

Land Preservation Trust, Inc.
& Subsidiary
Consolidated Financial Statements together with Independent Auditor's Report
As of and For the Years Ended December 31, 2023 and 2022



C.E.A. SCHOLTES & ASSOCIATES
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Land Preservation Trust, Inc. & Subsidiary

Opinion

We have audited the accompanying consolidated financial statements of Land Preservation Trust, Inc. & Subsidiary (together as "the Trust"), a nonprofit organization, which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Land Preservation Trust, Inc. & Subsidiary as of December 31, 2023 and 2022, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are required to be independent of Land Preservation Trust, Inc. & Subsidiary 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 opinions.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Land Preservation Trust, Inc. & Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 Land Preservation Trust, Inc. & Subsidiary'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Land Preservation Trust, Inc. & Subsidiary'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 Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and consolidating statements of activities, on pages 21 and 22 are presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

C. E. A. Scholtes & Associates

Baltimore, Maryland
October 21, 2024

LAND PRESERVATION TRUST, INC. & SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 1,015,846	\$ 781,159
Funds Held by Attorney	83,525	237,939
Investments, at fair value	146,505	244,610
Accounts Receivable	3,000	-
Prepaid Expenses and Other Assets	638	6,933
Total Current Assets	1,249,514	1,270,641
Property and Equipment, net	2,309,600	2,288,571
Other Assets		
Cash and Cash Equivalents, Restricted for Endowment	50,000	50,000
Conservation Easements	14,248	13,995
Total Other Assets	64,248	63,995
Total Assets	\$ 3,623,362	\$ 3,623,207
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 8,193	\$ 248,893
Amounts Payable Under Agency Transactions	100,000	-
Total Liabilities	108,193	248,893
Net Assets		
Without Donor Restrictions		
Operations	688,130	500,237
Investment in Property and Equipment	2,309,600	2,288,571
Total Net Assets Without Donor Restrictions	2,997,730	2,788,808
With Donor Restrictions		
Temporarily Restricted	467,439	535,506
Permanently Restricted	50,000	50,000
Total Net Assets With Donor Restrictions	517,439	585,506
Total Net Assets	3,515,169	3,374,314
Total Liabilities and Net Assets	\$ 3,623,362	\$ 3,623,207

See accompanying notes and independent auditor's report.

LAND PRESERVATION TRUST, INC. & SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES
For the Year Ended December 31, 2023
(with comparative totals For the Year Ended December 31, 2022)

	2023			2022
	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>	<u>Total</u>
Revenues, Gains and Other Support				
Contributions	\$ 848,001	\$ 785,415	\$ 1,633,416	\$ 3,709,841
Legacy Chase Event and Management	348,524	-	348,524	47,879
Special Events	-	-	-	1,403
Rental Income	69,733	-	69,733	70,446
Investment Income (Loss), net	73,421	-	73,421	(68,140)
Other Income	19,910	-	19,910	15,470
	<u>1,359,589</u>	<u>785,415</u>	<u>2,145,004</u>	<u>3,776,899</u>
Satisfaction of Purpose Restrictions	853,482	(853,482)	-	-
Total Revenues, Gains and Other Support	<u>2,213,071</u>	<u>(68,067)</u>	<u>2,145,004</u>	<u>3,776,899</u>
Expenses				
Program Services				
Easements and King's Eye Project	1,337,770	-	1,337,770	3,226,134
Legacy Chase	515,471	-	515,471	365,900
Total Program Services	<u>1,853,241</u>	<u>-</u>	<u>1,853,241</u>	<u>3,592,034</u>
Supporting Services				
Management and General	63,526	-	63,526	74,835
Fundraising	87,382	-	87,382	64,118
Total Supporting Services	<u>150,908</u>	<u>-</u>	<u>150,908</u>	<u>138,953</u>
Total Expenses	<u>2,004,149</u>	<u>-</u>	<u>2,004,149</u>	<u>3,730,987</u>
Change in Net Assets	208,922	(68,067)	140,855	45,912
Net Assets, Beginning of Year	<u>2,788,808</u>	<u>585,506</u>	<u>3,374,314</u>	<u>3,328,402</u>
Net Assets, End of Year	<u>\$ 2,997,730</u>	<u>\$ 517,439</u>	<u>\$ 3,515,169</u>	<u>\$ 3,374,314</u>

See accompanying notes and independent auditor's report.

