

MINNESOTA LAND TRUST

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

For The Years Ended
June 30, 2025 and 2024

MINNESOTA LAND TRUST
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Minnesota Land Trust
St. Paul, Minnesota

Opinion

We have audited the accompanying financial statements of Minnesota Land Trust (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, 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 financial statements referred to above present fairly, in all material respects, the financial position of Minnesota Land Trust as of June 30, 2025 and 2024, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Minnesota Land Trust 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 Minnesota Land Trust'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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Governmental 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 Minnesota Land Trust'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 Minnesota Land Trust'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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2025 on our consideration of Minnesota Land Trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Minnesota Land Trust's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Minnesota Land Trust's internal control over financial reporting and compliance.



REDPATH AND COMPANY, LLC
St. Paul, Minnesota

October 21, 2025

FINANCIAL STATEMENTS

MINNESOTA LAND TRUST
STATEMENTS OF FINANCIAL POSITION
June 30, 2025 and 2024

Statement 1

| | <u>2025</u> | <u>2024</u> |
|--|----------------------------|----------------------------|
| Assets: | | |
| Cash and cash equivalents | \$1,230,709 | \$715,568 |
| Contributions receivable, net | 1,478,369 | 127,380 |
| Grants receivable | 2,441,793 | 2,198,416 |
| Deposits and other | 47,927 | 48,643 |
| Furniture and equipment, net | 2,722 | 5,737 |
| Investments | 18,180,422 | 15,677,193 |
| Contributed land - held in trust | 1,450,163 | - |
| Land held for resale - conservation | 1,693,816 | 29,260 |
| Land held for conservation | 134,000 | 134,000 |
| Operating lease, right-to-use asset | 99,314 | 244,584 |
| Total assets | <u>\$26,759,235</u> | <u>\$19,180,781</u> |
| Liabilities and net assets: | | |
| Liabilities: | | |
| Accounts payable | \$535,332 | \$531,128 |
| Accrued expenses | 313,603 | 211,488 |
| Deferred revenue | 13,900 | - |
| Refundable advance | - | 14,809 |
| Obligation for land conveyance | 1,650,000 | - |
| Operating lease liability | 100,951 | 248,010 |
| Total liabilities | <u>2,613,786</u> | <u>1,005,435</u> |
| Net assets: | | |
| Without donor restrictions: | | |
| Undesignated | 524,277 | 696,833 |
| Board designated | 13,091,299 | 7,469,291 |
| Total net assets without donor restrictions | <u>13,615,576</u> | <u>8,166,124</u> |
| With donor restrictions | <u>10,529,873</u> | <u>10,009,222</u> |
| Total net assets | <u>24,145,449</u> | <u>18,175,346</u> |
| Total liabilities and net assets | <u>\$26,759,235</u> | <u>\$19,180,781</u> |

The accompanying notes are an integral part of these financial statements.

MINNESOTA LAND TRUST
STATEMENTS OF ACTIVITIES
For The Years Ended June 30, 2025 and 2024

Statement 2

| | 2025 | | | 2024 | | |
|--|-------------------------------|----------------------------|----------------------------|-------------------------------|----------------------------|----------------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| Support and revenue: | | | | | | |
| Contributions: | | | | | | |
| Individuals | \$1,535,638 | \$391,890 | \$1,927,528 | \$961,457 | \$93,531 | \$1,054,988 |
| Bequests | 1,642,023 | - | 1,642,023 | 349,393 | - | 349,393 |
| Bequests - contributed land | 1,450,163 | - | 1,450,163 | - | - | - |
| Foundation, corporate and other | 439,064 | 64,400 | 503,464 | 320,724 | 175,000 | 495,724 |
| Government grant and contract revenue: | | | | | | |
| OHF | 15,407,848 | 923,000 | 16,330,848 | 14,895,175 | 787,200 | 15,682,375 |
| ENRTF | 78,914 | - | 78,914 | 205,601 | 28,800 | 234,401 |
| CPL | 1,112,380 | - | 1,112,380 | 775,535 | - | 775,535 |
| Federal and other | 1,731,631 | - | 1,731,631 | 904,066 | - | 904,066 |
| Special events: | | | | | | |
| Contribution | 487,171 | - | 487,171 | 341,238 | - | 341,238 |
| Gifts-in-kind | 11,000 | - | 11,000 | 27,506 | - | 27,506 |
| Other | 102,593 | - | 102,593 | 91,570 | - | 91,570 |
| Less: Direct expenses | (101,538) | - | (101,538) | (101,961) | - | (101,961) |
| Fees for service | - | - | - | 4,076 | - | 4,076 |
| Other revenue | 35,175 | - | 35,175 | 30,578 | - | 30,578 |
| Interest and dividends | 387,813 | 14,365 | 402,178 | 347,978 | 18,395 | 366,373 |
| Change in fair value of investments | 1,601,863 | 56,997 | 1,658,860 | 1,337,553 | 46,766 | 1,384,319 |
| Net assets released from restrictions: | | | | | | |
| Satisfaction of program restrictions | 930,001 | (930,001) | - | 1,548,016 | (1,548,016) | - |
| Total support and revenue | <u>26,851,739</u> | <u>520,651</u> | <u>27,372,390</u> | <u>22,038,505</u> | <u>(398,324)</u> | <u>21,640,181</u> |
| Expenses: | | | | | | |
| Program services | 19,105,764 | - | 19,105,764 | 17,282,838 | - | 17,282,838 |
| Management and general | 1,440,425 | - | 1,440,425 | 1,416,071 | - | 1,416,071 |
| Fund development | 856,098 | - | 856,098 | 625,653 | - | 625,653 |
| Total expenses | <u>21,402,287</u> | <u>0</u> | <u>21,402,287</u> | <u>19,324,562</u> | <u>0</u> | <u>19,324,562</u> |
| Change in net assets | 5,449,452 | 520,651 | 5,970,103 | 2,713,943 | (398,324) | 2,315,619 |
| Net assets - beginning of year | <u>8,166,124</u> | <u>10,009,222</u> | <u>18,175,346</u> | <u>5,452,181</u> | <u>10,407,546</u> | <u>15,859,727</u> |
| Net assets - end of year | <u><u>\$13,615,576</u></u> | <u><u>\$10,529,873</u></u> | <u><u>\$24,145,449</u></u> | <u><u>\$8,166,124</u></u> | <u><u>\$10,009,222</u></u> | <u><u>\$18,175,346</u></u> |

