# HOUSATONIC VALLEY ASSOCIATION, INC AND HVA FOUNDATION, INC.

Consolidated Financial Statements
June 30, 2024

S&A LLC
SINNAMON & ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANTS

HOUSATONIC VALLEY ASSOCIATION, INC. AND HVA FOUNDATION, INC.
CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

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Independent Auditor's Report

To the Board of Directors of
Housatonic Valley Association, Inc
and HVA Foundation, Inc.
Cornwall Bridge, CT 06754

**Opinion**

We have audited the consolidated accompanying financial statements of Housatonic Valley Association, Inc and HVA Foundation, Inc. (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year 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 Housatonic Valley Association, Inc and HVA Foundation, Inc. as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit 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 and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Responsibilities of Management for the 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 Housatonic Valley Association, Inc and HVA 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.



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**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 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, including omissions, 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 Housatonic Valley Association, Inc and HVA 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 Housatonic Valley Association, Inc and HVA 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.

Sinnamon & Associates, LLC
Certified Public Accountants

Canaan, Connecticut
June 19, 2025

HOUSATONIC VALLEY ASSOCIATION, INC. AND HVA FOUNDATION, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2024

| | | |
|---|---|---|
| Assets: | | |
| Current assets: | | |
| Cash and cash equivalents | $ | 410,636 |
| Accounts and grants receivable | | 337,219 |
| Prepaid expenses | | 14,729 |
| Total current assets | | 762,584 |
| Property and equipment: | | |
| Land | | 216,206 |
| Buildings and renovations | | 379,941 |
| Furnishings and equipment | | 93,379 |
| Less: accumulated depreciation | | (424,791) |
| Net property and equipment: | | 264,735 |
| Other Assets: | | |
| Investments | | 2,408,586 |
| Deferred land sale costs | | 6,342 |
| Note Receivable | | - |
| Total other assets | | 2,414,928 |
| Total assets | $ | 3,442,247 |
| Liabilities and net assets: | | |
| Current liabilities: | | |
| Accounts payable | $ | 208,509 |
| Accrued salaries and wages | | 23,039 |
| Unearned grant revenue | | 120,105 |
| Total current liabilities | | 351,653 |
| Net assets: | | |
| Without donor restrictions | | 986,195 |
| With donor restrictions | | 2,104,399 |
| Total net assets | | 3,090,594 |
| Total liabilities and net assets | $ | 3,442,247 |

The Notes To The Financial Statements Are An Integral Part Of This Statement
See The Accompanying Independent Auditor's Report

HOUSATONIC VALLEY ASSOCIATION, INC. AND HVA FOUNDATION, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Revenues, gains and other support | | | |
| Membership dues | $ 35,410 | $ - | $ 35,410 |
| Contributions above dues | 630,332 | 20,250 | 650,582 |
| Grants | 812,138 | - | 812,138 |
| Events | 210,489 | - | 210,489 |
| Fees | 5,673 | - | 5,673 |
| Rent | 9,060 | - | 9,060 |
| Investment income | 12,023 | 37,903 | 49,926 |
| Unrealized gains (losses) on investments | 59,092 | 280,238 | 339,330 |
| Net assets released from restrictions | 250,348 | (250,348) | - |
| Total revenues, gains and other support | 2,024,565 | 88,043 | 2,112,608 |
| Expenses | | | |
| Program services: | | | |
| Issue response | 19,952 | - | 19,952 |
| Environmental education | 139,965 | - | 139,965 |
| Land protection | 473,347 | - | 473,347 |
| Water protection | 1,067,302 | - | 1,067,302 |
| Total program services | 1,700,566 | - | 1,700,566 |
| Supporting Services: | | | |
| Membership | 187,555 | - | 187,555 |
| Management & general | 21,909 | - | 21,909 |
| Events | 121,385 | - | 121,385 |
| Fundraising | 37,971 | - | 37,971 |
| Total supporting services | 368,820 | - | 368,820 |
| Total expenses | 2,069,386 | - | 2,069,386 |
| Change in net assets | (44,821) | 88,043 | 43,222 |
| Net assets at beginning of year | 1,031,016 | 2,016,356 | 3,047,372 |
| Net assets at end of year | $ 986,195 | $ 2,104,399 | $ 3,090,594 |

The Notes To The Financial Statements Are An Integral Part Of This Statement
See The Accompanying Independent Auditor's Report