LAND PRESERVATION TRUST, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Revenues, Gains and Other Support			
Contributions	\$ 2,126,201	\$ 1,583,640	\$ 3,709,841
Legacy Chase Event Management	47,879	-	47,879
Special Events	1,403	-	1,403
Rental Income	70,446	-	70,446
Investment Loss, net	(68,140)	-	(68,140)
Other Income	15,470	-	15,470
	<u>2,193,259</u>	<u>1,583,640</u>	<u>3,776,899</u>
Satisfaction of Purpose Restrictions	<u>1,490,912</u>	<u>(1,490,912)</u>	<u>-</u>
Total Revenues, Gains and Other Support	<u>3,684,171</u>	<u>92,728</u>	<u>3,776,899</u>
 Expenses			
Program Services			
Easements and King's Eye Project	3,226,134	-	3,226,134
Legacy Chase	365,900	-	365,900
Total Program Services	<u>3,592,034</u>	<u>-</u>	<u>3,592,034</u>
Supporting Services			
Management and General	74,835	-	74,835
Fundraising	64,118	-	64,118
Total Supporting Services	<u>138,953</u>	<u>-</u>	<u>138,953</u>
Total Expenses	<u>3,730,987</u>	<u>-</u>	<u>3,730,987</u>
 Change in Net Assets	 (46,816)	 92,728	 45,912
 Net Assets, Beginning of Year	 <u>2,835,624</u>	 <u>492,778</u>	 <u>3,328,402</u>
 Net Assets, End of Year	 <u><u>\$ 2,788,808</u></u>	 <u><u>\$ 585,506</u></u>	 <u><u>\$ 3,374,314</u></u>

See accompanying notes and independent auditor's report.

LAND PRESERVATION TRUST, INC. & SUBSIDIARY
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2023 (with comparative totals For the Year Ended December 31, 2022)

	2023						2022	
	Program Services			Supporting Services			Total	Total
	Easements and King's Eye Project	Legacy Chase	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Bank Service Charges	\$ 112	\$ 20	\$ 132	\$ 310	\$ 10	\$ 320	\$ 452	\$ 1,100
Contract Labor	36,697	-	36,697	1,183	13,083	14,266	50,963	37,485
Course and Land Maintenance	-	-	-	-	11,052	11,052	11,052	20,462
Depreciation	-	27,439	27,439	-	1,444	1,444	28,883	34,305
Dues and Subscriptions	3,364	1,110	4,474	6,143	-	6,143	10,617	14,282
Easements	774,539	-	774,539	-	-	-	774,539	1,472,822
Employee Benefits	-	3,383	3,383	-	-	-	3,383	-
Equine	-	-	-	-	-	-	-	6,650
King's Eye Restoration and Education	474,023	-	474,023	-	-	-	474,023	1,706,479
Legacy Chase	-	369,879	369,879	-	-	-	369,879	262,967
Insurance and Taxes	1,229	3,309	4,538	2,667	7,737	10,404	14,942	16,475
Maintenance and Repairs	-	14,260	14,260	500	1,875	2,375	16,635	13,081
Miscellaneous	-	-	-	170	-	170	170	4,528
Office	636	31	667	7,550	1,080	8,630	9,297	9,785
Payroll and Payroll Related Expense	3,422	78,302	81,724	15,082	12,730	27,812	109,536	64,750
Postage and Delivery	222	-	222	1,685	-	1,685	1,907	1,098
Printing and Reproduction	-	-	-	7,246	-	7,246	7,246	7,767
Professional Fees	43,526	15,856	59,382	20,615	35,525	56,140	115,522	41,448
Social Media	-	1,882	1,882	-	1,012	1,012	2,894	4,740
Special Events - Other	-	-	-	-	-	-	-	8,921
Telephone	-	-	-	197	-	197	197	212
Utilities	-	-	-	178	1,834	2,012	2,012	1,630
Total Expenses	<u>\$ 1,337,770</u>	<u>\$ 515,471</u>	<u>\$ 1,853,241</u>	<u>\$ 63,526</u>	<u>\$ 87,382</u>	<u>\$ 150,908</u>	<u>\$ 2,004,149</u>	<u>\$ 3,730,987</u>

See accompanying notes and independent auditor's report.

