSERVANCY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2021

	Program Services			Supporting Activities		Total Expenses
	Land Management Services	Land Protection Services	Outreach and Education	Management and General	Fundraising	
Personnel	\$ 145,076	\$ 293,189	\$ 102,488	\$ 37,307	\$ 32,481	\$ 610,541
Professional services	-	58	-	9,788	1,966	11,812
Supplies	2,332	1,775	1,335	183	879	6,504
Occupancy	16,617	641	2,742	1,130	931	22,061
Postage and printing	1,409	2,892	5,093	368	1,898	11,660
Communications	557	1,193	356	147	121	2,374
Professional development	497	1,124	4,938	115	242	6,916
Depreciation	1,516	2,341	853	351	289	5,350
Land and easement acquisition	-	12,660	-	-	-	12,660
Land management	19,142	19	-	-	-	19,161
Special events	-	-	-	-	1,876	1,876
Miscellaneous	323	6,076	28	138	8	6,573
Travel	6,590	2,776	148	110	185	9,809
Dues and subscriptions	903	2,584	4,724	282	646	9,139
Information technology	2,521	4,514	2,107	622	513	10,277
Publicity	112	115	68	10	383	688
Repairs and maintenance	3,007	487	-	-	-	3,494
Insurance	3,979	10,005	823	918	-	15,725
Total expenses	\$ 204,581	\$ 342,449	\$ 125,703	\$ 51,469	\$ 42,418	\$ 766,620

See accompanying notes.

MISSISSIPPI VALLEY CONSERVANCY, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 4,489,009	\$ 2,321,753
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Contributions restricted for long-term purposes	-	20,914
Depreciation	12,682	5,350
Forgiveness of Paycheck Protection Program loan	-	(94,100)
Net realized and unrealized (gains) losses on investments	1,321,755	(763,240)
Amortization of discount on unconditional promises to give	-	-
Increase in allowance on unconditional promises to give	-	-
Donation of land held for conservation	(3,097,690)	(356,850)
Decrease in assets		
Government grant receivable	(297,068)	-
Unconditional promises to give	83,930	7,487
Prepaid expenses	(2,382)	(123)
Increase (decrease) in liabilities		
Accounts payable	17,850	777
Accrued expenses	(12,567)	7,125
Net cash flows from operating activities	2,515,519	1,149,093
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(1,952,944)	(1,803,501)
Proceeds from sales of investments	-	830,293
Purchases of land held for conservation	(627,067)	(174,000)
Purchases of equipment	(83,787)	(5,841)
Net cash flows from investing activities	(2,663,798)	(1,153,049)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from contributions restricted for investment in permanent endowment	-	(20,914)
Proceeds from Paycheck Protection Program loan	-	-
Net cash flows from financing activities	-	(20,914)
Net change in cash and restricted cash	(148,279)	(24,870)
Cash and restricted cash at beginning of year	208,775	233,645
Cash and restricted cash at end of year	<u>\$ 60,496</u>	<u>\$ 208,775</u>
SUPPLEMENTAL DISCLOSURES		
Noncash investing transactions		
Donation of land held for conservation	\$ 3,097,690	\$ 356,850

See accompanying notes.

MISSISSIPPI VALLEY CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Mississippi Valley Conservancy, Inc. (“Conservancy”) is a nonprofit conservancy dedicated to the conservation of environmentally significant land in the Coulee Region of western Wisconsin. In addition, the Conservancy promotes its mission through seminars and general conservation outreach programs. The Conservancy is primarily supported by contributions.

Government Grants

The Conservancy received grants from government agencies that are conditioned upon the Conservancy incurring qualifying expenses. Revenue from these grants is generally recognized on a reimbursement basis, that is, when qualifying expenses are incurred by the Conservancy, both a receivable from the grantor agency and revenue are recorded. Grants are also generally restricted by the grantor for a specified purpose. Grants whose conditions and restrictions are met in the same reporting period that the revenue is recognized are reported as increases in net assets without donor restrictions.

Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Investments

Investments in marketable equity securities with readily determinable fair values are stated at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

Equipment

All acquisitions of equipment in excess of \$1,000 are capitalized. Equipment is carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

Conservation Easements

Conservation easements accepted or purchased by the Conservancy are not recognized as assets or revenues in the accompanying financial statements because the Conservancy does not hold fee title to these properties and there are no expected future economic benefits associated with the easements. In addition, conservation easements carry significant obligations to monitor and defend their terms. If purchased, the costs of conservation easements are expensed when the easements are acquired.