HOUSATONIC VALLEY ASSOCIATION, INC. AND HVA FOUNDATION, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

| | Programs | Management & General | Fundraising | Total |
|---|---|---|---|---|
| Expenses and losses: | | | | |
| Salaries & wages | $ 905,179 | $ 138,605 | $ 86,155 | $ 1,129,939 |
| Pension expense | 38,921 | 5,951 | 3,781 | 48,653 |
| Payroll taxes | 75,550 | 9,748 | 6,120 | 91,418 |
| Employee benefits | 89,776 | 13,926 | 6,893 | 110,595 |
| Consulting services | 452,204 | 1,988 | 7,663 | 461,855 |
| Professional fees | 18,216 | 1,039 | 514 | 19,769 |
| Occupancy | 11,195 | 3,661 | 1,097 | 15,953 |
| Advertising | 440 | 44 | 1,928 | 2,412 |
| Postage & shipping | 2,178 | 2,254 | 1,229 | 5,661 |
| Printing | 4,391 | 11,379 | 2,336 | 18,106 |
| Technology expense | 16,465 | 7,137 | 1,996 | 25,598 |
| Supplies | 5,738 | 226 | 112 | 6,076 |
| Travel | 16,794 | 131 | 671 | 17,596 |
| Meetings and events | 2,714 | 738 | 26,286 | 29,738 |
| Memberships & publications | 22,551 | 658 | 325 | 23,534 |
| Fling fees and registrations | 3,538 | 1,064 | 271 | 4,873 |
| Insurance | 15,429 | 4,104 | 1,386 | 20,919 |
| Miscellaneous | 5,796 | 5,278 | 9,791 | 20,865 |
| Rent | 8,160 | - | 70 | 8,230 |
| Depreciation | 5,331 | 1,743 | 522 | 7,596 |
| Total expenses and losses | $ 1,700,566 | $ 209,674 | $ 159,146 | $ 2,069,386 |

The Notes To The Financial Statements Are An Integral Part Of This Statement
See The Accompanying Independent Auditors' Report

HOUSATONIC VALLEY ASSOCIATION, INC. AND HVA FOUNDATION, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

| | | |
|---|---|---|
| Cash flows From operating activities: | | |
| Changes in net assets | $ | 43,222 |
| Adjustments To reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | | 7,596 |
| Unrealized (gains) losses on investments | | (339,330) |
| Decrease in accounts receivable | | 22,920 |
| Decrease in prepaid expenses | | 10,753 |
| Increase in accounts payable | | 41,180 |
| Increase in accrued salaries and wages | | 3,701 |
| Increase in Unearned grant revenue | | 120,105 |
| Net cash used in operating activities | | (89,853) |
| Cash flows from investing activities: | | |
| Purchase of capital assets | | (15,149) |
| Net proceeds from sale of investments | | 51,175 |
| Net provided by investing activities | | 36,026 |
| Net decrease in cash and cash equivalents | | (53,827) |
| Cash and cash equivalents at beginning of year | | 464,463 |
| Cash and cash equivalents at end of year | $ | 410,636 |
| Supplemental Information: | | |
| Cash paid for interest | $ | - |
| Cash paid for taxes | | - |

The Notes to the Financial Statements Are An Integral Part of This Statement
See the Accompanying Independent Auditor's Report

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organizations and Nature of Activities

The Housatonic Valley Association, Inc. ("HVA") is a nonprofit citizen's organization whose purpose is to protect and preserve the natural environment and scenic beauty of the Housatonic River watershed, from the headwaters above Pittsfield, Massachusetts to Long Island Sound, by fostering the best practices of education, conservation and land use. Its main office is in Cornwall Bridge, Connecticut, and satellite office in Stockbridge, Massachusetts. Major activities include an environmental resource center for use by the general public, governmental units and other organizations; environmental education; land use planning; periodic publications; establishing a Source-to-Sound Riverbelt (a conservation and recreation path along the entire length of the river); and responding/studying/alerting the community to potential problems relating to open space, groundwater and river quality.

HVA Foundation, Inc. was originally formed in April 1994 to create an endowment for financial support of HVA, which is the sole member of the organization.

