

SHERIFF'S MEADOW FOUNDATION

**FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022**

tonneson + co

Certified Public Accountants & Consultants

SHERIFF'S MEADOW FOUNDATION

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INDEPENDENT AUDITOR’S REPORT

To the Board of Directors
Sheriff's Meadow Foundation
Vineyard Haven, Massachusetts

Opinion

We have audited the accompanying financial statements of Sheriff's Meadow Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of Sheriff's Meadow Foundation as of June 30, 2023 and 2022, and the changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Sheriff's Meadow Foundation 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 Sheriff's Meadow Foundation'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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401 Edgewater Place, Suite 300, Wakefield, MA 01880-6208 t. 781.245.9999 f. 781.245.8731 www.tonneson.com

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 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 Sheriff's Meadow Foundation'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 Sheriff's Meadow Foundation'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.

Tonneson & Company, PC

Wakefield, Massachusetts
March 6, 2024

SHERIFF'S MEADOW FOUNDATION

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2023 AND 2022

ASSETS

	<u>2023</u>	<u>2022</u> (As Restated)
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,248,746	\$ 1,118,442
Promises to give	605,856	566,836
Prepaid expenses and other current assets	88,493	137,084
Note receivable, employee	27,626	-
	<hr/>	<hr/>
Total current assets	1,970,721	1,822,362
	<hr/>	<hr/>
PROPERTY, PLANT AND EQUIPMENT, AT COST:		
Land	78,227,986	77,937,361
Land improvements	77,187	77,187
Buildings and improvements	2,504,344	2,504,344
Equipment	522,223	431,152
	<hr/>	<hr/>
	81,331,740	80,950,044
Less accumulated depreciation	<hr/>	<hr/>
	(1,310,084)	(1,162,404)
	<hr/>	<hr/>
Total property, plant and equipment, net	80,021,656	79,787,640
	<hr/>	<hr/>
OTHER ASSETS:		
Promises to give - long-term, net	557,622	533,196
Investments	13,646,131	11,366,163
Note receivable, employee - long-term	272,374	-
Website and mobile application, net of accumulated amortization of \$227,732 and \$192,732 in 2023 and 2022, respectively	67,084	102,084
	<hr/>	<hr/>
Total other assets	14,543,211	12,001,443
	<hr/>	<hr/>
TOTAL ASSETS	\$ 96,535,588	\$ 93,611,445
	<hr/> <hr/>	<hr/> <hr/>

SHERIFF'S MEADOW FOUNDATION

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2023 AND 2022

LIABILITIES AND NET ASSETS

	<u>2023</u>	<u>2022</u> (As Restated)
CURRENT LIABILITIES:		
Accounts payable	\$ 65,182	\$ 108,092
Accrued expenses	1,488	-
Deferred revenue	368,219	468,832
Total current liabilities	<u>434,889</u>	<u>576,924</u>
LONG-TERM LIABILITIES:		
Deferred compensation	267,064	204,256
Note payable, other	-	850,000
Total long-term liabilities	<u>267,064</u>	<u>1,054,256</u>
TOTAL LIABILITIES	<u>701,953</u>	<u>1,631,180</u>
NET ASSETS:		
Without donor restrictions	81,680,010	80,342,233
With donor restrictions	14,153,625	11,638,032
TOTAL NET ASSETS	<u>95,833,635</u>	<u>91,980,265</u>
 TOTAL LIABILITIES AND NET ASSETS	 \$ <u>96,535,588</u>	 \$ <u>93,611,445</u>

SHERIFF'S MEADOW FOUNDATION

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE:			
Other donations	\$ 943,678	\$ 3,453,626	\$ 4,397,304
Event revenue	613,470	-	613,470
Interest income	3,362	-	3,362
Investment gain, net	595,561	434,233	1,029,794
Donated services, facilities and materials	1,500	-	1,500
Other income	41,957	-	41,957
Net assets released from restrictions	1,372,266	(1,372,266)	-
Total support and revenue	<u>3,571,794</u>	<u>2,515,593</u>	<u>6,087,387</u>
EXPENSES:			
Program services:			
Land acquisition	92,077	-	92,077
Land stewardship	1,157,072	-	1,157,072
Education and outreach	64,098	-	64,098
Supporting services:			
General and administrative	583,557	-	583,557
Fundraising	337,213	-	337,213
Total expenses	<u>2,234,017</u>	<u>-</u>	<u>2,234,017</u>
INCREASE (DECREASE) IN NET ASSETS	<u>1,337,777</u>	<u>2,515,593</u>	<u>3,853,370</u>
NET ASSETS, BEGINNING OF YEAR	<u>80,342,233</u>	<u>11,638,032</u>	<u>91,980,265</u>
NET ASSETS, END OF YEAR	<u>\$ 81,680,010</u>	<u>\$ 14,153,625</u>	<u>\$ 95,833,635</u>