LAND PRESERVATION TRUST, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2022

	Program Services			Supporting Services			Total
	Easements and King's Eye Project	Legacy Chase	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Bank Service Charges	\$ 15	\$ 653	\$ 668	\$ 432	\$ -	\$ 432	\$ 1,100
Contract Labor	32,470	800	33,270	4,215	-	4,215	37,485
Course and Land Maintenance	-	6,703	6,703	-	13,759	13,759	20,462
Depreciation	-	32,590	32,590	-	1,715	1,715	34,305
Dues and Subscriptions	250	3,093	3,343	10,939	-	10,939	14,282
Easements	1,472,822	-	1,472,822	-	-	-	1,472,822
Equine	-	6,650	6,650	-	-	-	6,650
King's Eye Restoration	1,706,479	-	1,706,479	-	-	-	1,706,479
Legacy Chase	-	262,967	262,967	-	-	-	262,967
Insurance and Taxes	113	2,500	2,613	1,258	12,604	13,862	16,475
Maintenance and Repairs	-	-	-	5,000	8,081	13,081	13,081
Miscellaneous	19	-	19	4,509	-	4,509	4,528
Office	-	1,283	1,283	8,502	-	8,502	9,785
Payroll and Payroll Related Expense	1,077	42,713	43,790	10,994	9,966	20,960	64,750
Postage and Delivery	186	135	321	777	-	777	1,098
Printing and Reproduction	-	622	622	6,365	780	7,145	7,767
Professional Fees	12,703	4,411	17,114	17,672	6,662	24,334	41,448
Social Media	-	780	780	3,960	-	3,960	4,740
Special Events - Other	-	-	-	-	8,921	8,921	8,921
Telephone	-	-	-	212	-	212	212
Utilities	-	-	-	-	1,630	1,630	1,630
	<u>\$ 3,226,134</u>	<u>\$ 365,900</u>	<u>\$ 3,592,034</u>	<u>\$ 74,835</u>	<u>\$ 64,118</u>	<u>\$ 138,953</u>	<u>\$ 3,730,987</u>

See accompanying notes and independent auditor's report.

LAND PRESERVATION TRUST, INC. & SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 140,855	\$ 45,912
Adjustments to Reconcile Changes in Net Assets to Net Cash and Cash Equivalents Provided by Operating Activities:		
Depreciation	28,883	34,305
Unrealized and Realized (Gains)Loss , net	(48,329)	70,595
Reinvested Interest and Dividends, net of fees	(25,092)	(2,455)
Changes in Assets and Liabilities:		
Decrease (Increase) in Funds Held by Attorney	154,414	(205,939)
Decrease in Grants Receivable	-	154,619
Decrease in Pledges Receivable	-	2,500
Increase in Accounts Receivable	(3,000)	-
Decrease in Prepaid Expenses	6,295	877
Increase in Conservation Easements	(253)	(455)
(Decrease) Increase in Accounts Payable and Accrued Expenses	(240,700)	92,331
Increase in Amounts Payable Under Agency Transactions	100,000	-
Net Cash and Cash Equivalents Provided by Operating Activities	113,073	192,290
Cash Flows from Investing Activities:		
Cash Purchases of Investments	(10,876)	(1,838,506)
Sales of Investments	182,402	2,251,124
Cash Paid for Property and Equipment	(49,912)	-
Net Cash and Cash Equivalents Provided by Investing Activities	121,614	412,618
Net Increase in Cash and Cash Equivalents	234,687	604,908
Cash and Cash Equivalents, Beginning of Year	831,159	226,251
Cash and Cash Equivalents, End of Year	\$ 1,065,846	\$ 831,159

See accompanying notes and independent auditor's report.