Basis of Accounting and Presentation

Financial statement presentation follows the requirements of the Financial Accounting Standards Board codification of accounting standards section 958, including ASU 2016-14. Among other provisions, the statement reduces the number of classes of net assets from three to two, requires the presentation of expenses in both natural and functional classifications and requires information regarding an entity's liquidity. Under these standards, the Organization is required to report information regarding its financial position and activities according to two classes of net assets as follows:

*Net Assets Without Donor Restrictions* - Net assets that are not subject to donor-imposed restrictions. These funds are available for general operating purposes and/or to use at the discretion of the Board of Directors. From time to time the Board may designate a portion of these net assets for specific purposes which makes them unavailable for general use by Management.

*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. Donor-imposed restrictions are released when a restriction expires, that is when the stipulated time has elapsed, when the stipulated purposes for which the resource was restricted has been fulfilled, or both.

Contributions Revenue and Grants

Contributions are recognized when a donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire or are met in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

A conditional contribution is a transaction where the organization has to overcome a barrier or hurdle to be entitled to the resource and the resource provider is released from the obligation to fund or has the right of return of any advanced funding if the organization fails to overcome the barrier. Conditional promises to give are recognized as revenue when the condition is met.

The organization recognizes operating and capital grants to the extent that eligible grant costs are incurred. Receipts of grant awards attributable to future periods are classified as deferred revenue in the accompanying statement of financial position. In accordance with ASU 2018-08, certain governmental grants and contracts received by a not-for-profit, including certain awards to fund capital expenditures, are generally considered to be contributions rather than exchange transactions since there is not commensurate value transferred between the resource provider and the Organization. Government grants and contracts are generally conditioned on incurring qualified program expenses.

Donated Assets

Donated assets are recognized at their estimated fair market value. HVA reports gifts of land, buildings, equipment and other assets as unrestricted support unless donor stipulations specify how the donated assets must be used. Such donations are reported as unrestricted contributions unless the donor has restricted 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 donor restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service.

In-Kind Contributed Goods and Services

Contributions of nonfinancial assets are recognized if the goods or services received create or enhance nonfinancial assets or required specialized skills, are performed by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed goods or services that do not meet the above criteria are not recognized. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Donated goods or services are recorded as revenue and expensed at their estimated fair market value which is the cost of the actual or similar goods or services which would otherwise be purchased by the Organization. During the year many individuals volunteer their time and talents and perform a variety of tasks that assist the Organization in its overall purpose but do not qualify for recognition in the financial statements based on the above criteria.

Use of 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. Accordingly, accrual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents consist of bank accounts, and cash invested in readily marketable mutual funds. Included in cash equivalents are money market funds of $90,698 which are donor restricted.

Accounts Receivable

Accounts receivable are carried at their estimated collectible amounts. On a periodic basis, management evaluates its accounts receivable and writes off any amounts that are considered uncollectible. Management believes that all accounts receivable are collectible and, therefore, has not recorded an allowance for doubtful accounts. Promises to give that are expected to be collected within one year are recorded at net realizable value.

Unconditional promises to give that are expected to be collected in future years are recorded at present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. No allowance for uncollectible promises to give has been recorded.

Property and Equipment

Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Assets donated with explicit restrictions regarding their use and contributions of cash that are restricted by donors to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long these donated assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Depreciation is provided over the estimated useful lives of the assets ranging from 3 to 30 years using the straight-line method. Depreciation expense for the fiscal year ended June 30, 2024, was $7,596.

Land and Easements

Land is stated at cost or, if donated, at the approximate fair value at the date of donation. Assets donated with explicit restrictions regarding their use and contributions of cash that are restricted by donors to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long these donated assets must be maintained, the Trust reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

The Organization has a policy of recording land donated or purchased without sale or transfer stipulations as unrestricted land. Land subject to time or event restrictions is classified as temporarily restricted land, while land that can never be sold is recorded as permanently restricted.

Easements are not recorded as assets or revenue on the Organization's financial statements. Easements are separately tracked and monitored for compliance with easement restrictions for each property on which the Organization has been granted an easement.

Functional Expenses

The costs of providing various programs and activities have been presented on a functional basis in the accompanying statement of activities and the statement of functional expenses. Certain categories of expenses are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Accordingly, certain costs have been allocated among the programs and supporting services based on a combination of specific identification and allocation by management determined by analysis of the personnel and other costs specific to and space utilized for the related activities.

Income Tax Status

The Housatonic Valley Association, Inc. and the HVA Foundation, Inc. are each a separate non-stock corporation, and both are exempt from federal income tax under section 501(c) (3) of the Internal Revenue Code. In addition, both Organizations qualify for the charitable contribution deduction under Section 170 (b) (1) (A) and each has been classified as organization that is not a private foundation under Section 509 (a) (2).