SHERIFF'S MEADOW FOUNDATION

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

	(As Restated)		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Other donations	\$ 295,789	\$ 1,803,212	\$ 2,099,001
Event revenue	535,189	-	535,189
Interest income	256	-	256
Investment loss, net	(1,076,517)	(795,990)	(1,872,507)
Donated services, facilities and materials	250	-	250
Gain on sale of land	568,172	-	568,172
Other income	28,152	-	28,152
Net assets released from restrictions	897,224	(897,224)	-
Total support and revenue	<u>1,248,515</u>	<u>109,998</u>	<u>1,358,513</u>
EXPENSES:			
Program services:			
Land acquisition	131,522	-	131,522
Land stewardship	921,868	-	921,868
Education and outreach	58,498	-	58,498
Supporting services:			
General and administrative	515,862	-	515,862
Fundraising	235,980	-	235,980
Total expenses	<u>1,863,730</u>	<u>-</u>	<u>1,863,730</u>
INCREASE (DECREASE) IN NET ASSETS	(615,215)	109,998	(505,217)
NET ASSETS, BEGINNING OF YEAR	80,957,448	11,528,034	92,485,482
NET ASSETS, END OF YEAR, AS RESTATED	\$ <u>80,342,233</u>	\$ <u>11,638,032</u>	\$ <u>91,980,265</u>

SHERIFF'S MEADOW FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2023

	<u>Program Services</u>				<u>Supporting Services</u>		<u>Total</u>
	<u>Land Acquisition</u>	<u>Land Stewardship</u>	<u>Education & Outreach</u>	<u>Total</u>	<u>General & Administrative</u>	<u>Fundraising</u>	
Accounting & audit	\$ -	\$ -	\$ -	\$ -	\$ 100,835	\$ -	\$ 100,835
Advertising	-	-	-	-	7,992	-	7,992
Annual report & newsletter	-	-	17,852	17,852	-	17,851	35,703
Automobile expense	1,102	19,842	-	20,944	1,103	-	22,047
Bank fees	-	-	-	-	6,164	-	6,164
Conferences and meetings	-	-	-	-	3,065	-	3,065
Depreciation	-	173,575	-	173,575	9,136	-	182,711
Dues and subscriptions	-	4,058	1,353	5,411	4,058	4,058	13,527
Fundraising events	-	-	-	-	-	126,549	126,549
Health insurance	1,795	53,835	897	56,527	24,226	8,972	89,725
Insurance - other	-	56,124	-	56,124	24,676	-	80,800
Interest	-	-	-	-	2,431	-	2,431
Investment & other fees	-	-	-	-	4,346	-	4,346
Legal fees	47,412	5,910	-	53,322	-	-	53,322
Memberships	-	-	-	-	3,365	3,365	6,730
Office supplies & expense	8,561	59,924	8,561	77,046	59,922	34,242	171,210
Other	-	-	1,713	1,713	8,562	1,142	11,417
Payroll	27,269	481,746	27,269	536,284	263,595	109,075	908,954
Payroll taxes	2,013	35,566	2,013	39,592	19,462	8,052	67,106
Postage	-	-	615	615	3,077	8,611	12,303
Property maintenance & expense	-	222,415	-	222,415	-	-	222,415
Rent	1,393	5,571	1,393	8,357	13,928	5,571	27,856
Retirement plan expense	2,106	37,204	2,106	41,416	20,357	8,424	70,197
Telephone	27	108	27	162	273	107	542
Utilities	299	1,194	299	1,792	2,984	1,194	5,970
Total	\$ 92,077	\$ 1,157,072	\$ 64,098	\$ 1,313,247	\$ 583,557	\$ 337,213	\$ 2,234,017

See Notes to Financial Statements.