The accompanying notes are an integral part of these financial statements.

MINNESOTA LAND TRUST
STATEMENTS OF FUNCTIONAL EXPENSES
For The Years Ended June 30, 2025 and 2024

Statement 3
Page 1 of 2

| | 2025 | | | | Total |
|---|---------------------|---------------------------|---------------------|---------------------------------|---------------------|
| | Supporting Services | | | Total Supporting Services | |
| | Program Services | Management and General | Fund Development | | |
| Expenses: | | | | | |
| Salaries | \$2,110,335 | \$851,765 | \$418,355 | \$1,270,120 | \$3,380,455 |
| Payroll taxes and benefits | 407,571 | 182,669 | 77,578 | 260,247 | 667,818 |
| Other staff expenses | 8,596 | 26,609 | 2,558 | 29,167 | 37,763 |
| Total personnel costs | <u>2,526,502</u> | <u>1,061,043</u> | <u>498,491</u> | <u>1,559,534</u> | <u>4,086,036</u> |
| Travel | 97,532 | 6,559 | 6,244 | 12,803 | 110,335 |
| Memberships, dues, licenses | 287 | 53,801 | - | 53,801 | 54,088 |
| Meeting expense | 5,395 | 12,331 | 4,831 | 17,162 | 22,557 |
| Board expense | - | 8,000 | - | 8,000 | 8,000 |
| Occupancy | 115,749 | 36,279 | 20,731 | 57,010 | 172,759 |
| IT services | 63,854 | 28,918 | 45,499 | 74,417 | 138,271 |
| Office expense | 23,123 | 8,451 | 5,017 | 13,468 | 36,591 |
| Depreciation | 2,020 | 633 | 362 | 995 | 3,015 |
| Postage and mailings | 309 | 6,234 | 77,057 | 83,291 | 83,600 |
| Printing and photocopying | 1,644 | 666 | 2,234 | 2,900 | 4,544 |
| Insurance | 58,781 | 5,499 | 3,142 | 8,641 | 67,422 |
| Project expenses | 5,049,044 | - | - | - | 5,049,044 |
| Project expenses - conservation easement and land acquisition | 11,158,651 | - | - | - | 11,158,651 |
| Contracted services | 2,477 | 128,669 | 148,288 | 276,957 | 279,434 |
| Audit and accounting | - | 26,525 | - | 26,525 | 26,525 |
| External grants | - | 24,930 | - | 24,930 | 24,930 |
| Special events | - | - | 101,538 | 101,538 | 101,538 |
| Miscellaneous expense | 396 | 31,887 | 44,202 | 76,089 | 76,485 |
| Total expenses | <u>19,105,764</u> | <u>1,440,425</u> | <u>957,636</u> | <u>2,398,061</u> | <u>21,503,825</u> |
| Less: Expenses included with revenues on the statements of activities: | | | | | |
| Special event direct expenses | - | - | (101,538) | (101,538) | (101,538) |
| Total expenses included in the expense section on the statements of activities | <u>\$19,105,764</u> | <u>\$1,440,425</u> | <u>\$856,098</u> | <u>\$2,296,523</u> | <u>\$21,402,287</u> |
| Percentage | 89% | 7% | 4% | 11% | 100% |

The accompanying notes are an integral part of these financial statements.

MINNESOTA LAND TRUST
STATEMENTS OF FUNCTIONAL EXPENSES
For The Years Ended June 30, 2025 and 2024