LAND PRESERVATION TRUST, INC. & SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2023 and 2022

1. Nature of Organization and Summary of Significant Accounting Policies

This summary of significant accounting policies of Land Preservation Trust, Inc. & Subsidiary (together as “the Trust”) is presented to assist in the understanding of the Trust's consolidated financial statements. The consolidated financial statements and notes are the representations of the Trust's management, who are responsible for its integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been applied in the preparation of the consolidated financial statements.

Nature of Organization

The Trust was established in January 1986 to assist landowners in protecting their land for future generations by accepting voluntary conservation and agricultural easements. The Trust acquires conservation easements on properties either through donations in conjunction with the Maryland Environmental Trust or purchases them through the Maryland Rural Legacy Program. To date, property owners have worked with the Trust to permanently preserve more than 460 properties containing 14,248 acres of land in Baltimore County, Maryland.

The Trust also owns and operates an equestrian center and steeplechase course known as Shawan Downs. Shawan Downs comprises approximately 240 acres of farmland in Cockeysville, Maryland to preserve the landscapes’ agricultural legacy while building a new tradition of equestrian events to benefit local charities.

Basis of Consolidation

The Trust is the sole member of Legacy Chase at Shawan Downs, LLC (the LLC), which was established in March 2023 to manage the Legacy Chase race. All inter-entity transactions have been eliminated in consolidation.

Basis of Accounting

The accompanying consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States of America (US GAAP) on the accrual basis of accounting, whereby, revenue is recognized when earned and expenses are recognized when incurred.

Basis of Presentation and Net Assets

The consolidated financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) No. 958, *Not-for-Profit Entities*. Under ASC No. 958, the Trust is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

LAND PRESERVATION TRUST, INC. & SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2023 and 2022

1. Nature of Organization and Summary of Significant Accounting Policies – (continued)

Basis of Presentation and Net Assets – (continued)

Net assets without donor restrictions are the net assets that are not restricted by donor-imposed stipulations.

Net assets with donor restrictions result from contributions whose use by the Trust is limited by donor imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Trust pursuant to those stipulations (temporary restrictions) or contributions whose use by the Trust is limited by donor imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise be removed by actions of the Trust (permanent restrictions). Net assets may be restricted for various purposes such as use in future periods or use for specified purposes or restricted in perpetuity. The Trust had net assets with donor restrictions totaling \$517,439 and \$585,506 as of December 31, 2023 and 2022, respectively.

Adoption of Accounting Pronouncement

In 2022, the Trust adopted FASB Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842). The most significant change for lessees is the requirement under the guidance to recognize right-of-use assets and lease liabilities for all leases not considered short-term leases. By definition, a short term lease is one in which: (a) the lease term is 12 months or less and (b) there is not an option to purchase the underlying asset that the lessee is reasonably certain to exercise. For short-term leases, lessees may elect an accounting policy by class of underlying asset under which right-of-use assets and lease liabilities are not recognized and lease payments are generally recognized as expense over the lease term on a straight-line basis. This change results in lessees recognizing right-of-use assets and lease liabilities from most leases previously accounted for as operating leases under the existing lease accounting guidance. As of December 31, 2023, the Trust did not have any leases not considered short-term leases.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Trust considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Trust's cash equivalents include money market funds.

Credit Risks

The Trust maintains cash in bank deposit accounts at a financial institution, and the cash balances may exceed the federally insured limits. The Trust has not experienced any losses in these accounts, and management does not believe it is exposed to any significant credit risk with respect to its cash and cash equivalents.

LAND PRESERVATION TRUST, INC. & SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2023 and 2022

1. Nature of Organization and Summary of Significant Accounting Policies – (continued)

Investments

Investments are stated at fair market value.

Liquidity

The following reflects the Trust’s financial assets as of December 31, 2023, reduced by amounts not available for general use because of contractual or donor imposed restrictions within one year of the consolidated statement of financial position date.