SHERIFF'S MEADOW FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022

	<u>Program Services</u>				<u>Supporting Services</u>		<u>Total</u>
	<u>Land Acquisition</u>	<u>Land Stewardship</u>	<u>Education & Outreach</u>	<u>Total</u>	<u>General & Administrative</u>	<u>Fundraising</u>	
Accounting & audit	\$ -	\$ -	\$ -	\$ -	\$ 107,191	\$ -	\$ 107,191
Advertising	-	-	-	-	17,069	-	17,069
Annual report & newsletter	-	-	20,893	20,893	-	20,893	41,786
Automobile expense	779	14,019	-	14,798	779	-	15,577
Bank fees	-	-	-	-	7,570	-	7,570
Conferences and meetings	-	-	-	-	7,264	-	7,264
Depreciation	-	132,637	-	132,637	6,981	-	139,618
Dues and subscriptions	-	4,925	1,642	6,567	4,926	4,925	16,418
Fundraising events	-	-	-	-	-	61,878	61,878
Health insurance	1,620	48,590	810	51,020	21,866	8,097	80,983
Insurance - other	-	59,430	-	59,430	20,865	-	80,295
Interest	-	-	-	-	5,333	-	5,333
Investment & other fees	-	-	-	-	3,238	-	3,238
Land acquisition expense	53,290	-	-	53,290	-	-	53,290
Legal fees	45,535	28,785	-	74,320	-	-	74,320
Memberships	-	-	-	-	4,195	4,195	8,390
Office supplies & expense	3,436	24,051	3,436	30,923	24,051	13,744	68,718
Other	-	-	3,987	3,987	19,934	2,658	26,579
Payroll	21,928	387,393	21,928	431,249	211,969	87,713	730,931
Payroll taxes	1,424	25,159	1,424	28,007	13,767	5,695	47,469
Postage	-	-	868	868	4,340	12,149	17,357
Property maintenance & expense	-	159,968	-	159,968	-	-	159,968
Rent	1,330	5,318	1,330	7,978	13,294	5,318	26,590
Retirement plan expense	1,674	29,573	1,674	32,921	16,181	6,696	55,798
Telephone	242	966	242	1,450	2,415	965	4,830
Utilities	264	1,054	264	1,582	2,634	1,054	5,270
Total	\$ 131,522	\$ 921,868	\$ 58,498	\$ 1,111,888	\$ 515,862	\$ 235,980	\$ 1,863,730

See Notes to Financial Statements.

SHERIFF'S MEADOW FOUNDATION

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2023 AND 2022

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	<u>2023</u>	<u>2022</u> (As Restated)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 3,853,370	\$ (505,217)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Contributions restricted for long-term purposes	(768,000)	(161,573)
Net realized and unrealized (gains) losses on investments	(808,187)	1,954,674
Depreciation	182,681	139,618
Discount on promises to give	14,613	(9,435)
Gain on sale of land	-	(568,172)
Change in certain assets and liabilities:		
Promises to give	129,591	46,920
Prepaid expenses and other current assets	48,591	(56,311)
Accounts payable	(42,910)	71,793
Accrued expenses	1,488	(42,479)
Deferred revenue	(100,613)	117,099
Deferred compensation	62,808	(4,710)
Net cash provided by operating activities	<u>2,573,432</u>	<u>982,207</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of investments	2,028,407	2,311,301
Purchase of investments	(3,500,188)	(3,405,452)
Purchase of land	(290,626)	-
Purchase of property and equipment	(91,071)	(56,519)
Proceeds from sale of land	-	1,183,172
Website development and mobile application costs paid	-	(105,000)
Net cash used in investing activities	<u>(1,853,478)</u>	<u>(72,498)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from contributions restricted for long-term purposes:		
Comprehensive campaign	560,350	308,033
Issuance of note receivable, employee	(300,000)	-
Repayments of note payable, other	(850,000)	(650,000)
Net cash used in financing activities	<u>(589,650)</u>	<u>(341,967)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	130,304	567,742
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,118,442</u>	<u>550,700</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,248,746</u>	<u>\$ 1,118,442</u>

See Notes to Financial Statements.

SHERIFF'S MEADOW FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

Note 1 - Summary of Significant Accounting Policies

Organization - The mission of Sheriff's Meadow Foundation is to conserve the natural, beautiful, rural landscape and character of Martha's Vineyard for present and future generations.

Basis of Accounting - The financial statements of Sheriff's Meadow Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Basis of Presentation - Under U.S. GAAP, the Foundation 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 and may be expended for any purpose in performing the primary objectives of the Foundation. These assets may be used at the discretion of the Foundation's management and Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by action of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Estimates - The preparation of financial statements in conformity with U.S. GAAP 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.

Concentration of Credit Risk - The Foundation maintains an investment portfolio consisting of a combination of long-term cash and cash equivalents, government securities, corporate stocks and mutual funds. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the value of these investments will occur in the near term and such changes could materially affect the Foundation's investment account balances. At June 30, 2023 and 2022, the Foundation had \$13,646,131 and \$11,366,163, respectively, in brokerage accounts, which were not insured and subject to various risks, such as interest rate, market and credit risks.

The Foundation maintains operating cash balances at financial institutions located in Massachusetts. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. In addition, the Foundation's financial institutions participate in the Depositors Insurance Fund, which insures all deposits above FDIC limits at Massachusetts chartered savings banks. As of June 30, 2023 and 2022, the Foundation's cash balances were fully insured under these programs.

Cash Equivalents - Cash equivalents consist of highly liquid investments with original maturities of ninety days or less. Cash equivalents are carried at cost, which approximates fair value.

SHERIFF'S MEADOW FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

Note 1 - Summary of Significant Accounting Policies (Continued)

Investments - The Foundation's investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Statements of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statements of Activities. Gains and losses on the disposition of investments are accounted for on the average cost method for mutual funds and specific identification method for other securities. Investment income and gains restricted by donors are reported as increases in net assets with donor restrictions and are reclassified to net assets without donor restrictions when the restrictions are met (either a stipulated time period ends, or a purpose restriction is accomplished).