MISSISSIPPI VALLEY CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Date of Management’s Review

Management has evaluated subsequent events through December 30, 2022, the date which the financial statements were available to be issued.

Land Held for Conservation

The carrying value of land owned by the Land Trust is calculated or estimated at the time of acquisition using the purchase price of the property for lands purchased at fair value and using either an appraisal, property tax assessed value, or other information for donated lands or lands purchased through a known bargain sale. Many of these lands were purchased with public funds that impose land use restrictions. Established values have not been adjusted to reflect any of these grant restrictions nor have values been adjusted to reflect any increase in value over time.

Contributions

Contributions received are recorded as increases in net assets without donor restriction and net assets with donor restrictions depending on the existence of any donor-imposed restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel, supplies, occupancy, postage and printing, communications, and information technology, which are allocated on the basis of estimates of time and effort.

The following program services and supporting activities are included in the accompanying financial statements:

Land management and protection services—Using voluntary tools such as conservation easements, land purchases, land donations, and cooperative acquisitions to protect lands for their ecology, scenic beauty, outdoor recreation potential, and prime agricultural soils. The conservancy also works hard to restore native natural communities by removing invasive species and conducting prescribed burns.

MISSISSIPPI VALLEY CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Outreach and education—Provides educational materials to over 1,000 people and creates online videos to promote appreciation of nature and protection of the habitat. The Conservancy also leads more than 1,000 young people outdoors to learn about nature and ecological restoration.

Management and general—Includes accounting and production of financial reports, development and oversight of the annual budget, maintenance of personnel records, personnel evaluations, and Conservancy governance.

Fundraising—Includes the cultivation of new donors, the administration of fundraising events, membership solicitations, direct mailings, and planned giving activities.

Income Tax Status

The Conservancy is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Conservancy qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

NOTE 2—UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are as follows:

	2022	2021
Receivable in less than one year	\$ 135,965	\$ 116,843
Receivable in one to five years	119,225	83,250
Receivable in more than five years	445,848	584,875
Total unconditional promises to give	701,038	784,968
Less discounts to net present value	22,000	22,000
Less allowance on unconditional promises to give	10,000	10,000
Unconditional promises to give, net	\$ 669,038	\$ 752,968

Unconditional promises to give receivable in more than one year are discounted at 2.5%

NOTE 3—EQUIPMENT

Equipment consists of the following:

	2022	2021
Equipment and fixtures	\$ 88,901	\$ 76,435
Vehicle	95,281	23,960
Accumulated depreciation	(93,560)	(80,878)
Equipment, net	\$ 90,622	\$ 19,517

MISSISSIPPI VALLEY CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 4—LAND HELD FOR CONSERVATION

Land held for conservation consists of the following:

	2022	2021
Tunnelville Cliffs State Natural Area:		
Kings Point Farms	\$ 2,366,243	\$ 2,366,243
Lee	306,000	306,000
Kings Point Farm - North	117,757	117,757
New Amsterdam Grasslands	2,025,000	2,025,000
Plum Creek CA - Kickapoo Canyon	3,097,690	-
Sugar Creek Bluff State Natural Area:		
Sampson III	527,072	527,072
B&T Properties	435,000	435,000
Vaughn I & II	274,252	274,252
Sampson I & II	266,562	266,562
Bureau of Aeronautics	115,400	115,400
Harris	75,400	75,400
Boscobel Bluffs State Natural Area - McNamee	900,742	900,742
Devils Backbone State Natural Area - Future Farms	662,700	662,700
Devils Backbone State Natural Area - Lindell	58,213	-
Waters Edge Woods - Homstad	403,000	403,000
Cassville Bluffs State Natural Area - Roe	382,000	382,000
Onalaska Natural Lands Protection Program:		
French Valley, LLC	300,000	300,000
Greens Coulee-Savanah Oaks	233,429	233,429
Apple Valley Bluff - T&D Real Estate Investments	180,000	180,000
Apple Valley Bluff - T&D II Real Estate Investments	128,000	128,000
Kickapoo Bottoms - Royal Bank	135,708	135,708
Devils Backbone State Natural Area - Stout	125,000	125,000
La Crosse River Conservancy:		
Lee	51,300	51,300
Gundersen	42,000	42,000
Western Technical College	10,500	10,500
Johnson	7,231	7,231
Coulee Region Humane Society	2,400	2,400
Fish Creek - Meridian Marketplace	100,000	100,000
Trempealeau Lakes-River Lake Estates	99,561	99,561
Angel Bluff - Ledebuhr	98,750	98,750
Romance Woods- Anderson/Jackson	96,250	96,250
La Crosse Bluffland Protection Property:		
Gilbertson Property	20,498	20,498
Gerrard Corporation	18,630	18,630
La Crosse Floral	10,000	10,000
Hoeschler	10,000	10,000
Frank	8,000	8,000
Kaplan	238,854	-
French Valley - Elmwood Ptr II	330,000	-
Cardinal Bluff - McDowell	44,000	44,000
Kickapoo Caverns - Porter	379,160	379,160
Wilton Hemlock	285,000	285,000
Elkins	160,085	160,085
Black River Bottoms - Miller	1,300	1,300
Black River Bottoms - Dempsey	174,000	174,000
Limery Road	356,850	356,850
	<u>\$ 15,659,537</u>	<u>\$ 11,934,780</u>
Total land held for conservation		