Statement 3
Page 2 of 2

| | 2024 | | | | |
|---|---------------------|---------------------------|---------------------|---------------------------------|---------------------|
| | Supporting Services | | | Total Supporting Services | Total |
| | Program Services | Management and General | Fund Development | | |
| Expenses: | | | | | |
| Salaries | \$1,837,751 | \$886,652 | \$346,383 | \$1,233,035 | \$3,070,786 |
| Payroll taxes and benefits | 343,081 | 182,348 | 60,648 | 242,996 | 586,077 |
| Other staff expenses | 3,668 | 21,647 | 596 | 22,243 | 25,911 |
| Total personnel costs | <u>2,184,500</u> | <u>1,090,647</u> | <u>407,627</u> | <u>1,498,274</u> | <u>3,682,774</u> |
| Travel | 75,427 | 4,662 | 5,974 | 10,636 | 86,063 |
| Memberships, dues, licenses | 575 | 20,404 | 80 | 20,484 | 21,059 |
| Meeting expense | 2,728 | 7,119 | 2,606 | 9,725 | 12,453 |
| Board expense | - | 3,466 | - | 3,466 | 3,466 |
| Occupancy | 121,350 | 29,204 | 20,510 | 49,714 | 171,064 |
| IT services | 69,971 | 33,614 | 11,698 | 45,312 | 115,283 |
| Office expense | 22,861 | 6,440 | 4,002 | 10,442 | 33,303 |
| Depreciation | 3,826 | 915 | 646 | 1,561 | 5,387 |
| Postage and mailings | 191 | 6,401 | 72,402 | 78,803 | 78,994 |
| Printing and photocopying | 1,822 | 1,352 | - | 1,352 | 3,174 |
| Insurance | 42,260 | 10,118 | 7,143 | 17,261 | 59,521 |
| Project expenses | 4,619,575 | - | - | - | 4,619,575 |
| Project expenses - conservation easement and land acquisition | 10,096,689 | - | - | - | 10,096,689 |
| Contracted services | 550 | 107,626 | 60,229 | 167,855 | 168,405 |
| Audit and accounting | - | 32,227 | - | 32,227 | 32,227 |
| External grants | 36,240 | - | - | - | 36,240 |
| Special events | - | - | 101,961 | 101,961 | 101,961 |
| Miscellaneous expense | 4,273 | 61,876 | 32,736 | 94,612 | 98,885 |
| Total expenses | <u>17,282,838</u> | <u>1,416,071</u> | <u>727,614</u> | <u>2,143,685</u> | <u>19,426,523</u> |
| Less: Expenses included with revenues on the statements of activities: | | | | | |
| Special event direct expenses | - | - | (101,961) | (101,961) | (101,961) |
| Total expenses included in the expense section on the statements of activities | <u>\$17,282,838</u> | <u>\$1,416,071</u> | <u>\$625,653</u> | <u>\$2,041,724</u> | <u>\$19,324,562</u> |
| Percentage | 89% | 7% | 3% | 11% | 100% |

The accompanying notes are an integral part of these financial statements.

MINNESOTA LAND TRUST
STATEMENTS OF CASH FLOWS
For The Years Ended June 30, 2025 and 2024

Statement 4

| | <u>2025</u> | <u>2024</u> |
|---|---------------------------|-------------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$5,970,103 | \$2,315,619 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 3,015 | 5,387 |
| Noncash operating lease expense | (1,789) | 110 |
| Realized and unrealized (gain) loss on investments | (1,658,860) | (1,384,319) |
| Contributed land | (1,450,163) | - |
| (Increase) decrease in assets: | | |
| Contributions receivable | (1,350,989) | (34,845) |
| Grants receivable | (243,377) | 194,597 |
| Land held for resale - conservation | (1,664,556) | - |
| Deposits and other | 716 | 4,281 |
| Beneficial interest in real property | - | 811,200 |
| Increase (decrease) in liabilities: | | |
| Accounts payable | 4,204 | 99,208 |
| Accrued expenses | 102,115 | (24,676) |
| Deferred revenue | 13,900 | - |
| Refundable advance | (14,809) | 638 |
| Obligation for land conveyance | 1,650,000 | - |
| Net cash provided by operating activities | <u>1,359,510</u> | <u>1,987,200</u> |
| Cash flows from investing activities: | | |
| Purchase of investments, including re-invested income | (1,331,370) | (2,070,036) |
| Proceeds from sale of investments | 487,001 | 486,000 |
| Net cash used in investing activities | <u>(844,369)</u> | <u>(1,584,036)</u> |
| Net increase in cash and cash equivalents | 515,141 | 403,164 |
| Cash and cash equivalents - beginning of year | <u>715,568</u> | <u>312,404</u> |
| Cash and cash equivalents - end of year | <u><u>\$1,230,709</u></u> | <u><u>\$715,568</u></u> |

The accompanying notes are an integral part of these financial statements.

Note 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION

Minnesota Land Trust (Land Trust) is a Minnesota nonprofit corporation and a 501(c)(3) public charity with a mission to protect and restore Minnesota's most vital natural lands in order to provide wildlife habitat, clean water, outdoor experiences and scenic beauty for generations to come. The Land Trust accomplishes this mission through the following three strategies.

PROTECTION: Since 1991, the Land Trust has been working with landowners and local communities to protect and restore Minnesota's cherished but increasingly threatened lands and waters primarily through establishing, creating, and monitoring perpetual conservation easements – recorded legal agreements that protect the land's natural and scenic features by restricting its use and development. Although the landowner retains ownership of the land and is responsible for its ongoing maintenance, the Land Trust holds the conservation easement and accepts responsibility for monitoring compliance with the terms of the easement and for defending the easement should the terms be threatened or violated.

As of June 30, 2025, the Land Trust has completed 760 land protection projects, permanently protecting 79,131 acres and approximately 3,000,000 feet of shoreline since its founding in 1991.

RESTORATION: The Land Trust's Restoration Program seeks to rebuild important complexes of wetlands, forests, prairies, and other threatened natural systems. This ecological restoration provides multiple public benefits, including enhanced wildlife habitat, cleaner water, accessibility, and resiliency to a changing climate. In one of its signature projects, the Land Trust has partnered with local, state, federal and tribal entities over the past decade to recover the ecological functions and usability of the St. Louis River estuary in Duluth, which is a globally unique 12,000-acre wetland complex and one of the largest freshwater estuaries in the world. The Restoration Program also helps individual landowners throughout the state restore important habitats on their properties such as savannas, prairies, and wetlands and manage them with future generations in mind.

ENGAGEMENT: Through our Engagement Program, the Land Trust is committed to investing in efforts designed to engage current and future generations of Minnesotans in the great outdoors. This includes working with outdoor user groups and youth service agencies to bridge the equity and adventure gap that is widespread in Minnesota communities, connecting underserved populations with difficult-to-access outdoor experiences.