Cash and Cash Equivalents	\$1,015,846
Funds Held by Attorney	83,525
Investments, at fair value	146,505
Cash and Cash Equivalents – Restricted for Endowment	<u>50,000</u>
	1,295,876
Less Those Unavailable for General Expenditures	
Within One Year, Due To:	
Funds Held by Attorney	(83,525)
Net Assets With Donor Restrictions	<u>(517,439)</u>
Financial Assets Available to Meet Cash Needs for	
General Expenditures Within One Year	<u>\$ 694,912</u>

As a part of the Trust’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

Property and Equipment

The Trust capitalizes substantial expenditures of property and equipment having a useful life of more than one year. Expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is calculated using the straight-line method over the following useful lives:

	<u>Years</u>
Land Improvements	7-20
Other Property Improvements	5-20
Furniture and Equipment	5-10
Computer Equipment	3-5

Depreciation totaled \$28,883 and \$34,305 for the years ended December 31, 2023 and 2022, respectively.

LAND PRESERVATION TRUST, INC. & SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2023 and 2022

1. Nature of Organization and Summary of Significant Accounting Policies – (continued)

Conservation Easements

The Trust owns or co-owns with the State of Maryland conservation easements, which are intangible assets comprising listed rights and/or restrictions over the owned property that are conveyed by a property owner to the Trust, in perpetuity, in order to conserve the owned property. These intangible assets may be sold or transferred to others so long as the assignee agrees to carry out in perpetuity, the conservation purposes intended by the original grantor. Such conservation easements, by their very nature, do not generate cash flow or provide future economic benefit. Accordingly, the Trust expenses the cost of purchasing such easements with the State through the Rural Legacy Program (see Note 3). However, the Trust assigns a nominal value of \$1 per acre for each easement purchased or donated. The Trust owned easements covering 14,248 and 13,995 acres as of December 31, 2023 and 2022, respectively.

Valuation of Long-Lived Assets

The Trust accounts for the valuation of long-lived assets under FASB ASC No. 360, *Property, Plant and Equipment*. ASC No. 360 requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the assets to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the estimated fair value of the asset. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell. The Trust's management believes that there are no impaired long-lived assets as of December 31, 2023 and 2022, and, therefore, no impairment loss has been recorded during the years ended December 31, 2023 and 2022.

Agency Transactions

At times, the Trust acts as an intermediary between a donor and recipient. Amounts due to specified recipients are recorded as agency transaction payable in the consolidated statement of financial position.

Revenue Recognition and Unearned Revenue

Contributions are recognized when received from the donor or when pledged as an unconditional promise to give, if pledged. Contributions are recorded as without donor restrictions (unrestricted) or as with donor restrictions (temporarily restricted or permanently restricted) support depending on the existence and/or the nature of any donor imposed restrictions. Temporarily and permanently restricted net assets are reported together as net assets with donor restrictions. Unearned revenue consists of advance payments from

LAND PRESERVATION TRUST, INC. & SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2023 and 2022

1. Nature of Organization and Summary of Significant Accounting Policies – (continued)

Revenue Recognition and Unearned Revenue – (continued)

Baltimore County for King’s Eye Restoration project; whereby revenue is recognized as expenses are incurred.

Functional Allocation of Expenses

Expenses are charged directly to program services and management and general based on specific identification. Indirect expenses are allocated based on the percentages of direct costs. Payroll and payroll related expenses are allocated according to specific job duties per employee/contractor.

Income Taxes

Land Preservation Trust, Inc. is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (the Code) and comparable State law, and contributions to it are tax deductible within the limitations prescribed by the Code.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the consolidated financial statements. Under that guidance, the Trust may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the positions. There were no unrecognized tax benefits identified or recorded as liabilities for the years ended December 31, 2023 and 2022. The Trust files federal and state information returns. The Trust’s Federal Form 990 remains open for three years for federal and state examination.

Use of Estimates in Consolidated Financial Statements

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

LAND PRESERVATION TRUST, INC. & SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2023 and 2022

1. Nature of Organization and Summary of Significant Accounting Policies – (continued)

Subsequent Events

The Trust evaluated the accompanying consolidated financial statements for subsequent events and transactions through October 21, 2024, the date these consolidated financial statements were available for issue, and have determined that no material subsequent events have occurred that would affect the information presented in the accompanying financial statements or require additional disclosure.

