



**THE SAND COUNTY
FOUNDATION, INC.**

FINANCIAL STATEMENTS

December 31, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Sand County Foundation, Inc.
Madison, Wisconsin

Opinion

We have audited the financial statements of The Sand County Foundation, Inc., which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Sand County Foundation, Inc. as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Sand County Foundation, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Sand County Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Sand County Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

A handwritten signature in black ink that reads "Wegner CPAs LLP". The signature is written in a cursive, flowing style.

Wegner CPAs, LLP
Madison, Wisconsin
May 15, 2025

THE SAND COUNTY FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 904,502	\$ 3,603,286
Accounts receivable	105,257	45,125
Unconditional promises to give	734,821	1,286,702
Prepaid expenses	<u>26,560</u>	<u>35,806</u>
Total current assets	1,771,140	4,970,919
OTHER ASSETS		
Unconditional promises to give	-	159,368
Investments	10,762,920	11,935,347
Operating lease right-of-use asset	<u>384,450</u>	<u>419,980</u>
Total other assets	<u>11,147,370</u>	<u>12,514,695</u>
Total assets	<u><u>\$ 12,918,510</u></u>	<u><u>\$ 17,485,614</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 87,463	\$ 131,699
Grants payable	10,803	86,490
Accrued vacation and wages	50,436	26,479
Current portion of operating lease liability	<u>35,478</u>	<u>31,606</u>
Total current liabilities	184,180	276,274
NONCURRENT LIABILITIES		
Operating lease liability, less current portion	<u>374,105</u>	<u>409,584</u>
Total liabilities	558,285	685,858
NET ASSETS		
Without donor restrictions	8,313,696	5,919,776
With donor restrictions	<u>4,046,529</u>	<u>10,879,980</u>
Total net assets	<u>12,360,225</u>	<u>16,799,756</u>
Total liabilities and net assets	<u><u>\$ 12,918,510</u></u>	<u><u>\$ 17,485,614</u></u>

See accompanying notes.

THE SAND COUNTY FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2024 and 2023

	2024	2023
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUES		
Contributions		
Foundation grants and other contributions	\$ 1,020,377	\$ 1,697,191
Government grants	2,294,270	1,051,889
Contributions of nonfinancial assets	75,465	80,100
Contracts and other revenues		
Program service fees	185,797	511,085
Investment return, net	986,886	1,259,449
Other revenues	30,154	17,537
	<u>4,592,949</u>	<u>4,617,251</u>
Total revenues without donor restrictions	4,592,949	4,617,251
EXPENSES		
Program services		
Conservation Policy and Influence	5,630,166	4,272,567
Agricultural Conservation	2,157,432	1,715,997
Leopold Conservation Award®	1,110,591	929,855
	<u>8,898,189</u>	<u>6,918,419</u>
Total program services	8,898,189	6,918,419
Supporting activities		
Management and general	533,845	534,491
Fundraising	153,388	118,060
	<u>687,233</u>	<u>652,551</u>
Total expenses	9,585,422	7,570,970
NET ASSETS RELEASED FROM RESTRICTIONS		
Satisfaction of purpose restrictions and expiration of time restrictions	7,386,393	3,093,305
	<u>7,386,393</u>	<u>3,093,305</u>
Change in net assets without donor restrictions	2,393,920	139,586
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Foundation grants and other contributions	206,150	3,752,485
Investment return, net	346,792	435,778
Net assets released from restrictions	(7,386,393)	(3,093,305)
	<u>(6,833,451)</u>	<u>1,094,958</u>
Change in net assets with donor restrictions	(6,833,451)	1,094,958
Change in net assets	(4,439,531)	1,234,544
Net assets at beginning of year	16,799,756	15,565,212
Net assets at end of year	<u>\$ 12,360,225</u>	<u>\$ 16,799,756</u>

See accompanying notes.