M.L. 2011, First Special Session, Chapter 2, Article 3, Subdivision 19 and M.L. 2011, First Special Session, Chapter 6, Article 1, Section 2, Subdivision 15, and subsequent appropriations funded by the Environment and Natural Resources Trust Fund (ENRTF) and the Outdoor Heritage Fund (OHF) contain language governing conservation easement stewardship and reporting requirements. This language mandates that money appropriated under these sections for easement monitoring and enforcement may be spent only on activities included in an easement monitoring and enforcement plan contained within the work program (for ENRTF) or accomplishment plan (for OHF). Money received for monitoring and enforcement, including earnings on the money received, shall be kept in a monitoring and enforcement fund held by the organization and dedicated to monitoring and enforcing conservation easements within Minnesota. Within 120 days after the close of the entity's fiscal year, an entity receiving appropriations for easement monitoring and enforcement must provide annual financial reports to the Legislative-Citizens Commission on Minnesota Resources and to the Lessard- Sams Outdoor Heritage Council on the easement monitoring and enforcement fund. Money appropriated under these sections for monitoring and enforcement of easements and earnings on the money appropriated shall revert to the state if: (1) the easement transfers to the state; (2) the holder of the easement fails to file an annual report and then fails to cure that default within 30 days of notification of the default by the state; or (3) the holder of the easement fails to comply with the terms of the monitoring and enforcement plan contained within the accomplishment plan and fails to cure that default within 90 days of notification of the default by the state.

B. NET ASSETS

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net assets with donor restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Land Trust reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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.

C. PROMISES TO GIVE

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in subsequent years are reported at the present value of estimated future cash flows, determined using approximate interest rates applicable to long-term government securities as of June 30 of the year in which the promises are received.

The Land Trust uses the allowance method to determine uncollectible unconditional pledges receivable, based upon historical experience and a review of subsequent collections. Promises to give are presented net of allowance for doubtful accounts of \$0 for the years ended June 30, 2025 and 2024.

At June 30, 2025 and 2024 the present value discount on long-term pledges was considered immaterial and therefore was not recorded.

REVENUE AND REVENUE RECOGNITION

The Land Trust recognizes contributions and support revenue when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and right of return, are not recognized until the conditions on which they depend have been met. Verbal promises to give are considered to be conditional and are not recorded unless confirmed in writing.

The Land Trust receives various government grants that are generally cost-reimbursable agreements, which are conditional upon certain performance requirements and/or the incurrence of allowable qualifying expenditures. Revenue is recognized as qualifying expenditures are incurred, or other contractual conditions are met. Cash received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. At June 30, 2025 and 2024, refundable advances were \$0 and \$14,809, respectively. At June 30, 2025 and 2024, cost-reimbursable grants totaling approximately \$51,120,000 and \$53,200,000, respectively, had been

awarded but not recognized in the accompanying financial statements. Expenditures under government contracts are subject to review by the granting authority.

Fees for service are recognized at a point in time when the underlying service has been provided. Other revenue consists of funds from annual assessments of homeowner associates and an easement release, and are recognized at a point in time, when the assessments took place or the easement release was received.

Special event revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The Land Trust recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place and the contribution element of the special event revenue immediately, unless there is a right of return if the special event does not take place.

D. CASH AND CASH EQUIVALENTS

For purposes of the statements of cash flows, the Land Trust considers cash on hand and on deposit in banks, money market mutual funds and investments purchased with maturity of three months or less to be cash equivalents.

At times, bank balances may be in excess of the Federal Deposit Insurance Corporation (FDIC) limit. The Land Trust has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on cash and cash equivalents.

E. INVESTMENTS

Investments are presented at their fair values based on quoted values in published sources. As it is the Land Trust's policy to sell all donated securities upon receipt, donated securities are reported in the statements of activities at the gross proceeds resulting from sales, which approximates the fair value at the date of contribution. Realized and unrealized gains and losses from investments are reflected in the statements of activities.

F. ACCOUNTS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES

Receivables are stated at the amount management expects to collect from balances outstanding at year end. Accounts receivables are evaluated on a case-by-case basis to determine if they are delinquent. The Land Trust provides an allowance for uncollectible accounts based on management's assessment of historical losses as well as reasonable and supportable forecasts regarding future events. No allowance for credit losses was deemed necessary at December 31, 2025 and 2024.

G. FURNITURE AND EQUIPMENT

Furniture and equipment is stated at cost or, if donated, at the estimated fair value at the date of the gift. The Land Trust uses a capitalization threshold of \$5,000. Depreciation is computed using the straight-line method over the estimated useful life of the furniture and equipment – three to seven years. Depreciation expense was \$3,015 and \$5,387 for the years ended June 30, 2025 and 2024, respectively.

H. CONSERVATION EASEMENTS

Conservation easements accepted or purchased by the Land Trust are not recognized as assets or revenues in the accompanying financial statements because the Land Trust does not have fee title to the properties and there are no expected future economic benefits. If purchased, the costs of conservation easements are expensed when the easements are acquired.

I. LEASES

For any lease with an initial term in excess of 12 months, the related leased asset and liability are recognized on the balance sheet as either operating or finance leases at the inception of an agreement where it is determined that a lease exists. The Land Trust has elected to exclude short-term leases for all classes of underlying assets from balance sheet recognition. A lease is considered to be short-term if it contains a lease term of 12 months or less. Lease expenses related to short term leases is recognized on a straight-line basis over the term of the lease. The Land Trust may enter into leases that contain both lease and non-lease components.

