

LAND SAVERS UNITED

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2022 and 2021

LAND SAVERS UNITED
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JUNE 30, 2022 AND 2021

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Land Savers United
Roanoke, Virginia

Opinion

We have audited the accompanying financial statements of Land Savers United (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets - modified cash basis as of June 30, 2022 and 2021, and the related statements of support, expenses and changes in net assets - modified cash basis 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 assets, liabilities, and net assets of Land Savers United as of June 30, 2022 and 2021, and its support, revenue, expenses and changes in net assets for the years then ended in accordance with the modified cash basis of accounting as described in Note 1.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Land Savers United 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.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair

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presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Land Savers United'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Land Savers United'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.

J. Moore & Company, P.C.

J. Moore & Company P.C., CPAs
Roanoke, Virginia
January 12, 2023

LAND SAVERS UNITED
STATEMENTS OF ASSETS, LIABILITIES, AND
NET ASSETS - MODIFIED CASH BASIS
AS OF JUNE 30, 2022 AND 2021

ASSETS

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 351,145	\$ 230,664
Property and equipment	372,207	322,045
Less accumulated depreciation	(65,521)	(42,218)
Real estate - Augusta Pond Property	150,500	150,500
Barbara B. Lemon Fund at Community Foundation Serving Western Virginia	<u>514,297</u>	<u>598,302</u>
Total assets	\$ <u><u>1,322,628</u></u>	\$ <u><u>1,259,293</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Payroll withholdings	\$ 2,663	\$ 1,938
Note Payable - Bank	<u>-</u>	<u>184,601</u>
Total liabilities	<u>2,663</u>	<u>186,539</u>

NET ASSETS

Without donor restrictions	1,302,662	991,925
With donor restrictions	<u>17,303</u>	<u>80,829</u>
	<u>1,319,965</u>	<u>1,072,754</u>
Total liabilities and net assets	\$ <u><u>1,322,628</u></u>	\$ <u><u>1,259,293</u></u>

See accompanying notes to financial statements.

LAND SAVERS UNITED
STATEMENTS OF SUPPORT, EXPENSES AND CHANGES
IN NET ASSETS - MODIFIED CASH BASIS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
SUPPORT:		
Contributions	\$ 286,518	\$ 127,152
Stewardship receipts	79,500	86,807
Stewardship reimbursement	108,542	113,434
Special event income	36,520	38,057
In-kind contributions	-	24,416
Federal grants	-	38,193
Other income	1,232	1,278
Investment income (loss)	(60,097)	141,755
Loss on disposal of fixed assets	-	(2,456)
Gain on sale of real estate	-	-
Net assets released from restrictions	260,508	59,592
Total support	<u>712,723</u>	<u>628,228</u>
EXPENSES:		
Program services	287,550	300,512
Management and general	64,152	45,889
Fundraising	50,284	35,814
Total expenses	<u>401,986</u>	<u>382,215</u>
Increase in net assets without donor restrictions	<u>310,737</u>	<u>246,013</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS:		
Restricted contributions	196,966	38,760
Contributions of real estate	-	51,450
Loss on sale of real estate	-	(3,807)
Interest income	16	90
Satisfaction of program restrictions	(260,508)	(59,592)
Increase in net assets with donor restrictions	<u>(63,526)</u>	<u>26,901</u>
Increase in net assets	247,211	272,914
NET ASSETS:		
Beginning	<u>1,072,754</u>	<u>799,840</u>
Ending	\$ <u>1,319,965</u>	\$ <u>1,072,754</u>

See accompanying notes to financial statements.

LAND SAVERS UNITED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

1. NATURE OF ORGANIZATION

Land Savers United (the “Organization”), formerly Blue Ridge Land Conservancy, is a non-profit corporation organized under the laws of the Commonwealth of Virginia. Its primary purpose is to preserve, protect, and conserve natural resources. The Organization is supported primarily through donor contributions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization’s policy is to prepare its financial statements on a modified cash basis that includes recording of investments and depreciation on long-lived assets. Under this basis, revenue is recognized when collected rather than when earned, and expenditures are generally recognized when paid rather than when incurred. Consequently, accounts receivable, accounts payable and accrued expenses are not included in the financial statements. If an expenditure results in the acquisition of an asset having an estimated useful life which extends substantially beyond the year of acquisition, the expenditure is capitalized and depreciated over the estimated useful life of the asset. Therefore, the accompanying financial statements do not present the financial position, results of operations or changes in financial position in conformity with U.S. generally accepted accounting principles.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting 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.

As of June 30, 2022 and 2021, the significant estimates used by management include depreciation expense and the allocation of functional expenses.