The Foundation maintains master investment accounts for its donor-restricted endowments, unless specified to be segregated by the donor. Realized and unrealized gains and losses from securities in the master investment account are allocated monthly to the individual endowments based on the relationship of the market value of each endowment to the total market value of the master investment accounts, as adjusted for additions to or deductions from those accounts.

Promises to Give - Promises to give are stated at the amounts the Foundation expects to collect from outstanding balances. Foundation management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on historical collection experience, its assessment of current economic conditions, review and assessment of estimated funding sources and the financial condition of the donor. Balances that are still outstanding after Foundation management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to promises to give.

At June 30, 2023 and 2022 promises to give were deemed fully collectible by Foundation management.

Property, Plant and Equipment - The Foundation capitalizes all acquisitions of property and equipment and all expenditures for repairs, maintenance, renewals and betterments in excess of \$1,000 that materially prolong the useful lives of assets. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method over the assets estimated useful lives.

Web Development and Mobile Application Costs - Website development and mobile application costs are accounted for as capital assets and amortized on a straight-line basis over their estimated useful lives. Costs related to the planning stage of website development and mobile application projects, as well as ongoing operating and support costs are expensed as incurred.

Donations - Contributions, including grants, are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts that are designated for future periods or restricted by the donor for specific purposes are reported as contributions with donor restrictions that increase that net asset class. Contributions that are restricted by the donor are reclassified to net assets without donor restrictions when the restriction expires (that is when a stipulated time restriction ends, or purpose restriction is accomplished).

Unconditional promises to give are reported at net realizable value if at the time the promise is made, collection is expected to be received in one year or less. Unconditional promises to give that are expected to be collected in more than one year are initially reported at fair value using present value techniques and a discount rate determined by management of the Foundation. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. At June 30, 2023 and 2022, donors have made conditional pledges in the form of bequests to the Foundation totaling \$775,000. During the year ended June 30, 2023, a donor made a conditional pledge in the amount of \$675,000 to the Foundation related to the purchase of certain property.

SHERIFF'S MEADOW FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

Note 1 - Summary of Significant Accounting Policies (Continued)

Donations (Continued) - Contributions in the form of property and equipment and other assets are recorded at fair value on the date the donation is received.

During the year ended June 30, 2023, approximately 35% of total support and revenue was contributed by two donors. At June 30, 2023, no promises to give were outstanding from these donors.

Revenue Recognition - Under FASB ASC Topic 606, *Revenue from Contracts with Customers* (ASC 606), revenue is recognized when a customer obtains control of promised goods or services (the performance obligation) in an amount that reflects the consideration expected to be received in exchange for those goods or services (the transaction price).

Revenue from performance obligations satisfied at a point in time consists of event revenue which is recognized when the event takes place. Amounts received in advance are deferred until earned. All of the Foundation's performance obligations are for durations of one year or less. For the years ended June 30, 2023 and 2022, revenue from performance obligations satisfied at a point in time amounted to approximately \$613,000 and \$535,000, respectively. Accounts receivable require payment on a short-term basis and as such the Foundation does not have any significant financing components.

Donated Services - The Foundation reports the fair value of donated services that require specialized skills and that would otherwise be purchased by the Foundation as contributions without donor restriction and simultaneously as expense, based on the estimated fair value at the time the services are donated. The Foundation did not monetize any donated services. Additionally, individuals volunteer their time and perform a variety of tasks that assist the Foundation, but these services do not meet the criteria for recognition as donated services under accounting principles generally accepted in the United States of America. Donated services for the years ended June 30, 2023 and 2022, included in the accompanying statement of activities, were as follows:

<u>Non-financial Contribution</u>	<u>Type of Contribution</u>	<u>Valuation</u>	<u>2023</u>	<u>2022</u>
Contributed goods	Flowers	Invoice	\$ 1,000	\$ -
		Standard industry		
Contributed services	Design Services	pricing	500	-
	Real Estate	Standard industry		
Contributed services	Brokerage Services	pricing	-	250
			<u>1,500</u>	<u>250</u>

Functional Allocation of Expenses - The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and Statements of Functional Expenses. Certain expenses attributed to more than one program or supporting function have been allocated on a reasonable basis that is consistently applied. The expenses that are allocated primarily include payroll and related benefits, occupancy, utilities, and depreciation. These expenses are allocated on the basis of estimates of usage, time and effort.

SHERIFF'S MEADOW FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

Note 1 - Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses (Continued) - The following program and supporting services are included in the accompanying financial statements:

Land acquisition

Land is acquired for the preservation, administration, and maintenance of natural habitats for wildlife on Martha's Vineyard both for educational purposes and in the interests of conservation.

Land stewardship

For the conservation and maintenance of land and walking trails as well as guided tours of the various conservation properties.

Education and outreach

Education of the general public and of children about nature, conservation, and about the natural history of Martha's Vineyard.