MISSISSIPPI VALLEY CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 5—CONCENTRATION

During the year ending June 30, 2022, the Conservancy received approximately 20% of its revenues from one donor.

NOTE 6—INVESTMENTS

Investments consists of the following:

	<u>2022</u>	<u>2021</u>
Money market funds	\$ 50,145	\$ 9,194
Mutual funds	<u>6,828,010</u>	<u>6,237,772</u>
Total investments	<u>\$ 6,878,155</u>	<u>\$ 6,246,966</u>

Fair values of mutual funds are based on quoted net asset values of the shares as reported by the fund. The mutual funds held by the Conservancy are open-end mutual funds registered with the U.S. Securities and Exchange Commission. The funds must publish their daily net asset value and transact at that price. The mutual funds held by the Conservancy are considered to be actively traded.

NOTE 7—RETIREMENT PLAN

The Conservancy sponsors a defined contribution retirement plan for participating employees who earn \$5,000 or more in a calendar year. Employer contributions to the plan were 3% of participating employees' annual compensation. Contributions are fully vested when made. Plan expenses for the years ended June 30, 2022 and 2021, was \$15,721 and \$13,131, respectively.

NOTE 8—NET ASSETS

Net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2022</u>	<u>2021</u>
Subject to the passage of time	\$ 4,150	\$ 3,800
Subject to expenditures for specified purpose		
Land held for conservation	14,184,050	10,459,293
Endowment fund	3,560,391	3,003,800
Conservation easement stewardship	797,957	958,648
Land acquisition fund	294,328	137,753
Transfer fee fund	176,265	186,312
Owned land monitoring and defense	67,552	73,805
Stry	86,946	63,877
Plum Creek restoration	200,000	-
Onalaska Natural Land Protection Program	15,897	19,286
Kickapoo Indian Cavern	2,393	23,959
Zeller Land Acquisition	366,894	331,436
Other	<u>71,447</u>	<u>88,843</u>
Total net assets with donor restrictions	<u>\$ 19,828,270</u>	<u>\$ 15,350,812</u>

MISSISSIPPI VALLEY CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 8—NET ASSETS (continued)

The Conservancy's board of directors has designated net assets without donor restrictions for the following purposes:

	2022	2021
Fee Land Stewardship	\$ 177,899	\$ 215,828
CE Intern Field Crew	80,521	97,688
CE Stewardship Assist	50,853	61,695
CE Stewardship	61,237	74,292
Land held for conservation	1,475,487	1,475,487
Operating reserve	1,852,468	894,216
Undesignated	91,694	959,402
	\$ 3,790,159	\$ 3,778,608

Easement Stewardship provides for baseline development, monitoring and enforcement, with a view to prompt identification and enforcement of violations of the terms of conservation easements granted to the Conservancy.

Easement Legal Defense provides for expenses incurred in the enforcement, by litigation or otherwise, of the terms of any easement granted to the Conservancy. The Land Trust Alliance has established guidance for funds reserved for the purposes described above that is based on the number of easements held.