THE SAND COUNTY FOUNDATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2024 and 2023

2024						
	Program Services			Supporting Activities		Total Expenses
	Conservation Policy and Influence	Agricultural Conservation	Leopold Conservation Award®	Management and General	Fundraising	
Personnel	\$ 21,068	\$ 1,127,672	\$ 532,858	\$ 309,571	\$ 134,069	\$ 2,125,238
Grants to others	5,608,875	219,800	230,000	-	-	6,058,675
Professional and contract services	-	561,694	128,298	171,291	300	861,583
Travel and vehicle expense	84	63,192	41,807	10,374	8,390	123,847
Operations	100	73,361	45,812	7,297	4,314	130,884
Conference, training and meetings	-	41,090	107,361	12,163	1,140	161,754
Occupancy	-	39,260	13,595	12,869	2,877	68,601
Other expenses	39	31,363	10,860	10,280	2,298	54,840
Total expenses	\$ 5,630,166	\$ 2,157,432	\$ 1,110,591	\$ 533,845	\$ 153,388	\$ 9,585,422
2023						
	Program Services			Supporting Activities		Total Expenses
	Conservation Policy and Influence	Agricultural Conservation	Leopold Conservation Award®	Management and General	Fundraising	
Personnel	\$ 2,501,799	\$ 1,052,685	\$ 441,438	\$ 283,776	\$ 103,484	\$ 4,383,182
Grants to others	988,903	148,078	210,000	-	-	1,346,981
Professional and contract services	513,672	297,343	138,488	184,847	4,296	1,138,646
Travel and vehicle expense	91,132	62,707	32,003	17,385	839	204,066
Operations	96,963	58,702	38,757	1,931	4,826	201,179
Conference, training and meetings	23,380	28,470	48,680	24,785	-	125,315
Occupancy	25,213	44,898	13,526	14,370	3,047	101,054
Other expenses	31,505	23,114	6,963	7,397	1,568	70,547
Total expenses	\$ 4,272,567	\$ 1,715,997	\$ 929,855	\$ 534,491	\$ 118,060	\$ 7,570,970

See accompanying notes.

THE SAND COUNTY FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (4,439,531)	\$ 1,234,544
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Contributions restricted for long-term purposes	-	(1,000,000)
Depreciation	-	1,428
Net realized and unrealized gains on investments	(1,307,616)	(1,443,075)
Amortization of operating lease right-of-use asset	35,530	33,447
(Increase) decreases in assets		
Accounts receivable	(60,132)	63,212
Unconditional promises to give	711,249	1,628,907
Prepaid expenses	9,246	(6,082)
Increase (decrease) in liabilities		
Accounts payable	(44,236)	20,194
Grants payable	(75,687)	(238,510)
Accrued vacation and wages	23,957	(226,479)
Operating lease liability	(31,607)	(23,081)
Net cash flows from operating activities	(5,178,827)	44,505
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(544,720)	(1,000,000)
Proceeds from sales of investments	3,024,763	861,281
Interest and dividends reinvested	-	(178,524)
Net cash flows from investing activities	2,480,043	(317,243)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from contributions restricted for investment in permanent endowment	-	1,000,000
Net change in cash	(2,698,784)	727,262
Cash at beginning of year	3,603,286	2,876,024
Cash at end of year	<u>\$ 904,502</u>	<u>\$ 3,603,286</u>

See accompanying notes.

THE SAND COUNTY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Sand County Foundation, Inc. is a non-profit organization dedicated to working with private landholders across North America on voluntary land management practices that benefit their business and the environment. The Foundation's mission is to inspire and enable a growing number of private landowners to ethically manage natural resources in their care so that future generations have clean and abundant water, healthy soil to support agriculture and forestry, plentiful habitat for wildlife, and opportunities for outdoor recreation. The Foundation's primary sources of revenues are contributions, grants, program service fees, and investment return.