Administrative and general

Includes the functions necessary to manage the financial and budgetary responsibilities of the Foundation.

Fundraising

Provides the structure necessary to encourage and secure private financial support from individuals, foundations and corporations.

Advertising - The Foundation uses advertising to promote its programs and educational materials among the audience it serves. The production costs of advertising are expensed as incurred. Advertising expenses totaled \$7,992 and \$17,069 for the years ended June 30, 2023 and 2022, respectively.

Income Taxes - The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income. The Foundation had no unrelated business income for the years ended June 30, 2023 and 2022.

In determining the recognition of uncertain tax positions, the Foundation applies a more-likely-than-not recognition threshold and determines the measurement of uncertain tax positions considering the amounts and probabilities of the outcomes that could be realized upon ultimate settlement with taxing authorities. As of June 30, 2023 and 2022, the Foundation has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Foundation is not currently under examination by any taxing jurisdiction. The Foundation's federal and state tax returns are generally open for examination for three years following the date filed.

Recently Adopted Accounting Pronouncements - In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) 842, *Leases*. This new standard was issued to increase transparency and comparability among entities by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most notable among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Additionally, under the new standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Foundation adopted the new lease standard effective July 1, 2022 and recognized and measured leases existing at July 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment, with certain practical expedients available. Lease accounting and disclosures for the year ended June 30, 2022 are made under prior lease guidance in FASB ASC 840 in which future payments to be made under operating leases, other than deferred rent, were not recorded on the statement of financial position but rather classified and disclosed as commitments.

SHERIFF'S MEADOW FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

Note 1 - Summary of Significant Accounting Policies (Continued)

Recently Adopted Accounting Pronouncements (Continued) - The Organization elected the available practical expedients to account for existing operating leases as operating leases under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of operating leases would be different in accordance with the new guidance, and (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement. Adoption of the new lease standard did not have any impact on the Foundation's statements of financial position, activities nor cash flows.

During the year ended June 30, 2023, the Foundation adopted Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. Adoption of this standard did not have a significant impact on the financial statements.

Leases - Finance leases, when applicable, are included in property, plant and equipment as right-of-use ("ROU") assets and current and long-term finance lease obligations on the Foundation's statement of financial position. Operating leases, when applicable, are included as ROU assets and operating lease obligations on the Foundation's statement of financial position.

The Foundation determines if an arrangement is a lease at inception. In evaluating contracts to determine if they qualify as a lease, the Foundation considers factors such as if it has obtained substantially all of the rights to the underlying asset through exclusivity, if it can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. The evaluation may require significant judgement. The Foundation has elected to apply the short-term lease exemption to all asset classes.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term which includes both amortization of the ROU asset and other lease expense. In determining the discount rate used to measure the right-of-use asset and lease liability, the rate implicit in the lease is used, or if not available, the Foundation uses a risk-free rate for all classes of assets based on the information available at commencement date in determining the present value of lease payments. The risk free interest rate is based on the U.S. Daily Treasury Par Yield Curve Rates for terms similar to lease terms. The ROU asset also includes any lease payments made at or before commencement, less any incentives received. Lease terms may include options to extend or terminate the lease when it is reasonably certain that such option will be exercised. The Foundation's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Subsequent Events - The date to which events occurring after June 30, 2023 have been evaluated for possible adjustment to the financial statements or disclosures is the date of the Independent Auditor's Report which is the date the financial statements were available to be issued.

Note 2 - Availability and Liquidity

The Foundation strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures, approximately \$500,000. Financial assets in excess of daily cash requirements are invested in money market funds and other short-term investments.

SHERIFF'S MEADOW FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

Note 2 - Availability and Liquidity (Continued)

In addition, the Foundation receives contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund programs. The Foundation also receives support without donor restrictions.

The Foundation considers investment income without donor restrictions, appropriated earnings from donor-restricted endowments, contributions without donor restrictions, and contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include program service expenses, administrative and general expenses and fundraising expenses expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the Foundation's fiscal year.

The Foundation manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that long term grant commitments and obligations under endowments with donor restrictions and quasi-endowments that support mission fulfillment will continue to be met, ensuring the sustainability of the Foundation.