Net Assets

The Organization classifies its net assets and revenues, expenses, gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions – Those resources not subject to donor-imposed restrictions. The Organization has discretionary control over these resources. Designated amounts represent those net assets that the Board has set aside for a particular purpose which includes the Foundation for Roanoke Valley Fund. (See Note 5)

LAND SAVERS UNITED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets (continued)

Net assets with donor restrictions – Those resources subject to donor-imposed restrictions that will be satisfied by action of the Organization or by the passage of time. When a donor restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of support, revenue, expenses and changes in net assets – modified cash basis.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits with banks, and all highly liquid instruments with original maturities of three months or less. The Organization maintains cash balances at Member One Federal Credit Union and are insured by the Federal Deposit Insurance Corporation up to \$250,000. There were no uninsured amounts at June 30, 2022 and 2021.

Investments

The Organization carries investments in marketable securities with readily determined fair values in the statements of assets, liabilities and net assets – modified cash basis. Realized and unrealized gains (losses) are included in the change in net assets in the accompanying statements of support, expenses and changes in net assets – modified cash basis.

Property and Equipment

It is the Organization's policy to capitalize fixed assets over \$200. Lesser amounts are expensed. Property and equipment are stated at cost, if purchased, or at estimated fair market value on date of donation, if donated. Depreciation is computed using the straight-line method and amounted to \$23,303 and \$9,765 for the years ended June 30, 2022 and 2021, respectively.

Income Taxes

The Organization is exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

LAND SAVERS UNITED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes (continued)

The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. Should any such penalties and interest be incurred, the Organization's policy would be to recognize them as management and general expenses. The Organization is no longer subject to income tax examinations for any years earlier than 2018 for federal purposes.

Contributions

Contributions, grants, and program service income are recognized at fair market value and are recorded as made. All contributions are considered to be without donor restriction unless specifically communicated by the donor. Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When these restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of support, expenses and changes in net assets – modified cash basis as "Net Assets Released from Restrictions". When restrictions are fulfilled in the same time period as the contribution is received, the Organization presents such contributions in the net assets without donor restrictions class.

Donated Services, Facilities and Materials

Donated services, facilities and materials are reflected in the accompanying financial statements at their estimated fair market values at date of receipt as both contributions and either expenses or assets, depending on the nature of the contributions. The financial statements included \$-0- and \$24,416 of donated rent, printing, parking and catering for the years ended June 30, 2022 and 2021, respectively.

Advertising Costs

Advertising costs are expensed as incurred. The total expense for the years ended June 30, 2022 and 2021 was \$4,838 and \$3,031, respectively.

Functional Allocation of Expenses

Costs of providing program services and other activities are reported on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

LAND SAVERS UNITED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

Compensated absences for vacation, sick pay, and personal time have not been accrued since they cannot be reasonably estimated. The Organization's policy is to recognize these costs when actually paid.

Subsequent Events

Management has evaluated subsequent events through January 12, 2023, the date the financial statements were available to be issued.

Conservation Lands and Easements

The Organization records land at cost if purchased or at fair value at the date of acquisition, if all or part of the land was received as a donation. Fair value is generally determined by appraisal at the time of acquisition. Upon sale or gift, the book value of the land is reported as a program expense; and the related proceeds, if any, are reported as revenue in the statement of activities.

Conservation land is real property with significant ecological value. These properties are either managed in an effort to protect the natural biological diversity of the property, or transferred to other organizations who will manage the lands in a similar fashion.

Conservation easements are comprised of right and/or restrictions over the owned property that are conveyed by a property owner to the Organization almost always in perpetuity, in order to protect the owned property as a significant natural area, as defined in federal tax regulations. These easements 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. Conservation easements, by their very nature, do not generate material amounts of cash inflow annually.

3. FAIR VALUE MEASUREMENT

The fair value of financial assets and liabilities is measured according to the Fair Value Measurements and Disclosure topic of the FASB Accounting Standards Codification. Fair value is required to be evaluated and adjusted according to the following valuation techniques.

Level 1 – Fair value is determined using quoted market prices in active markets for identical assets and liabilities.

LAND SAVERS UNITED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

3. FAIR VALUE MEASUREMENT (continued)

Level 2 – Fair value is determined using quoted market prices in active markets for similar assets and liabilities, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant inputs are observable in the market for substantially the full term of the assets or liabilities.

Level 3 – Fair value is determined using inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the assets or liability. The market for assets and liabilities using Level 3 measures is typically inactive.