Promises to Give

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

Accounts Receivable

Accounts receivable primarily consist of amounts due from organizations for consulting, reporting, and training services provided by the Foundation. The Foundation uses historical loss information based on the aging of accounts receivable as the basis to determine expected credit losses. Management believes the composition of accounts receivable is consistent with historical conditions and accounts receivable are expected to be settled within a relatively short time frame based on current conditions. As such, credit losses are expected to be insignificant.

Investments

The Foundation reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

The Foundation reports its minority investment in a limited partnership without a readily determinable fair value at its estimated fair value in accordance with the Financial Instruments Topic of the FASB Accounting Standards Codification, which disallows using the cost method for this investment. Estimated fair value is measured by the cost of the Foundation's ownership interest in partners' capital to which a proportionate share of net assets is attributed. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Leases

The Foundation does not recognize short-term leases in the statement of financial position. For these leases, the Foundation recognizes the lease payments in the change in net assets on a straight-line basis over the lease term and variable lease payments in the period in which the obligation for those payments is incurred. The Foundation also does not separate nonlease components from lease components for all classes of underlying assets and instead accounts for each separate lease

THE SAND COUNTY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

component and the nonlease components associated with that lease component as a single lease component. If the rate implicit in the lease is not readily determinable, the Foundation uses a risk-free rate as the discount rate for the lease for all classes of underlying assets.

Contributions

Contributions that are restricted by the donor are reported 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. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Government Grants

The Foundation receives grants from government agencies that are conditioned upon the Foundation incurring qualifying expenses. Revenue from these grants is generally recognized on a reimbursement basis, that is, when qualifying expenses are incurred by the Foundation, both a receivable from the grantor agency and revenue are recorded. Grants are also generally restricted by the grantor for a specified purpose. Grants whose conditions and restrictions are met in the same reporting period that the revenue is recognized are reported as increases in net assets without donor restrictions. Grants are subject to financial and compliance reviews and audits by the agencies providing direct or indirect funding pursuant to authority given by law or regulation. Such reviews and audits could result in claims against Impact for disallowed costs or noncompliance with the provisions of contracts and grant agreements. In management's opinion, it is highly unlikely that an adverse material outcome will result from those reviews and audits.

Program Service Fees

Program service revenues include fees from consulting, reporting, and training services related to the Foundation's program activities. These services are generally considered to be either single performance obligation or earned over time. A single performance obligation is satisfied at a point in time and revenue is recognized when the services have been provided. Program service revenues that are earned over time are recognized ratably over the contract period. Fees received in advance of the contract period or performance are deferred and recognized as revenue over the contract period or on performance. It is the policy of the Foundation to not refund these fees.

Accounts receivable were as follows:

	<u>2024</u>	<u>2023</u>
Beginning of year	\$ 45,124	\$ 108,336
End of year	105,256	45,124

THE SAND COUNTY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Services

Donated services are recognized as contributions if the services create or enhance nonfinancial assets or they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel, travel and vehicle expense, operations, occupancy, and other expenses, which are allocated on the basis of estimates of time and effort. The following program services and supporting activities are included in the accompanying financial statements:

Conservation Policy and Influence—Through its conservation policy initiative, the Foundation uses some of the same principles from its body of work to build and support ecosystem-scale species conservation models, greater access to safe drinking water supplies, and better use of data technology to achieve ecosystem restoration.

Agricultural Conservation—The Foundation's agricultural conservation program demonstrates land management practices that protect soil and water, utilize them more efficiently, and maximize the environmental benefits and productive capacity of agricultural systems. The Foundation strives to ensure that conservation measures enhance the long-term profitability and resilience of farms and ranches.

Leopold Conservation Award®—The Leopold Conservation Award ® recognizes farmers, ranchers, and foresters for achievements in conservation on working land. With prominent partners in many states across the U.S., the Foundation presents the annual awards in settings that showcase the landowners' conservation success among their peers.