The table below presents financial assets available for general expenditures within one year at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u> (As Restated)
Financial assets at year-end:		
Cash and cash equivalents	\$ 1,248,746	\$ 1,118,442
Promises to give	1,163,478	1,100,032
Investments	<u>13,646,131</u>	<u>11,366,163</u>
Total financial assets	<u>16,058,355</u>	<u>13,584,637</u>
Less amounts not available to be used within one year:		
Promises to give for restricted gifts, net	1,053,219	865,843
Promises to give due after one year, net	18,690	108,490
Investments held to fund deferred compensation	269,006	200,698
Investments held as endowments	4,649,734	4,520,406
Investments held with donor restrictions	<u>4,273,075</u>	<u>3,537,330</u>
Financial assets not available to be used within one year	<u>10,263,724</u>	<u>9,232,767</u>
Financial assets available to meet general expenditures within one year	<u>\$ 5,794,631</u>	<u>\$ 4,351,870</u>

SHERIFF'S MEADOW FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

Note 3 - Conservation Easements

The Foundation has acquired and holds a number of conservation easements, each representing a legal interest in land owned by another person or entity. The easements grant the Foundation the right to use, control, and/or protect the land for conservation purposes. Because of the unique nature of these assets, the impracticality of obtaining consistent and reliable estimates of the values ascribed to these interests, and consistent with the practice followed by many environmental land trusts, the accompanying financial statements do not include any amounts for these property interests. At June 30, 2023 and 2022, the Foundation held 42 and 41 conservation easements, respectively, on approximately 986 and 825 acres of land, respectively.

Note 4 - Investments

The Foundation maintains a master investment account to fund operating and endowment related activities and an investment account to fund a deferred compensation plan. During the year ended June 30, 2021, the Foundation adopted a fossil fuel free investment policy, resulting in a change in the consistency of the investments of the Foundation. The cost and fair value of these investments at June 30, 2023 and 2022 were as follows:

	June 30, 2023	
	Cost	Value
Mutual funds	\$ 10,305,175	\$ 10,333,089
Treasury securities	988,031	1,266,646
Money market funds	2,046,396	2,046,396
	<u>\$ 13,339,602</u>	<u>\$ 13,646,131</u>

	June 30, 2022	
	Cost	Value
Mutual funds	\$ 4,012,761	\$ 3,644,624
Exchange traded and closed-end funds	7,114,366	7,711,178
Stocks	8,390	10,361
	<u>\$ 11,135,517</u>	<u>\$ 11,366,163</u>

For the years ended June 30, 2023 and 2022, investments were segregated into the following categories:

	June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Without donor restrictions	\$ 4,723,322	\$ -	\$ 4,723,322
Board designated endowments	423,324	-	423,324
Donor designated endowments		4,226,410	4,226,410
With donor restrictions		4,273,075	4,273,075
	<u>\$ 5,146,646</u>	<u>\$ 8,499,485</u>	<u>\$ 13,646,131</u>

SHERIFF'S MEADOW FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

Note 4 - Investments (Continued)

	June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Without donor restrictions	\$ 3,308,427	\$ -	\$ 3,308,427
Board designated endowments	398,506	-	398,506
Donor designated endowments	-	4,121,900	4,121,900
With donor restrictions	-	3,537,330	3,537,330
	\$ 3,706,933	\$ 7,659,230	\$ 11,366,163

Fair value is defined under U.S. GAAP as the price that would be received to sell an asset, or paid to transfer a liability, in orderly transactions between market participants. Further, the Foundation is required to maximize the use of observable market inputs, minimize the use of unobservable market inputs, and disclose in the form of an outlined hierarchy the details of such fair value measurements. The hierarchy of valuation techniques is based on whether inputs to a fair value measurement are considered to be observable or unobservable in a marketplace. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Foundation's market assumptions.

This hierarchy requires the use of observable market data when available. These inputs have created the following fair value hierarchy:

- Level 1 - Quoted market prices in active markets for identical assets or liabilities.
- Level 2 - Observable inputs other than those included in Level 1. For example, quoted prices for similar assets in active markets or quoted prices for identical assets in inactive markets.
- Level 3 - Unobservable inputs reflecting management's own assumptions about the inputs used in estimating the value of the asset.

Following is a description of the Foundation's valuation methodologies for assets measured at fair value.

Money Market Funds: This investment is valued at cost, which approximates fair value. Investments in the money market funds are classified within Level 1 of the valuation hierarchy.

Stocks, Corporate Fixed Income, and Government Securities: These investments are valued at the closing price of the active market in which the individual securities are traded. Investments in stocks, corporate fixed income, and government securities are classified as Level 1 of the valuation hierarchy.

Exchange Traded and Closed-End Funds and Mutual Funds: These investments are public investment vehicles valued using the Net Asset Value ("NAV") provided by the administrator of the fund and calculated at the close of business on various stock exchanges. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. Investments in exchange traded and closed-end funds and mutual funds are classified as Level 1 of the valuation hierarchy.