The composition of these funds as of June 30, 2022 and 2021 is as follows:

	2022	2021
Donor-restricted	\$ 67,552	\$ 73,805
Board-designated	258,420	313,516
Total stewardship and legal defense funds	\$ 325,972	\$ 387,321

NOTE 9—ENDOWMENT

The Conservancy's endowment is intended to be an investment fund with investment earnings used to help accomplish the Conservancy's mission. Primary uses of investment earnings include supporting general operations, perpetual monitoring and legal defense of conservation easements, management of Conservancy-owned properties, assisting with ecological management of conservation easement properties, and land protection projects. Donors and/or the board of directors may specify endowment funds be used for other purposes related to the mission. It is the Conservancy's goal to grow the fund by limiting spending to allow the principal to grow at or above the rate of inflation, plus growth from new contributions.

MISSISSIPPI VALLEY CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 9—ENDOWMENT (continued)

Interpretation of Relevant Law

The board of directors of the Conservancy has interpreted Wisconsin's 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 any explicit donor stipulations to the contrary. As a result of this interpretation, the Conservancy classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Conservancy in a manner consistent with the standard of prudence prescribed by 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 Conservancy 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 of investments; (6) other resources of the Conservancy; (7) the investment policies of the Conservancy.

Investment Policy

The board of directors has established an investment policy to ensure compliance with investment practices that preserve principal, ensure liquidity sufficient to meet the Conservancy's needs, and maintain the purchasing power of the investment assets. Currently, the board of directors has directed its investment advisor to invest in a composition 60% equities and 40% fixed income. Risk is present in all types of securities and investment styles, and the board of directors recognizes some risk is necessary to produce long-term investment results. However, reasonable effort is made to control risk.

Spending Policy

In general, expenditures of endowment funds are expected to be incorporated into the Conservancy's annual budgeting and strategic planning processes. Spending from endowment funds shall on average not exceed a level that would prevent the fund balance from increasing at the rate of inflation. As a guideline, the annual spending amount is targeted at 4% of the average fund balance at the end of the calendar quarter prior to the end of the fiscal year for the most recent three years. This is intended to provide a known amount to use in budget preparation.

When deemed appropriate, the board of directors may elect to delay initiating withdrawals from a newly established endowment fund until it has accumulated earnings sufficient to support such withdrawals.

MISSISSIPPI VALLEY CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 9—ENDOWMENT (continued)

To maintain maximum flexibility while building an endowment fund, the board of directors may withdraw restricted earnings from a fund to pay for appropriate documented expenses, and then designate a similar amount of board-designated funds to be placed into that endowment fund. Those board-designated funds could be re-designated for another purpose in the future if circumstances make such a re-designation appropriate.

Endowment net asset composition by type of fund as of June 30, 2022 and 2021, is as follows:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 3,560,391	\$ 3,560,391
	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 3,003,800	\$ 3,003,800

Changes in endowment net assets for the years ended June 30, 2022 and 2021, are as follows:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets at beginning of year	\$ -	\$ 3,003,800	\$ 3,003,800
Contributions	-	1,262,506	1,262,506
Investment return, net	-	(705,915)	(705,915)
Amounts appropriated for expenditure	-	-	-
Endowment net assets at end of year	\$ -	\$ 3,560,391	\$ 3,560,391
	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets at beginning of year	\$ -	\$ 2,484,243	\$ 2,484,243
Contributions	-	20,914	20,914
Investment return, net	-	500,716	500,716
Amounts appropriated for expenditure	-	(2,073)	(2,073)
Endowment net assets at end of year	\$ -	\$ 3,003,800	\$ 3,003,800

MISSISSIPPI VALLEY CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 10—PAYCHECK PROTECTION PROGRAM LOAN

On April 21, 2020, the Conservancy received a \$94,100 loan under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the U.S. Small Business Administration (SBA). The loan accrues interest at 1% but payments are deferred for borrowers who apply for forgiveness until SBA remits the borrower's forgiveness amount to the lender. The amount of forgiveness depends, in part, on the total amount of eligible expenses paid by the Conservancy during the covered period. Eligible expenses may include payroll costs, interest on mortgages, rent, and utilities. Any unforgiven portion is payable over five years. On December 15, 2020, the SBA preliminarily approved forgiveness of the loan. The Conservancy must retain PPP documentation in its files for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of SBA to access such files upon request. SBA may review any loan at any time at its discretion. Therefore, SBA may review the Conservancy's good-faith certification concerning the necessity of its loan request, whether the organization calculated the loan amount correctly, whether the Conservancy used loan proceeds for the allowable uses specified in the CARES Act, and whether the Conservancy is entitled to loan forgiveness in the amount claimed on its application. If SBA determines the Conservancy was ineligible for the loan or for forgiveness in whole or in part, SBA will seek repayment of funds.