4. PROPERTY AND EQUIPMENT

A summary of property and equipment follows:

	<u>2022</u>	<u>2021</u>
Land	\$ 42,967	\$ 42,967
Building	227,563	198,422
Landscaping and outdoor furniture	16,912	-
Furniture and fixtures	21,819	19,293
Computer equipment	15,231	13,648
Auto	<u>47,715</u>	<u>47,715</u>
	372,207	322,045
Less accumulated depreciation	(<u>65,521</u>)	(<u>42,218</u>)
Total property and equipment	\$ <u>306,686</u>	\$ <u>279,827</u>

5. BARBARA B. LEMON FUND AT COMMUNITY FOUNDATION SERVING WESTERN VIRGINIA

In 2010, Land Savers United, then known as the Western Virginia Land Trust, transferred \$25,000 to the Community Foundation Serving Western Virginia, formerly The Foundation for Roanoke Valley, in order to establish the Blue Ridge Land Conservancy Fund (the "Fund"). Over the years, additional contributions have been transferred to the Fund. The Organization has recognized an asset, "Barbara B. Lemon Fund at Community Foundation Serving Western Virginia", of \$514,297 and \$598,302 as of June 30, 2022 and 2021, respectively, on the statements of assets, liabilities and net assets – modified cash basis. Distributions from the Fund will be at the discretion of the Organization. It is measured at fair value on a recurring basis at June 30, 2022 and 2021 using Level 2 inputs as described in Note 1.

LAND SAVERS UNITED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

5. BARBARA B. LEMON FUND AT COMMUNITY FOUNDATION SERVING WESTERN VIRGINIA (continued)

The following have been recorded in the statements of support, expenses and changes in net assets – modified cash basis for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Contributions	\$ -	\$ 49,500
Interest income	\$ 4,239	\$ 2,802
Realized gains	\$ 41,433	\$ 17,266
Unrealized gains (loss)	\$ (106,851)	\$ 120,155
Administrative fees	\$ (6,256)	\$ (3,385)
Grant expense	\$ (16,570)	\$ (13,540)

6. NOTES PAYABLE

	<u>2022</u>	<u>2021</u>
Note payable to a bank, interest at 3.30%, 59 monthly payments of \$1,323 including interest, with a balloon payment due March 23, 2026, secured by real estate of the Organization. (The Note was paid off December 23, 2021.)	\$ <u>-</u>	\$ <u>184,601</u>

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Read Mountain Alliance	\$ 4,044	\$ 4,028
Water Quality Education	12,535	13,270
Southern Virginia Land Conservancy	-	5,281
Central Virginia Land Conservancy	724	13,709
Capital Campaign	<u>-</u>	<u>44,541</u>
	\$ <u>17,303</u>	\$ <u>80,829</u>

LAND SAVERS UNITED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

8. OPERATING LEASES

The Organization leases a postage meter. The lease is for 63 months beginning October 26, 2020 at \$188.97 per month plus sales taxes. For the year ended June 30, 2022 and 2021, total expense reported under the lease was \$2,268 and \$1,783, respectively.

Future minimum payments under the lease are as follows:

<u>Year Ending</u>	<u>Amount</u>
June 30, 2023	\$ 2,268
June 30, 2024	2,268
June 30, 2025	2,267
June 30, 2026	<u>1,133</u>
Total	\$ <u>7,936</u>

9. PAYCHECK PROTECTION PROGRAM LOAN

The Organization received a loan under the Paycheck Protection Program through the Small Business Administration (SBA). The loan was forgiven since the loan proceeds were used for eligible expenditures such as payroll and other specific costs outlined in the program. The Organization recognized debt forgiveness income of \$38,193 during the year ended June 30, 2021 and is included in "Federal grants" on the "Statements of Support, Expenses and Changes in Net Assets – Modified Cash Basis".

LAND SAVERS UNITED
SCHEDULES OF EXPENSES - MODIFIED CASH BASIS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Director's salary	\$ 64,950	\$ 63,674
Other salaries	117,419	72,330
Payroll tax expense	13,951	10,255
Office expense	7,608	4,143
Postage and shipping	4,288	3,897
Printing	11,683	11,138
Grant expense	19,297	48,916
Travel and entertainment	1,096	191
Automotive expense	7,310	7,699
Seminars	335	1,435
Depreciation	23,303	9,765
Advertising	4,838	3,031
Dues and subscriptions	5,692	7,373
Insurance	35,169	36,671
Interest	2,970	5,198
Internet and telephone	7,119	6,192
Intern expense	2,429	-
Rent	-	33,412
Utilities	2,997	2,323
Taxes and license	1,781	1,054
Fundraising	19,202	5,673
Bank charges	1,452	1,188
Professional fees	23,853	21,787
Strategic planning	-	12,547
LTA reaccreditation	6,870	-
Miscellaneous	1,435	1,467
Conservation easement expense	5,151	4,836
Software expense	4,796	3,517
Repairs	4,992	2,503
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Total general and administrative expenses	\$ <u>401,986</u>	\$ <u>382,215</u>

See accompanying notes to financial statements.