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken for any uncertain tax positions taken. Management has concluded that there are no uncertain tax positions taken that would require recognition of a liability or asset, or disclosure in the financial statements.

## NOTE 2 – INVESTMENTS

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Investments held as of June 30, 2024, consisted of the following:

| | Cost Basis | Fair Value |
|---|---|---|
| Certificates of deposit | $ 50,000 | $ 49,764 |
| Corporate and US Bonds | 281,731 | 267,294 |
| Publicly traded mutual funds | 397,856 | 686,574 |
| Publicly traded equity investments | 449,617 | 1,404,954 |
| | $ 1,179,204 | $ 2,408,586 |

The following schedule summarizes the investment return included in the statement of activities:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Investment Income (net of $4,280 advisory fees) | $ 12,023 | $ 37,903 | $ 49,926 |
| Unrealized Gains (Losses) | 59,092 | 280,238 | 339,330 |
| Total Investment Return | $ 71,115 | $ 318,141 | $ 389,256 |

Investment Policy and Risk Parameters

The Organization has adopted an investment policy for endowment assets with an objective of achieving investment growth of both principal value and income over time that is sufficient to preserve or increase the purchasing power of the assets against inflation. All investments are selected to achieve the required level of portfolio diversification and to be consistent with investment funds that have available market pricing and transparency of holdings. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period.

Spending Policy

Endowment fund earnings may be used for program purposes including monitoring of conservation easements and land protections as approved by the Boards of Directors.

## NOTE 3 – BANK EQUITY LINE OF CREDIT

The Organization has an equity line of credit agreement with NBT Bank allowing up to $250,000 in short-term borrowing. The agreement provides for monthly interest payments at a rate equal to the Wall Street Journal Prime Rate and is collateralized with HVA's office facilities in Cornwall Bridge The current rate is 8.0%, and that is also the minimum interest rate. At June 30, 2024 the balance outstanding on this line of credit was $0. This note was renegotiated on April 8, 2025.

## NOTE 4 – RENTALS

A portion of the Organization’s facilities are rented to others as tenants at will. Rental revenue for the year ended June 30, 2024, was $9,060.

## NOTE 5 – RETIREMENT PLAN

HVA initiated a 403 (b) plan effective January 1, 2014 whereby they match an employee’s contribution of up to 5% of the employee’s gross salary. This plan is open to all employees who worked for a year. The 403 (b) expense for the year ended June 30, 2024, was $48,654.

## NOTE 6 – OPERATING LEASES

HVA leases 2 copiers under a 63-month non-cancellable operating lease which commenced on August 18, 2022. Total lease expenditures during the fiscal year ended June 30, 2024, were $2,801.

## NOTE 7 - THE RIVER INTERN FUND

This fund was established during 2008-2009 as an endowment, the earnings from which would provide funding to hire a student intern for summer employment by the Housatonic Valley Association. During 2009-2010 the balance was transferred to the Northwest Connecticut Community Foundation (NWCTCF) under an agreement which established a permanent endowment fund owned by NWCTCF. The reported balance at June 30, 2024 was $163,405. Distributions of income from the fund to HVA are based on a spending formula to currently not exceed a ceiling of 5.75% or a floor of 4.25% of the market valuation of the endowment assets based on a rolling three-year average. Distributions totaling $5,000 were received during 2024.

This fund is not included on these financial statements as ownership and control over the fund was transferred to the Community Foundation.

## NOTE 8 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Association in estimating its fair value disclosures for financial instruments:

The Association's investments are reported at fair value in the accompanying statements of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. The organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the organization measures fair values using Level 1 inputs because they generally provide the most reliable evidence of fair value.

| | June 30, 2024 | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---|---|---|---|---|
| Certificates of deposit | $ 49,764 | $ 49,764 | | |
| Corporate and US Bonds | 267,294 | 267,294 | - | - |
| Publicly traded mutual funds | 686,574 | 686,574 | - | - |
| Publicly traded equity investments | 1,404,954 | 1,404,954 | | |
| | $ 2,408,586 | $ 2,408,586 | $ - | $ - |

## NOTE 9 – COMMITMENTS AND CONTINGENCIES

The Association participates in various assisted grant programs. The use of grants in programs is subject to future review by the grantors. Such reviews may result in the Association having liabilities to the grantors.

The Association's Forms 990, *Return of Organization Exempt from Income Tax* are subject to examination by the IRS, generally for three years after they were filed.