Operating lease assets are included in operating lease right-of-use (“ROU”) asset. ROU assets represent the right to use an underlying asset for the lease term and operating lease liabilities represent the obligation to make lease payments arising from the related operating lease.

J. DONATED SERVICES, MATERIAL, LAND, FACILITIES AND EQUIPMENT

The value of contributed services is recognized in the financial statements if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Land Trust receives donated services from a large number of volunteers assisting it in providing management and programmatic services, including approximately 8,200 and 2,450 hours of time contributed for easement monitoring, land protection work, and management support activities for the years ended June 30, 2025 and 2024, respectively. Since the value of the services did not meet the criteria for financial statement recognition, no amounts have been recognized in the accompanying statements of activities for these services for either 2025 or 2024.

During 2025, the Land Trust recognized contribution revenue without donor restrictions related to three parcels of land with an estimated fair market value of \$1,450,163. As of the date of these financial statements, legal title to the parcels is held in trust on behalf of the Land Trust. The transfer of title is expected to be completed during fiscal year 2026.

The Land Trust receives items to be sold at its annual auction. Contributed auction items are valued at the gross selling price received. There were no donor-imposed restrictions associated with the donated items. The total amount recognized for the annual auction donated items was \$11,000 and \$27,506 for the years ended June 30, 2025, and 2024, respectively.

Contributions of other materials and equipment are recorded as support at their estimated fair value. Such donations are reported as support without donor restrictions unless the donor has restricted the use of the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. There were no contributions of other materials and equipment during the years ended June 30, 2025, and 2024.

K. INCOME TAXES

The Land Trust has received notification that it qualifies as a tax-exempt organization under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding provisions of State law and, accordingly, is not subject to federal or state income taxes. However, any unrelated business income may be subject to taxation. The Land Trust has not had any material unrelated business income.

A tax expense or benefit from an uncertain income tax position (including tax-exempt status) may be recognized only when it is more likely than not that the position will be sustained upon examination by taxing authorities. Management believes the Land Trust has no uncertain income tax positions that would result in an accrual, expense or benefit under the more likely than not standard.

L. ALLOCATION OF FUNCTIONAL EXPENSES

Costs of providing programs and supporting service activities have been summarized on a functional basis in the statements of functional expenses. Costs are assigned to a specific department on a direct basis whenever possible. Salaries and related costs are allocated between the program and supporting service categories based upon the actual time expended by the employees in those categories. Shared expenses that relate to the organization as a whole or which cannot be easily divided between departments are allocated based on all hours worked by department or program.

M. LAND

The Land Trust categorizes land that it owns in fee title in one of four categories:

- Land held for resale: Land without conservation value that has been given to the Land Trust to sell with proceeds going to support Land Trust conservation programs.
- Land held for resale - conservation: Land with conservation value that the Land Trust holds with the intent of selling or conveying the land to another conservation entity or with appropriate conservation restrictions.
- Land held for conservation: Land with conservation value, also known as nature preserves, which the Land Trust has no current plans to sell or transfer.

Donated land is recorded at estimated fair value at the time of donation using property tax assessments, appraisals and other information.

N. OBLIGATION FOR LAND CONVEYANCE

The Minnesota Land Trust, in partnership with the Northern Waters Land Trust, entered into grant agreements with the State of Minnesota to purchase 430 acres of strategic northern land in fee title. Pursuant to the grant agreements, the Minnesota Land Trust will convey the property at no cost to the Minnesota Department of Natural Resources for public use as a wildlife management area. The Minnesota Land Trust recorded a Notice of Funding Restrictions in the land records contemporaneously with the land acquisition as required by Minnesota Statute Section 97A.056, subd. 17.

The Minnesota Land Trust's portion of the purchase agreement was \$1,650,000. As of June 30, 2025, the property had not yet been conveyed to the State of Minnesota. Therefore, the Minnesota Land Trust financial statements recognize both the property asset and the corresponding liability.

The Minnesota Land Trust anticipates that the property will be transferred during its fiscal year ending June 30, 2026.

O. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

P. RECLASSIFICATIONS

Certain reclassifications have been made to the June 30, 2024 presentation to provide comparability to the June 30, 2025 presentation. Net assets and changes in net assets are unchanged due to these reclassifications.

Note 2 LIQUIDITY AND AVAILABILITY

The Land Trust's financial assets available within one year of the balance sheet date for general expenditures are as follows at June 30:

| | <u>2025</u> | <u>2024</u> |
|--|--------------------|--------------------|
| Financial assets | \$23,331,293 | \$18,718,557 |
| Less amounts unavailable for general expenditures within one year, due to: | | |
| Donor-imposed restrictions: | | |
| Restricted by donor with purpose restrictions * | (10,028,850) | (9,522,755) |
| Restricted by donor in perpetuity | (323,207) | (323,207) |
| Board designations: | | |
| Acquisition | (462,734) | (433,104) |
| Stewardship and Enforcement | (7,769,429) | (5,777,620) |
| Endowment | <u>(50,000)</u> | <u>(50,000)</u> |
| Total | <u>\$4,697,073</u> | <u>\$2,611,871</u> |

* Excludes nonfinancial assets with purpose restrictions of \$177,816 and \$163,260 at June 30, 2025 and 2024, respectively.

The Land Trust structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. Additionally, the Land Trust maintains a line of credit as disclosed in Note 10, which could be drawn upon as necessary.