SHERIFF'S MEADOW FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

Note 4 - Investments (Continued)

The following table summarizes the Foundation's financial assets measured at fair value on a recurring basis in accordance with U.S. GAAP as of June 30, 2023 and 2022:

	June 30, 2023		June 30, 2022	
	Level 1	Total	Level 1	Total
Investments				
Money market funds	\$ 2,046,396	\$ 2,046,396	\$ -	\$ -
Stocks:				
Financial services	-	-	10,361	10,361
Exchange traded and closed-end funds:				
Large blend	-	-	3,474,255	3,474,255
Foreign large blend	-	-	3,822,237	3,822,237
Small blend	-	-	414,686	414,686
Government securities				
Treasury securities	997,640	997,640	-	-
Mutual funds:				
Short-term bond	664,708	664,708	2,274,043	2,274,043
Intermediate-term bond	2,917,750	2,917,750	1,102,190	1,102,190
Large growth stock	1,485,849	1,485,849	268,391	268,391
Large blend stock	1,829,942	1,829,942	-	-
Foreign large blend stock	1,358,469	1,358,469	-	-
Small blend stock	870,769	870,769	-	-
Diversified emerging market	855,175	855,175	-	-
Europe stock	619,433	619,433	-	-
Total investments	\$ 13,646,131	\$ 13,646,131	\$ 11,366,163	\$ 11,366,163

Note 5 - Endowment

The Foundation's endowment consists of eleven individual funds established for a variety of purposes. The endowment also includes funds designated by the Board of Directors to function as endowments. In conformity with accounting principles generally accepted in the United States of America, 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.

Interpretation of relevant law: The Board of Directors of the Foundation has interpreted the Massachusetts Uniform Prudent Management of Institutional Funds Act (the Act) as requiring the preservation of the fair value of the original gift as of the gift date on the donor-restricted endowment funds, absent explicit donor stipulations to the contrary, and the fair value of the Board-designated endowment funds absent explicit stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner that is consistent with the standard of prudence prescribed by the Act.

SHERIFF'S MEADOW FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

Note 5 - Endowment (Continued)

The Foundation may accumulate so much of the annual net income as deemed prudent to meet (1) the long and short-term needs of the Foundation in carrying out its mission, (2) problems specific to the Foundation, (3) present and anticipated financial requirements, (4) expected total return on its investments, (5) price level trends, and (6) general economic conditions. In addition, the Foundation may hold any or all of such accumulated income for subsequent expenditure for the uses and purposes for which the Board-designated endowments were established or may add any or all of the accumulated income to the principal endowment funds that is deemed prudent.

In accordance with the Act, the Foundation considers the following factors in making a determination to appropriate or accumulate restricted endowment funds: (1) the duration and preservation of various funds, (2) the purpose of the Foundation and the restricted endowment funds, (3) general economic conditions, (4) the possible effects 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 Foundation's investment policies.

Investment and spending policies: The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding while seeking to maintain the purchasing power of the endowment assets. The Foundation adopted has a fossil fuel free investment policy, resulting in a change in the endowment investments of the Foundation. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for donor-specified periods as well as Board-designated funds. Under these policies, as approved by the Finance Committee, the endowment assets are invested in a manner that is intended to contribute to the Foundation's total return objectives and preserve principal while maintaining a competitive yield as market conditions dictate.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation including marketable securities and insured instruments issued by the United States Government or agencies of the United States Government to achieve its long-term return objectives within prudent risk constraints.

The Foundation's policy of appropriating distribution of funds is determined based on the donor's intentions and investment returns as well as taking into consideration the long-term expected return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment to grow at a normal inflationary rate on an annual basis. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specific term as well as to provide additional growth through new gifts and investment return.

Funds with deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Act requires the Foundation to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported in net assets with donor restrictions. There were no deficiencies of this nature as of June 30, 2023 and 2022.

SHERIFF'S MEADOW FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

Note 5 - Endowment (Continued)

Endowment net assets composition by type of fund as of June 30, 2023 and 2022 is as follows:

	June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 4,229,410	\$ 4,229,410
Board-designated endowment funds	423,323	-	423,323
	<u>\$ 423,323</u>	<u>\$ 4,229,410</u>	<u>\$ 4,652,733</u>

	June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 4,317,798	\$ 4,317,798
Board-designated endowment funds	398,506	-	398,506
	<u>\$ 398,506</u>	<u>\$ 4,317,798</u>	<u>\$ 4,716,304</u>

Changes in endowment net assets for the years ended June 30, 2023 and 2022 are as follows:

	June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 398,506	\$ 4,317,798	\$ 4,716,304
Reclassification	-	(200,000)	(200,000)
Contributions	-	32,875	32,875
Investment gain, net	33,162	96,620	129,782
Appropriation of endowment assets for expenditure	<u>(8,345)</u>	<u>(17,883)</u>	<u>(26,228)</u>
Endowment net assets, end of year	<u>\$ 423,323</u>	<u>\$ 4,229,410</u>	<u>\$ 4,652,733</u>

	June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 470,264	\$ 3,180,993	\$ 3,651,257
Reclassification	(2)	1,183,171	1,183,169
Contributions	-	155,467	155,467
Investment loss, net	(63,712)	(184,724)	(248,436)
Appropriation of endowment assets for expenditure	<u>(8,044)</u>	<u>(17,109)</u>	<u>(25,153)</u>
Endowment net assets, end of year	<u>\$ 398,506</u>	<u>\$ 4,317,798</u>	<u>\$ 4,716,304</u>