Management and general—Management and general activities relate to the overall direction of the Foundation and include the functions necessary to ensure proper administrative functioning of the board of directors, manage the financial and budgetary responsibilities of the Foundation, and perform other administrative functions.

Fundraising—Fundraising activities relate to soliciting contributions from individuals, foundations, governments, and others, and other activities that involve inducing potential donors to contribute assets, services, or time to the Foundation.

THE SAND COUNTY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Tax Status

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Date of Management's Review

Management has evaluated subsequent events through May 15, 2025, the date which the financial statements were available to be issued.

NOTE 2—PROMISES TO GIVE

Unconditional promises to give at the end of the year are as follows:

	2024	2023
Receivable in less than one year	\$ 734,821	\$ 1,286,702
Receivable in one to five years	-	175,000
Total unconditional promises to give	734,821	1,461,702
Discounts to net present value	-	(15,632)
Net unconditional promises to give	<u>\$ 734,821</u>	<u>\$ 1,446,070</u>

Unconditional promises to give receivable in more than one year are discounted at 4.79%.

The Foundation has several grants that are conditioned upon the Foundation incurring qualifying expenses under the Conservation Policy and Influence, Agricultural Conservation and Leopold Conservation Award programs. At December 31, 2024, these conditional grants total approximately \$19,200,000. These conditional grants will be recognized as revenue when the respective conditions are met in future years.

NOTE 3—INVESTMENTS

Investments are comprised of the following:

	2024	2023
Cash equivalents held by investment managers	\$ 126,401	\$ 164,500
Exchange traded funds	1,408,872	1,561,738
Mutual funds	5,766,606	6,774,911
U.S. Treasury notes	462,934	252,107
Investment in limited partnership	2,928,107	3,112,091
C&H Investment Co., Inc. preferred stock	70,000	70,000
	<u>\$ 10,762,920</u>	<u>\$ 11,935,347</u>

THE SAND COUNTY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 3—INVESTMENTS (continued)

Fair values of exchange traded funds, mutual funds and U.S. Treasury notes are based on quoted net asset values of the shares as reported by the fund. The exchange traded funds and mutual funds held by the Foundation are open-end funds registered with the U.S. Securities and Exchange Commission. The funds must publish their daily net asset value and transact at that price. The exchange traded funds and mutual funds held by the Foundation are considered to be actively traded. The fair value of the investment in the Acacia limited partnership is determined by the cost basis of the investment adjusted for the Foundation's ownership interest in partners' capital to which a proportionate share of net assets is attributed. The fair value of the C&H Investment Co. Inc. preferred stock is determined by calculating the present value of expected future cash flows. The estimated fair value of investments in the limited partnership and preferred stock does not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined.

Investment return is summarized as follows:

	2024	2023
Interest and dividends	\$ 79,539	\$ 297,380
Investment fees	(53,477)	(45,228)
Net realized and unrealized gains (losses)	<u>1,307,616</u>	<u>1,443,075</u>
Investment return, net	<u>\$ 1,333,678</u>	<u>\$ 1,695,227</u>

NOTE 4—LEASES

The Foundation has an operating lease for office space in Madison, Wisconsin, that has a term of 10 years and expires October 31, 2032. The Foundation also has a variable lease for parking space with the same term and expiration. The lease includes variable payments based on the number of parking spaces used by the Foundation each month. The Foundation also has several short-term leases for office and storage space.