MINNESOTA LAND TRUST
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

Note 3 INVESTMENTS

Investment detail at June 30 is as follows:

| | 2025 | | | | Total |
|---------------------------|-----------------|------------------|-----------------------------|------------------|---------------------|
| | Operating | Acquisition | Stewardship and Enforcement | Endowment | |
| Fixed income mutual funds | \$ - | \$543,577 | \$5,777,951 | \$194,419 | \$6,515,947 |
| Equity mutual funds | - | - | 11,216,742 | 422,421 | 11,639,163 |
| Corporate stock | 25,312 | - | - | - | 25,312 |
| Total | \$25,312 | \$543,577 | \$16,994,693 | \$616,840 | \$18,180,422 |

| | 2024 | | | | Total |
|---------------------------|-------------|------------------|-----------------------------|------------------|---------------------|
| | Operating | Acquisition | Stewardship and Enforcement | Endowment | |
| Fixed income mutual funds | \$ - | \$513,948 | \$5,088,427 | \$182,601 | \$5,784,976 |
| Equity mutual funds | - | - | 9,529,340 | 362,877 | 9,892,217 |
| Total | \$ - | \$513,948 | \$14,617,767 | \$545,478 | \$15,677,193 |

Note 4 PROMISES TO GIVE RECEIVABLE

Contributions receivable and capital campaign promises to give are expected to be collected as follows at June 30:

| | 2025 | 2024 |
|--------------------------|--------------------|------------------|
| Due in one year | \$1,478,369 | \$82,380 |
| Due in two to five years | - | 45,000 |
| Total | \$1,478,369 | \$127,380 |

As of June 30, 2025, 93% of contributions and grants receivable were from one donor. As of June 30, 2024, 90% of contributions and grants receivable were from two donors.

MINNESOTA LAND TRUST
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

Note 5 FURNITURE AND EQUIPMENT

Furniture and equipment consisted of the following at June 30:

| | <u>2025</u> | <u>2024</u> |
|--------------------------------|-----------------------|-----------------------|
| Computer equipment | \$68,229 | \$68,229 |
| Office equipment | 5,806 | 5,806 |
| Furniture and fixtures | 7,986 | 7,986 |
| Total | <u>82,021</u> | <u>82,021</u> |
| Less: Accumulated depreciation | <u>(79,299)</u> | <u>(76,284)</u> |
| Net furniture and equipment | <u><u>\$2,722</u></u> | <u><u>\$5,737</u></u> |

Note 6 NET ASSETS

A. WITHOUT DONOR RESTRICTIONS - BOARD DESIGNATED

Net assets without donor restrictions are as follows at June 30:

| | <u>2025</u> | <u>2024</u> |
|-------------------------------|----------------------------|---------------------------|
| Undesignated | \$524,277 | \$696,833 |
| Board designated: | | |
| Operations | 4,251,530 | 1,208,567 |
| Operating reserve | 557,606 | - |
| Land and easement acquisition | 462,734 | 433,104 |
| Stewardship and enforcement | 7,769,429 | 5,777,620 |
| Endowment | <u>50,000</u> | <u>50,000</u> |
| Total | <u><u>\$13,615,576</u></u> | <u><u>\$8,166,124</u></u> |

B. WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purposes at June 30:

| | 2025 | | |
|--------------------------------|-----------------------|------------------------|---------------------|
| | Purpose Restricted | Permanent in Nature | Total |
| General Conservation | \$436,676 | \$ - | \$436,676 |
| Land and easement acquisitions | 294,282 | - | 294,282 |
| Endowment | 176,433 | 216,207 | 392,640 |
| Judd Lake | 27,541 | 107,000 | 134,541 |
| Stewardship and enforcement * | 9,271,734 | - | 9,271,734 |
| Total | \$10,206,666 | \$323,207 | \$10,529,873 |

| | 2024 | | |
|--------------------------------|-----------------------|------------------------|---------------------|
| | Purpose Restricted | Permanent in Nature | Total |
| General conservation | \$178,281 | \$ - | \$178,281 |
| Land and easement acquisitions | 316,517 | - | 316,517 |
| Endowment | 139,519 | 216,207 | 355,726 |
| Judd Lake | 15,593 | 107,000 | 122,593 |
| Stewardship and enforcement * | 9,036,105 | - | 9,036,105 |
| Total | \$9,686,015 | \$323,207 | \$10,009,222 |

* Includes capital campaign

Note 7 ENDOWMENT FUND

A. GENERAL

The endowment fund consists of two funds with donor restrictions created to provide long-term operating support of the Land Trust. Additionally, the endowment fund contains assets that have been designed by the board as a “quasi-endowment”.

B. INTERPRETATION OF RELEVANT LAW AND ACCOUNTING PRESENTATION

The Board of Directors of the Land Trust has interpreted the State of Minnesota’s enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the Land Trust to consider the following factors in making a determination to appropriate or accumulate endowment funds with donor restrictions unless there are explicit donor stipulations to the contrary:

1. The duration and preservation of the fund.
2. The purposes of the Land Trust and the endowment fund.
3. General economic conditions.
4. The possible effect of inflation or deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Land Trust.
7. The investment policy of the Land Trust.

For accounting purposes only, the Land Trust retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) any 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 Land Trust in a manner consistent with the standard of prudence prescribed by UPMIFA.