2. Fair Value of Financial Instruments

FASB ASC No. 820, *Fair Value Measurements and Disclosures*, established a framework for measuring fair value. The 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). The three levels of the fair value hierarchy under FASB ASC No. 820 are described below:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Trust 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 (contractual) term, 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.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation

LAND PRESERVATION TRUST, INC. & SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2023 and 2022

2. Fair Value of Financial Instruments - (continued)

techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation techniques used by the Trust to measure fair value during the years ended December 31, 2023 and 2022 maximized the use of observable inputs and minimized the use of unobservable inputs. There have been no changes in the methodology used as of December 31, 2023.

When an active market for an identical asset is not available, alternative pricing sources and models utilizing market observable inputs are used. The Trust determines whether the market for a financial instrument is active or inactive based on the security's daily volume and other market trading statistics. Inactivity of the market is evidenced by factors including decreased trade volumes, stale transaction prices and transaction prices that varied significantly either over time or among markets.

Changes in fair value are recognized in the period in which the change occurs in the consolidated statement of activities.

The following is a description of the valuation methodology used for assets measured at fair value as of December 31, 2023 and 2022:

Stocks and Exchange Traded Funds: Valued at the closing price reported on the active market on which the fund is traded.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Trust believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

LAND PRESERVATION TRUST, INC. & SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2023 and 2022

2. Fair Value of Financial Instruments - (continued)

The following table presents the Trust's fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31, 2023:

		Fair Value Measurement Using			
		Quoted Prices in Active Market For Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	
		Total	(Level 1)	(Level 2)	(Level 3)
	Stocks	\$146,505	\$146,505	\$ -	\$ -
	Total	\$146,505	\$146,505	\$ -	\$ -

The following table presents the Trust's fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31, 2022:

		Fair Value Measurement Using			
		Quoted Prices in Active Market For Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	
		Total	(Level 1)	(Level 2)	(Level 3)
	Exchange Traded Funds	\$143,763	\$143,763	\$ -	\$ -
	Stocks	100,847	100,847	-	-
	Total	\$244,610	\$244,610	\$ -	\$ -

Net investment income (loss) consisted of \$73,421 and \$(68,140) for the years ended December 31, 2023 and 2022, respectively.

LAND PRESERVATION TRUST, INC. & SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2023 and 2022

3. Rural Legacy Program

The Trust is a sponsor of the Maryland Rural Legacy Program (the Program), which was established to protect areas rich in agricultural, forestry, natural and cultural resources. As a sponsor of this program, the Trust purchases easements from third parties with grants from the Program. The funds consist primarily of cash and the interest on the principal balance. The principal balance relates to the portion of such grants that is restricted to be used by the Trust for the expenses related to the Trust's future monitoring activities over easements held by the Trust. The interest is unrestricted and will be used by the Trust to pay monitoring costs incurred by the Trust. The Trust also receives funds to be used for general administrative purposes. The Trust records these funds in the year of receipt as contributions without donor restrictions. The Trust received \$29,121 and \$53,078 in fiscal years 2023 and 2022, respectively, for such administrative purposes.

The Trust allocated \$253 (\$1 per acre, see Note 1) and \$455 in fiscal years ended December 31, 2023 and 2022, respectively, to the value of the easements obtained.

4. Property and Equipment

Property and equipment consisted of the following as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Land	\$ 2,140,564	\$ 2,140,564
Land Improvements	1,396,589	1,396,589
Other Property Improvements	859,595	809,683
Furniture and Equipment	52,527	52,527
Computer Equipment	10,994	10,994
	<u>4,460,269</u>	<u>4,410,357</u>
less: accumulated depreciation	(2,150,669)	(2,121,786)
Property and Equipment, net	<u>\$ 2,309,600</u>	<u>\$ 2,288,571</u>

LAND PRESERVATION TRUST, INC. & SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2023 and 2022

5. Satisfaction of Purpose Restrictions

Net assets released from purpose restrictions for the years ended December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Purpose Restrictions:		
Conservation Easement Settlements	\$ 774,539	\$1,472,822
Shawan Downs Fencing	45,000	-
King's Eye Project	23,700	12,196
Spring Jr. Clinic	7,500	-
Future Monitoring of Conservation Easements	2,743	5,894
Total Releases from Restrictions	<u>\$ 853,482</u>	<u>\$1,490,912</u>