Supplemental cash flow information and other information related to operating leases is as follows:

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 61,139	\$ 54,698
Other information related to operating leases was as follows:		
Weighted-average remaining lease term	7.83 years	8.83 years
Weighted-average discount rate	5.74%	5.74%

THE SAND COUNTY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 4—LEASES (continued)

The components of total cost are as follows:

	2024	2023
Operating lease cost	\$ 61,139	\$ 54,698
Short-term lease cost	1,380	32,577
Variable lease cost	7,164	6,989
Total lease cost	<u>\$ 69,683</u>	<u>\$ 94,264</u>

The maturities of operating lease liabilities as of December 31, 2024 are as follows:

Year ending December 31:	
2025	\$ 62,667
2026	64,234
2027	65,840
2028	67,486
2029	69,173
Thereafter	<u>205,394</u>
Total minimum lease payments	534,794
Less imputed interest	<u>(125,211)</u>
Total lease liabilities	<u>\$ 409,583</u>

NOTE 5—LINE OF CREDIT

The Foundation has a \$500,000 line of credit that was unused at December 31, 2024. Advances on the line of credit carry an interest rate equal to the highest U.S. prime rate published in the Wall Street Journal's Money Rates table plus .75%. The line of credit expires February 25, 2025, and is secured by the Foundation's investments.

NOTE 6—NET ASSETS

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

	2024	2023
Good Oak Endowment Fund	\$ 6,336,365	\$ 4,915,842
Coleman Family Fund	332,062	597,056
Haglund Ecology Fund	465,521	406,878
Undesignated	<u>1,179,748</u>	<u>-</u>
	<u>\$ 8,313,696</u>	<u>\$ 5,919,776</u>

THE SAND COUNTY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 6—NET ASSETS (continued)

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

	2024	2023
Endowment for EarthWork	\$ 2,415,140	\$ 3,085,766
Conservation Policy and Influence	-	5,980,415
Kennedy Endowment	1,150,992	1,043,139
Agricultural Conservation	370,397	455,660
Leopold Conservation Award®	110,000	315,000
	<u>\$ 4,046,529</u>	<u>\$ 10,879,980</u>

NOTE 7—ENVIRONMENTAL POLICY INNOVATION CENTER (EPIC)

The Foundation operated as the fiscal sponsor of EPIC through October 31, 2023, when EPIC established separate operations and obtained tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. The organizations completed the process of finalizing the separation in 2024. Grants paid to EPIC during the year ending December 31, 2024 totaled \$6,465,230.

NOTE 8—CONTRIBUTED NONFINANCIAL ASSETS

Contributed nonfinancial assets recognized within the statements of activities include:

	2024	2023
Video production services	\$ 62,000	\$ 65,000
Catering services	10,215	6,250
Award presentation	3,250	8,850
	<u>\$ 75,465</u>	<u>\$ 80,100</u>

Video production services, catering and award presentation services were used in the Leopold Conservation Award program. The fair value of the video production services is based on current rates for similar services. Catering and award presentation services are valued based rates for similar services in the market at the time of the supported events.

NOTE 9—RETIREMENT PLAN

The Foundation sponsors a defined contribution plan covering all employees who are at least eighteen years of age and have worked for The Foundation for one month. The Foundation makes matching contributions to the plan up to 4% of the participating employee's compensation. Employees are 100% vested in all contributions made on their behalf. Retirement expense for the years ended December 31, 2024 and 2023, was \$56,068 and \$86,644, respectively.

THE SAND COUNTY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 10—LIQUIDITY AND AVAILABILITY

The following table reflects the Foundation's financial assets as of the date of the statement of financial position, reduced by amounts not available for general expenditures within one year of the date of the statement of financial position because of donor-imposed restrictions or internal board designations:

	2024	2023
Cash	\$ 904,502	\$ 3,603,286
Unconditional promises to give	734,821	1,446,070
Accounts receivable	105,257	45,125
Investments	<u>10,762,920</u>	<u>11,935,347</u>
Financial assets at year-end	12,507,500	17,029,828
Less those unavailable for general expenditures within one year due to:		
Donor-imposed restrictions:		
Restricted by donor with time and purpose restrictions	(4,046,529)	(10,879,980)
Board designations:		
Designated for the Good Oak Endowment Fund	(6,336,365)	(6,391,647)
Designated for the Coleman Family Fund	(332,062)	(597,056)
Designated for the Haglund Ecology Fund	<u>(465,521)</u>	<u>(406,878)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,327,023</u>	<u>\$ (1,245,733)</u>

The Foundation's board of directors can authorize additional distributions from the Good Oak Endowment Fund. The Foundation also has a line of credit in the amount of \$500,000, which it could draw upon in the event of an unanticipated liquidity need. Any board-designated net assets can also be made available if necessary.