C. FINANCIAL INFORMATION

Endowment net asset composition by type of fund is as follows at June 30:

| | <u>2025</u> | <u>2024</u> |
|-----------------------------|------------------|------------------|
| Endowment: | | |
| Board designated | \$50,000 | \$50,000 |
| Available for appropriation | 176,433 | 139,519 |
| Permanent in nature | 216,207 | 216,207 |
| Judd Lake: | | |
| Available for appropriation | 27,541 | 15,593 |
| Permanent in nature | <u>107,000</u> | <u>107,000</u> |
| Total | <u>\$577,181</u> | <u>\$528,319</u> |

MINNESOTA LAND TRUST
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

Endowment fund activity for the years ended June 30 is as follows:

| | Board Designated | With Donor Restrictions | | Total |
|-------------------------------|---------------------|-------------------------|------------------------|-----------|
| | | Purpose Restricted | Permanent in Nature | |
| Net assets - June 30, 2023 | \$50,000 | \$113,449 | \$323,207 | \$486,656 |
| Investment return: | | | | |
| Interest and dividends | - | 18,395 | - | 18,395 |
| Change in fair value | - | 46,766 | - | 46,766 |
| Total investment return | 0 | 65,161 | 0 | 65,161 |
| Contributions and transfers | - | - | - | - |
| Appropriation for expenditure | - | (23,498) | - | (23,498) |
| Net assets - June 30, 2024 | 50,000 | 155,112 | 323,207 | 528,319 |
| Investment return: | | | | |
| Interest and dividends | - | 14,365 | - | 14,365 |
| Change in fair value | - | 56,997 | - | 56,997 |
| Total investment return | 0 | 71,362 | 0 | 71,362 |
| Contributions and transfers | - | - | - | - |
| Appropriation for expenditure | - | (22,500) | - | (22,500) |
| Net assets - June 30, 2025 | \$50,000 | \$203,974 | \$323,207 | \$577,181 |

D. INVESTMENT RETURN OBJECTIVES AND RISK PARAMETERS

The Land Trust has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Land Trust must hold in perpetuity or for a donor-specified period(s).

E. ENDOWMENT DISTRIBUTION POLICY

The Land Trust's policy is that distributions are determined based on the value of the Endowment Fund as of the end of the prior fiscal year. Distributions of up to 5% of the fund value may be made annually for support of operating expenses, based on the average fund value over the previous 12 quarters.

F. FUNDS WITH DEFICIENCIES

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Land Trust to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in net assets without donor restrictions. For fiscal years ended June 30, 2025 and 2024, there were no funds with deficiencies.

Note 8 STEWARDSHIP AND ENFORCEMENT FUND

A. GENERAL

The stewardship and enforcement fund operates as a quasi-endowment and consists of funds without donor restrictions and funds with donor restrictions.

The stewardship and enforcement fund has been created to meet two needs: to provide a long-term, ongoing source of income to cover the annual costs associated with monitoring and managing the portfolio of conservation easements and protected areas, and to be available to cover extraordinary expenses associated with managing, upholding or defending an easement should its terms or validity be at risk.

B. FINANCIAL INFORMATION

Stewardship and enforcement net asset composition by type of fund is as follows at June 30:

| | 2025 | | |
|----------------------|-------------------------------|----------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Board designated | \$7,769,429 | \$ - | \$7,769,429 |
| Donor restricted: | | | |
| General conservation | - | 7,791,288 | 7,791,288 |
| Capital campaign | - | 1,480,445 | 1,480,445 |
| | <u>\$7,769,429</u> | <u>\$9,271,733</u> | <u>\$17,041,162</u> |
| | 2024 | | |
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Board designated | \$5,777,620 | \$ - | \$5,777,620 |
| Donor restricted: | | | |
| General conservation | - | 7,352,488 | 7,352,488 |
| Capital campaign | - | 1,480,445 | 1,480,445 |
| | <u>\$5,777,620</u> | <u>\$8,832,933</u> | <u>\$14,610,553</u> |

MINNESOTA LAND TRUST
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

Stewardship and enforcement fund activity for the years ended June 30 is as follows:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|--------------|
| Net assets - June 30, 2023 | \$3,236,059 | \$8,424,735 | \$11,660,794 |
| Investment return: | | | |
| Interest and dividends, net of fees | 309,935 | - | 309,935 |
| Change in fair value | 1,332,420 | - | 1,332,420 |
| Total investment return | 1,642,355 | 0 | 1,642,355 |
| Contributions, grants, fees for service | 84,206 | 847,600 | 931,806 |
| Capital campaign transfer in | - | 6,598 | 6,598 |
| Contributions, grants transfer in | 815,000 | - | 815,000 |
| Appropriation for expenditure | - | (446,000) | (446,000) |
| Net assets - June 30, 2024 | 5,777,620 | 8,832,933 | 14,610,553 |
| Investment return: | | | |
| Interest and dividends, net of fees | 387,900 | - | 387,900 |
| Change in fair value | 1,550,778 | - | 1,550,778 |
| Total investment return | 1,938,678 | 0 | 1,938,678 |
| Contributions, grants, fees for service | 53,131 | 925,800 | 978,931 |
| Capital campaign transfer in | - | - | - |
| Contributions, grants transfer in | - | - | - |
| Appropriation for expenditure | - | (487,000) | (487,000) |
| Net assets - June 30, 2025 | \$7,769,429 | \$9,271,733 | \$17,041,162 |

C. INVESTMENT AND DISTRIBUTION POLICY

The Land Trust has adopted investment and spending policies for the stewardship and enforcement fund assets that attempt to provide a predictable stream of funding to programs supported by the fund while seeking to maintain the purchasing power of the fund assets.

The Land Trust's policy is that up to 5% of the value of the stewardship and enforcement fund at the end of the prior fiscal year can be spent annually to meet ongoing conservation easement stewardship needs and obligations. With the approval of the Board of Directors, additional funds can be used to meet expenses associated with managing, upholding or defending an easement or other interest in land held by the Land Trust.