6. Net Assets With Donor Restrictions

The Trust had net assets with donor restrictions of \$517,439 and \$585,506 as of December 31, 2023 and 2022, respectively, restricted as to the following purposes:

	<u>2023</u>	<u>2022</u>
Temporarily Restricted:		
Future Easement Monitoring	\$ 420,511	\$ 412,377
Land Improvements	31,792	31,792
King's Eye Project	15,136	38,837
Fencing – Shawan Downs	-	45,000
Spring Junior Clinic	-	7,500
Total Temporarily Restricted Net Assets	<u>467,439</u>	<u>535,506</u>
Permanently Restricted (See Note 7)	<u>50,000</u>	<u>50,000</u>
Total Net Assets With Donor Restrictions	<u>\$ 517,439</u>	<u>\$ 585,506</u>

LAND PRESERVATION TRUST, INC. & SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2023 and 2022

7. Permanently Restricted Net Assets

Endowment Fund

Permanently restricted net assets consisted solely of an endowment to secure the financial stability of the Trust to be preserved in perpetuity. The fund was established in December 2009 with a donor's gift of \$50,000. The net investment earnings on the endowment gift are unrestricted.

Permanently restricted net assets as of December 31, 2023 and 2022 was \$50,000.

8. Endowment Net Assets

Interpretation of Relevant Law

ASC No. 958-205, *Non-for-Profit Entities: Presentation of Financial Statements*, established a framework of the net assets classification of donor-restricted endowment funds for any nonprofit organization that is subject to a state enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). ASC No. 958-205, which is effective for fiscal years ending after December 15, 2008, also required expanded disclosures for all endowment funds.

In the event the Trust receives donor-restricted endowment funds, determination of the net assets classification for the corpus and return on investments is based on the donor's intentions. In the event the Trust's Board determines certain unrestricted funds as board-designated for endowment, those respective funds are classified as unrestricted components of the endowment.

The Trust has adopted investment and spending policies for endowment net assets that attempt to provide a predictable stream of funding to the programs supported by the endowment while assuming a low level of investment risk.

Endowed net assets as of December 31, 2023 and 2022 was \$50,000 (see Note 7).

9. Concentrations

One donor made up 61% and 98% of total revenues, gains and other support for the years ended December 31, 2023 and 2022, respectively.

LAND PRESERVATION TRUST, INC. & SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2023 and 2022

10. Related Party Transactions

A board member is president of a company that was custodian for certain funds of the Trust in the amounts of \$83,525 and \$237,939 as of December 30, 2023 and 2022, respectively.

A board member's immediate family member provided mowing and maintenance services for the Trust. The Trust paid the related party \$37,827 and \$8,714 for the years ended December 31, 2023 and 2022, respectively.

SUPPLEMENTAL INFORMATION

LAND PRESERVATION TRUST, INC. & SUBSIDIARY
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
As of December 31, 2023 and 2022