## NOTE 10 – FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of June 30, 2024, financial assets available within one year for general expenditures, were as follows:

| | |
|---|---|
| Financial assets at year end | |
| Cash and cash equivalents | $ 410,636 |
| Accounts receivable | 337,219 |
| Investments | 2,408,586 |
| Total financial assets | 3,156,441 |
| | |
| Less amounts not available to be used within one year | |
| Net assets with donor restrictions - time and purpose | |
| With donor temporary restrictions | 1,254,928 |
| With donor permanent restrictions | 849,471 |
| Less board designated funds | 386,550 |
| Total not available | 2,490,949 |
| | |
| Financial assets available to meet general expenditures over the next twelve months | $ 665,492 |

As part of its liquidity management, the Association evaluates its liquidity requirements throughout the year, taking into consideration operating expectations and capital plans. Financial assets are structured to be available as general expenditures, liabilities and other obligations become due.

## NOTE 11 – NET ASSETS

Assets restricted and designated for the various funds of the organization were as follows as of June 30, 2024

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Temporarily Restricted | | | |
| Education | $ - | $ 3,500 | $ 3,500 |
| Summer Intern | - | 25,000 | 25,000 |
| Encon Officer | | 10,034 | 10,034 |
| River enhancement/protection | - | 81,572 | 81,572 |
| Any legal fees related to easements, land and stewardship funds | - | 147,058 | 147,058 |
| Net unrealized investment gains of permanently restricted funds | - | 987,764 | 987,764 |
| Total Temporarily Restricted | - | 1,254,928 | 1,254,928 |
| Permanently Restricted | | | |
| Investments | - | 643,129 | 643,129 |
| Land | - | 200,000 | 200,000 |
| Deferred Land Sale Costs | - | 6,342 | 6,342 |
| Total Permanently Restricted | - | 849,471 | 849,471 |
| Without Restrictions | | | |
| Equity in Property & Equipment | 64,735 | - | 64,735 |
| Designated by the Board - Endowment | 324,550 | - | 324,550 |
| Designated by the Board - Stewardship | 30,000 | - | 30,000 |
| Designated by the Board - Monitoring | 32,000 | - | 32,000 |
| Other Operating Funds | 534,910 | - | 534,910 |
| Net Assets Without Restrictions | 986,195 | - | 986,195 |
| Total Net Assets | $ 986,195 | $ 2,104,399 | $ 3,090,594 |

The Association maintains separate funds to hold and invest donor restricted contributions for various purposes. The funds are the Endowment Fund, the Hanser Land Acquisition Fund, the Endowed Maintenance Fund and the Land Stewardship Fund. The purpose of each fund is described as follows:

The Endowment Fund

This fund consists of land and deferred land sale costs held for investment by Housatonic Valley Association and investments in cash equivalent funds, equity stocks, mutual funds and long-term certificates of deposit held by the HVA Foundation. The Foundation has established investment policy guidelines in order to preserve the real value of funds invested.

Funds are transferred from the Endowment Fund to the Operating Fund based on a formula which considers the market value of total invested funds at the fiscal year end of the previous three years and the calendar year end of the current fiscal year. An average of the four market values is multiplied by 3% to arrive at the amount available for transfer. The Board of Directors has designated $5,000 of this amount to be available for fee land stewardship annually.

The Hanser Land Acquisition Fund

This fund consists of funds invested in an equity mutual fund held for land protection. Earnings from the fund may be used for river enhancement and protection.

The Endowed Maintenance Fund

This fund consists of funds invested in an equity mutual fund. The initial contributions and the subsequent earnings are restricted to protect and maintain three property conservation easements.

The Land Stewardship Fund

This fund consists of funds invested in an equity mutual fund. The initial contributions and subsequent earnings are restricted to protect and maintain easements.

The Board of Directors voted to designate funds totaling $32,000 during the 2012-13 year, and $30,000 during the 2015-16 year, for conservation easement defense. These designations were made in order to comply with a newly adopted board resolution which requires the Association to maintain a minimum of $50,000 in dedicated or restricted reserves for the purpose of easement monitoring and legal enforcement obligations. This amount, when combined with the total restricted funds held in the Endowed Maintenance Fund and the Land Stewardship Fund resulted in a total balance of $221,058 in dedicated and restricted funds available to protect and maintain conservation easements as of June 30, 2024.