For accounting purposes, through June 30, 2025, the Land Trust's policy for amounts appropriated for expenditure was to first use amounts without donor restrictions until depleted, followed by funds with donor restrictions. Effective July 1, 2025, the Land Trust's policy changed to first use funds with donor restrictions until depleted, followed by funds without donor restrictions. Investment income and losses are fully allocated to without donor restrictions.

Note 9 OPERATING LEASES

The Land Trust leases office space in St. Paul, Minnesota under a long-term non-cancelable operating lease agreement through September 30, 2025. Minimum monthly lease payments increase 2.5% annually and \$9,548 for the remaining lease term. Effective October 1, 2025, this office space lease was extended through September 30, 2026, with a minimum monthly lease payment of \$9,551.

The Land Trust lease office space in Duluth, Minnesota under a long-term non-cancelable operating lease agreement through May 30, 2026. Minimum monthly lease payments increase by \$70 annually and are \$3,275-\$3,345 over the remaining lease term.

The Land Trust leases certain equipment at various terms under long-term non-cancelable operating leases through January 2027.

The Land Trust includes in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised.

Total office space operating lease expense for the years ended June 30, 2025 and 2024 was \$153,476 and \$178,574, respectively. As of June 30, 2025, the weighted average remaining lease term was 1.3 years, and the weighted average discount rate was 4.92%. As of June 30, 2024, the weighted average remaining lease term was 1.9 years, and the weighted average discount rate was 4.86%.

The following table summarizes the supplemental cash flow information for the year ended June 30:

| | <u>2025</u> | <u>2024</u> |
|--|------------------|------------------|
| <u>Cash paid for amounts included in the measurement of lease liabilities:</u> | | |
| Operating cash flows from operating leases | <u>\$155,265</u> | <u>\$152,264</u> |
| <u>Right-of-use assets obtained in exchange for lease liabilities:</u> | | |
| Operating leases | <u>\$ -</u> | <u>\$109,650</u> |

MINNESOTA LAND TRUST
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

The future minimum payments for noncancellable operating leases are as follows:

| <u>Year Ending June 30,</u> | <u>Amount</u> |
|------------------------------------|-------------------------|
| 2026 | \$69,643 |
| 2027 | 34,620 |
| Total lease payments | 104,263 |
| Less: Present value discount | <u>(3,312)</u> |
| Present value of lease liabilities | <u><u>\$100,951</u></u> |

Note 10 LINE OF CREDIT

The Land Trust has a revolving line of credit agreement with a commercial bank that provides for borrowing of up to \$2,000,000 which matures on July 22, 2025. The line of credit bears interest at the greater of 0.5% below the prime rate or 6.5%, with an effective rate of 7% at June 30, 2025. The line is secured by all assets of the Land Trust and is subject to both financial and nonfinancial covenants. As of June 30, 2025 and 2024, there were no outstanding borrowings on the line of credit.

On July 22, 2025, the Land Trust renewed its \$2,000,000 revolving line of credit agreement through July 22, 2027. The renewed line of credit bears interest at the greater of 0.5% below the prime rate or 5.5%, is secured by all assets of the Land Trust, and is subject to both financial and nonfinancial covenants.

Note 11 RETIREMENT PLAN

Employees of the Land Trust meeting certain eligibility requirements are eligible to participate in a contributory 401(k) retirement plan whereby the Land Trust contributes up to 2% of the participants' compensation on a matching basis. Contributions to the Plan were \$62,476 and \$56,406 during the years ended June 30, 2025 and 2024, respectively.

Note 12 FAIR VALUE MEASUREMENTS

Under GAAP, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy categorized into three levels based on the inputs used. Generally, the three levels are as follows:

- Level 1 – Quoted prices in active markets for identical assets.
- Level 2 – Significant other observable inputs.
- Level 3 – Significant unobservable inputs.

MINNESOTA LAND TRUST
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

Investments that are measured at fair value on a recurring basis are as follows at June 30:

| | Level 1 | |
|---------------------------|---------------------|---------------------|
| | 2025 | 2024 |
| Fixed income mutual funds | \$6,515,947 | \$5,784,976 |
| Equity mutual funds | 11,639,163 | 9,892,217 |
| Corporate stock | 25,312 | - |
| Total | <u>\$18,180,422</u> | <u>\$15,677,193</u> |

Mutual funds and corporate stock are valued using quoted prices in active markets.

Note 13 COMMITMENTS AND CONTINGENCIES

PROGRAM COMPLIANCE

The Land Trust receives financial assistance from governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audit could become a liability of the Land Trust. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Land Trust will record such disallowance at the time the determination is made.

PPP LOAN AND LOAN FORGIVENESS

The Land Trust received a \$354,400 Paycheck Protection Program (PPP) loan, which was fully forgiven on August 19, 2021. Expenditures claimed under this program are subject to review and audit by the SBA for six years from the date of loan forgiveness. Management believes that any liability for disallowances, which may arise as a result of an audit, would not be material.

Note 14 SUBSEQUENT EVENTS

Management has evaluated subsequent events for recognition or disclosure through October 21, 2025, the date that the financial statements were available to be issued.

As disclosed in Note 9, effective October 1, 2025, the Land Trust leased office space in St. Paul, Minnesota is extended through September 30, 2026.

As disclosed in Note 10, on July 22, 2025, the Land Trust renewed its \$2,000,000 revolving line of credit agreement through July 22, 2027.