NOTE 11—ENDOWMENT

The Foundation's endowment consists of three funds. The endowment includes both donor-restricted endowment funds and funds designated by the board of directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation is subject to Wisconsin's Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the board of directors appropriates such amounts for expenditure. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The board of directors of the Foundation has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor

THE SAND COUNTY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 11—ENDOWMENT (continued)

restricted endowment funds, the Foundation considers a fund to be underwater when the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Foundation has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the Foundation and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the investment policies of the Foundation.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment. The Foundation works with its investment committee and two independent advisors to achieve positive investment results. These individuals are charged with measurement of investment results and presentation to the Foundation's board of directors.

To satisfy its long-term rate of return objectives, the Foundation relies on its investment committee and independent advisors to implement strategies and evaluate investment performance against appropriate benchmarks where investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Changes in endowment net assets are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - at January 1, 2023	\$ 6,088,729	\$ 2,846,482	\$ 8,935,211
Contributions	-	1,000,000	1,000,000
Investment return, net	1,022,179	435,778	1,457,957
Appropriation for expenditure	(719,261)	(153,355)	(872,616)
Endowment net assets - at December 31, 2023	6,391,647	4,128,905	10,520,552
Investment return, net	795,803	346,792	1,142,595
Amounts appropriated for expenditure	(851,085)	(909,565)	(1,760,650)
Endowment net assets - at December 31, 2024	<u>\$ 6,336,365</u>	<u>\$ 3,566,132</u>	<u>\$ 9,902,497</u>

THE SAND COUNTY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 11—ENDOWMENT (continued)

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

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 6,336,365	\$ -	\$ 6,336,365
Donor-restricted endowment funds			
Original donor-restricted gift amount	-	3,500,000	3,500,000
Accumulated investment gains	-	66,132	66,132
Total funds	<u>\$ 6,336,365</u>	<u>\$ 3,566,132</u>	<u>\$ 9,902,497</u>
	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 6,391,647	\$ -	\$ 6,391,647
Donor-restricted endowment funds			
Original donor-restricted gift amount	-	3,500,000	3,500,000
Accumulated investment gains	-	628,905	628,905
Total funds	<u>\$ 6,391,647</u>	<u>\$ 4,128,905</u>	<u>\$ 10,520,552</u>

NOTE 12—SUBSEQUENT EVENT

The Foundation's operations may be affected by the recent and ongoing funding freeze and cost cutting measures being conducted by the United States federal government. The potential disruption and effects on the Foundation are uncertain; however, it may result in a material adverse impact on the Foundation's financial position, activities, and cash flows in the future. Possible effects may include, but are not limited to, disruption to government grant revenue and future grant awards, a significant source of revenue for the Foundation.

NOTE 13—PAYCHECK PROTECTION PROGRAM LOAN

On April 21, 2020, the Foundation received a \$288,785 loan under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the U.S. Small Business Administration (SBA). On November 2, 2020, the SBA preliminarily approved forgiveness of the loan. The Foundation must retain PPP documentation in its files for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of SBA to access such files upon request. SBA may review any loan at any time at its discretion. Therefore, SBA may review the Foundation's good-faith certification concerning the necessity of its loan request, whether the Foundation calculated the loan amount correctly, whether the Foundation used loan proceeds for the allowable uses specified in the CARES Act, and whether the Foundation is entitled to loan forgiveness in the amount claimed on its application. If SBA determines the Foundation was ineligible for the loan or for forgiveness in whole or in part, SBA will seek repayment of the loan amount.