Further detail on the restricted nature of the funds is as follows:

| | Without Donor Restrictions | | With Donor Restrictions | | |
|---|---|---|---|---|---|
| | Board Designated | Undesignated | Permanent Restrictions | Temporary Restrictions | Total Net Assets |
| Education | $ - | $ - | $ - | $ 3,500 | $ 3,500 |
| Summer Intern | - | - | - | 25,000 | 25,000 |
| Encon Officer | - | - | - | 10,034 | 10,034 |
| River enhancement/protection | - | - | - | 81,572 | 81,572 |
| Subtotal | - | - | - | 120,106 | 120,106 |
| Endowment Fund | 324,550 | - | 549,859 | 722,841 | 1,597,250 |
| Hanser Land Acquisition | - | - | 81,270 | 264,923 | 346,193 |
| Endowed Maintenance | - | - | 8,500 | 80,045 | 88,545 |
| Land Stewardship | 30,000 | - | 3,500 | 67,013 | 100,513 |
| Land Donor Permanently Restricted | - | - | 200,000 | - | 200,000 |
| Deferred Land Sale Costs | - | - | 6,342 | - | 6,342 |
| Equity in Property & Equipment | - | 64,735 | | - | 64,735 |
| Designated for Monitoring | 32,000 | - | - | - | 32,000 |
| Other Operating Funds | - | 534,910 | - | - | 534,910 |
| Subtotal | 386,550 | 599,645 | 849,471 | 1,134,822 | 2,970,488 |
| Total Net Assets | $ 386,550 | $ 599,645 | $ 849,471 | $ 1,254,928 | $ 3,090,594 |

Endowment Fund

The Organization's endowment consists of donor-restricted funds where the donor identified a portion of the fund to remain in perpetuity and unavailable for spending. The donor-restricted funds include the corpus restricted in perpetuity and the net appreciation of the fund. Funds designated by the Board of Directors as restricted to purpose or time are also included in the Organization's endowment and are reported as net assets without donor restrictions.

The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions, permanently restricted net assets, the original value of gifts to the Endowment Fund along with any accumulations to the permanent funds made in accordance with donor gift instrument directions. The remaining portion of the aforementioned funds is classified as net assets without donor restrictions designated for endowment until appropriated for expenditure in the manner described for each fund in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with the UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

Endowment net asset composition by type of fund as of year-end are as follows:

| | Without Donor Restrictions | Restricted For Time or Purpose | Restricted in Perpetuity | Total |
|---|---|---|---|---|
| Donor-Restricted Endowment | $ - | $ 722,841 | $ 549,859 | $ 1,272,700 |
| Land Donor Permanently Restricted | - | - | 200,000 | 200,000 |
| Deferred Land Sale Costs | - | - | 6,342 | 6,342 |
| Designated by Board for Endowment | 324,550 | - | - | 324,550 |
| Total Endowment Fund | $ 324,550 | $ 722,841 | $ 756,201 | $ 1,803,592 |

Changes in Endowment net assets by type of fund as of year-end are as follows:

| | | With Donor Restrictions | | |
|---|---|---|---|---|
| | Without Donor Restrictions | Restricted For Time or Purpose | Restricted in Perpetuity | Total |
| Endowment Net Assets Beginning | $ 324,550 | $ 561,440 | $ 756,201 | $ 1,642,191 |
| Contributions | - | - | - | - |
| Investment Income net of fees | - | 30,785 | - | 30,785 |
| Net unrealized appreciation (loss) | - | 179,168 | - | 179,168 |
| Amounts appropriated for expenditure | - | (48,552) | - | (48,552) |
| Endowment Net Assets Ending | $ 324,550 | $ 722,841 | $ 756,201 | $ 1,803,592 |

## NOTE 12 – COMMITMENTS AND CONTINGENCIES

The Association's Forms 990, *Return of Organization Exempt from Income Tax* are subject to examination by the IRS, generally for three years after they were filed. No examinations are in progress.

## NOTE 13 – SUBSEQUENT EVENTS

The Organization adheres to ASC Topic 855, Subsequent Events. ASC Topic 855 requires disclosure of the date through which subsequent events have been evaluated, and whether that date is the date that the financial statements were issued or available to be issued. Management has evaluated subsequent events for potential recognition and disclosure through June 19, 2025, the date the financial statements were available to be issued. Management is not aware of any events subsequent to the statement of financial position date which would require additional adjustment to, or disclosure in, the accompanying financial statements.