NOTE 11—CONTINGENCY

The Conservancy holds 126 conservation easements that may require expenditures to monitor and defend the provisions of the easements.

NOTE 12—LIQUIDITY AND AVAILABILITY

The Conservancy strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. The following table reflects the Conservancy's financial assets as of the dates of the statements of financial position reduced by amounts not available to meet cash needs for general expenditures within one year of the dates of the statements of financial position because of donor-imposed restrictions or internal board designations.

	<u>2022</u>	<u>2021</u>
Financial assets at end of year:		
Cash	\$ 60,496	\$ 208,775
Promises to give	669,038	752,968
Grants receivable	297,068	
Investments	<u>6,878,155</u>	<u>6,246,966</u>
Total financial assets at end of year	7,904,757	7,208,709
Less those unavailable for general expenditures with one year:		
Board designations	(258,420)	(313,516)
Restricted by donor with purpose restrictions	<u>(5,644,220)</u>	<u>(4,891,519)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,002,117</u>	<u>\$ 2,003,674</u>

MISSISSIPPI VALLEY CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 13—OPERATING LEASES

The Conservancy leases office space under an operating lease that expires in June 2025 and requires monthly payments of \$1,785. The Conservancy also leases a copier under an operating lease that expires in July 2025 and required monthly payments of \$298. Rental expenses for those leases for the years ended June 30, 2022 and 2021, were \$17,850 and \$22,715, respectively.

Future minimum lease payments for the years ending June 30, 2023, 2024, 2025, and 2026 are \$25,424, \$25,424, \$25,424, and \$298.

Mississippi Valley Conservancy
Schedule of Sources and Uses of Funds for Fee Title Land Acquisitions, by property

Fiscal Year Ending 6/30/22

PROJECT	Davis Amount	Meyer Amount	Limery Amount	Kaplan Amount	Lindell Amount	Elmwood2 Amount	KickapooCanyon Amount	Total Amount
Date of Purchase								
Sources of funds and other support								
Grant Funding								
Paul E. Stry Foundation	-	-	-	25,000	25,000	-	50,000	100,000.00
Other Grant/Donation					10,000		90,000	100,000.00
KNSF	-	-	-	112,750	42,000	277	-	155,027.00
Other KNSF Exp Reimburse				4,014	1,957			5,971.32
KSNF Match				36,250				36,250.00
Other Grants								
WI Land Fund					1,000			1,000.00
MVC-Limery Road Reimb to Acq Fund					35,043			35,043.00
Total of Other Grants	-	-	274,814			-	15,000	289,814.00
Land Acquisition Fund			92,081					92,080.73
Total Land Donation Value					-	331,537	-	331,536.60
Other Sources of Funding	1,250	-	1,531	78,745		2,300	3,000,000	3,083,826.73
Total sources of funds and other support	1,250	-	368,426	256,759	115,000	334,114	3,155,000	4,230,549.38
Uses of funds and other support								
Land acquisition costs								
Total Acquisition Costs	-	-	352,000	240,000	100,000	330,000	3,090,000	4,111,999.58
Land Transaction costs								
Title Fees	-	-	58	150	150	672		1,029.60
Appraisal Fees	2,500	2,500	1,800	2,000	1,500	-	150	10,450.00
Legal Fees	-	-	-	-	-	-	-	-
Survey Costs	-	-	3,016	3,100	1,800	-	10,280	18,195.50
Register of Deed Fees	-	-	94	155	60	1,020	60	1,389.20
Misc transaction costs	-	-		55	-	-	-	55.00
Total Transaction Costs	2,500	2,500	4,968	5,460	3,510	1,692	10,490	31,119.30
Total Property Capital Costs	2,500	2,500	356,968	245,460	103,510	331,692	3,100,490	4,143,118.88
Personnel & Operating Expenses	-	-	3,713	2,000	3,885	1,189	10,000	20,787.60
Land Expense costs								
Total Property Taxes	-	-	-	1,198	-	-	8,302	9,500.68
Miscellaneous Land Expenses	-	-	7,745	8,224	7,605	900	75,488	99,961.31
Total land expense costs				9,422			83,790	93,212.35
Total uses of funds and other support	2,500	2,500	368,426	256,882	114,999	333,781	3,194,280	4,236,331.23
Amount unexpended	(1,250)	(2,500)	-	(123)	1	333	(39,280)	(5,781.85)