	2023			2022	
	Land Preservation Trust, Inc.	The Legacy Chase at Shawan Downs, LLC	Eliminations	Total	Total
Current Assets					
Cash and Cash Equivalents	\$ 999,646	\$ 16,200	\$ -	\$ 1,015,846	\$ 781,159
Funds Held by Attorney	83,525	-	-	83,525	237,939
Investments, at fair value	146,505	-	-	146,505	244,610
Investment in LLC	19,200	-	(19,200)	-	-
Accounts Receivable	-	3,000	-	3,000	-
Prepaid Expenses and Other Assets	638	-	-	638	6,933
Total Current Assets	<u>1,249,514</u>	<u>19,200</u>	<u>(19,200)</u>	<u>1,249,514</u>	<u>1,270,641</u>
Property and Equipment, net	2,309,600	-	-	2,309,600	2,288,571
Other Assets					
Cash and Cash Equivalents, Restricted for Endowment	50,000	-	-	50,000	50,000
Conservation Easements	14,248	-	-	14,248	13,995
Total Other Assets	<u>64,248</u>	<u>-</u>	<u>-</u>	<u>64,248</u>	<u>63,995</u>
Total Assets	<u>\$ 3,623,362</u>	<u>\$ 19,200</u>	<u>\$ (19,200)</u>	<u>\$ 3,623,362</u>	<u>\$ 3,623,207</u>
Current Liabilities					
Accounts Payable and Accrued Expenses	\$ 8,193	\$ -	\$ -	\$ 8,193	\$ 248,893
Amounts Payable Under Agency Transactions	100,000	-	-	100,000	-
Total Liabilities	<u>108,193</u>	<u>-</u>	<u>-</u>	<u>108,193</u>	<u>248,893</u>
Net Assets					
Without Donor Restrictions					
Operations	688,130	19,200	(19,200)	688,130	500,237
Investment in Property and Equipment	2,309,600	-	-	2,309,600	2,288,571
Total Net Assets Without Donor Restrictions	<u>2,997,730</u>	<u>19,200</u>	<u>(19,200)</u>	<u>2,997,730</u>	<u>2,788,808</u>
With Donor Restrictions					
Temporarily Restricted	467,439	-	-	467,439	535,506
Permanently Restricted	50,000	-	-	50,000	50,000
Total Net Assets With Donor Restrictions	<u>517,439</u>	<u>-</u>	<u>-</u>	<u>517,439</u>	<u>585,506</u>
Total Net Assets	<u>3,515,169</u>	<u>19,200</u>	<u>(19,200)</u>	<u>3,515,169</u>	<u>3,374,314</u>
Total Liabilities and Net Assets	<u>\$ 3,623,362</u>	<u>\$ 19,200</u>	<u>\$ (19,200)</u>	<u>\$ 3,623,362</u>	<u>\$ 3,623,207</u>

See accompanying notes and independent auditor's report.

LAND PRESERVATION TRUST, INC. & SUBSIDIARY
CONSOLIDATING STATEMENTS OF ACTIVITIES
For the Year Ended December 31, 2023
(with comparative totals For the Year Ended December 31, 2022)

	2023			2022	
	Land Preservation Trust, Inc.	The Legacy Chase at Shawan Downs, LLC	Eliminations	Total	Total
Revenues, Gains and Other Support					
Contributions	\$ 1,565,076	\$ 68,340	\$ -	\$ 1,633,416	\$ 3,709,841
Legacy Chase Event and Management	-	348,524	-	348,524	47,879
Special Events	-	-	-	-	1,403
Rental Income	69,733	-	-	69,733	70,446
Investment Income (Loss), net	73,421	-	-	73,421	(68,140)
Other Income	9,453	10,457	-	19,910	15,470
Total Revenues, Gains and Other Support	<u>1,717,683</u>	<u>427,321</u>	<u>-</u>	<u>2,145,004</u>	<u>3,776,899</u>
Expenses					
Program Services					
Easements and King's Eye Project	1,337,770	-	-	1,337,770	3,226,134
Legacy Chase	67,350	448,121	-	515,471	365,900
Total Program Services	<u>1,405,120</u>	<u>448,121</u>	<u>-</u>	<u>1,853,241</u>	<u>3,592,034</u>
Supporting Services					
Management and General	63,526	-	-	63,526	74,835
Fundraising	87,382	-	-	87,382	64,118
Total Supporting Services	<u>150,908</u>	<u>-</u>	<u>-</u>	<u>150,908</u>	<u>138,953</u>
Total Expenses	<u>1,556,028</u>	<u>448,121</u>	<u>-</u>	<u>2,004,149</u>	<u>3,730,987</u>
Change in Net Assets	161,655	(20,800)	-	140,855	45,912
Net Assets, Beginning of Year	3,374,314	-	-	3,374,314	3,328,402
Capital Contributions	-	40,000	(40,000)	-	-
Loss on Investment in LLC	(20,800)	-	20,800	-	-
Net Assets, End of Year	<u>\$ 3,515,169</u>	<u>\$ 19,200</u>	<u>\$ (19,200)</u>	<u>\$ 3,515,169</u>	<u>\$ 3,374,314</u>

See accompanying notes and independent auditor's report.