SHERIFF'S MEADOW FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

Note 6 - Promises to Give

The Foundation had promises to give as follows at June 30, 2023 and 2022:

	June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Promises to give expected to be collected in:			
Less than one year	\$ 91,569	\$ 514,287	\$ 605,856
One to five years	20,000	586,388	606,388
Greater than five years	-	-	-
	<u>111,569</u>	<u>1,100,675</u>	<u>1,212,244</u>
Discount on promises to give	<u>(1,310)</u>	<u>(47,456)</u>	<u>(48,766)</u>
	<u>\$ 110,259</u>	<u>\$ 1,053,219</u>	<u>\$ 1,163,478</u>
	June 30, 2022 (As Restated)		
	Without Donor Restrictions	With Donor Restrictions	Total
Promises to give expected to be collected in:			
Less than one year	\$ 125,699	\$ 441,137	\$ 566,836
One to five years	115,461	451,888	567,349
Greater than five years	-	-	-
	<u>241,160</u>	<u>893,025</u>	<u>1,134,185</u>
Discount on promises to give	<u>(6,971)</u>	<u>(27,182)</u>	<u>(34,153)</u>
	<u>\$ 234,189</u>	<u>\$ 865,843</u>	<u>\$ 1,100,032</u>

Management has measured promises to give using present value techniques that use a discount rate of 2.75%, which approximates the Foundation's normal rate of return. Management has determined promises to give are fully collectible as of June 30, 2023 and 2022.

Note 7 - Note Payable, Other

During August 2020, the Foundation entered into an agreement to jointly purchase 304 acres of land in Aquinnah from Red Gate Farm, LLC for a total purchase price of \$27,000,000. The Foundation paid \$12 million of the purchase price, with the Martha's Vineyard Land Bank paying \$15 million. The Foundation paid cash of \$7,500,000 and entered into a promissory note agreement for the remaining \$4,500,000. Interest was charged at the rate of .48% per annum for each of the years ended June 30, 2023 and 2022. Principal and interest were payable in annual installments beginning December 2022 through December 2024. Borrowings outstanding under the agreement amounted to \$850,000 at June 30, 2022. During the year ended June 30, 2023, the outstanding balance on the note payable, other was paid off in full.

SHERIFF'S MEADOW FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

Note 8 - Net Assets

Net assets with donor restrictions consist of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Land preservation and property management	\$ 7,213,685	\$ 4,593,971
Land (use restricted in perpetuity)	2,694,811	2,694,811
Donor-designated endowment (including amounts above original gift amounts of \$3,911,174 and \$4,078,299, respectively)	4,229,410	4,317,798
Other	12,500	12,368
Education	3,219	19,084
	<u>\$ 14,153,625</u>	<u>\$ 11,638,032</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by the donor during the years ended June 30, 2023 and 2022 as follows:

	<u>2023</u>	<u>2022</u>
Land preservation and property management	\$ 1,330,170	\$ 869,571
Appropriations from donor-designated endowment	17,885	17,109
Other	8,346	8,044
Education	15,865	2,500
	<u>\$ 1,372,266</u>	<u>\$ 897,224</u>

Net assets without donor restrictions consists of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Undesignated	\$ 81,256,686	\$ 79,943,727
Board designated		
Working reserve	61,610	56,739
Conservation easement stewardship	179,795	174,229
Conservation easement defense fund	181,919	167,538
	<u>\$ 81,680,010</u>	<u>\$ 80,342,233</u>

Note 9 - Retirement Plan

The Foundation has a Section 403(b) retirement plan for the benefit of eligible employees. The Foundation makes contributions of 6% of eligible employees' salary into the Section 403(b) retirement plan. Contributions to the plan totaled \$48,697 and \$35,798, respectively for the years ended June 30, 2023 and 2022. While the Foundation expects to continue the plan indefinitely, it has reserved the right to modify, amend or terminate the plan. In the event of termination, the entire amount contributed under the plan must be applied to the payment of benefits to the participants or their beneficiaries, as defined in the plan.

SHERIFF'S MEADOW FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

Note 10 - Deferred Compensation Plan

The Foundation has a deferred compensation plan for the exclusive benefit of the Executive Director. The Foundation makes a discretionary contribution into the deferred compensation plan. Contributions to the plan totaled \$27,000 and \$26,000, respectively, for the years ended June 30, 2023 and 2022. The Foundation holds the deferred compensation plan funds in an investment account. At June 30, 2023 and 2022 the investment account totaled \$269,006 and \$200,698, respectively.

Note 11 - Retention Bonus Agreement

During the year ended June 30, 2022, the Foundation entered into a retention bonus agreement for the benefit of the Executive Director. The agreement allows for the Executive Director to draw on a note totaling \$300,000 to be used for the purchase of property on Martha's Vineyard. Repayments of the note will be made by the Foundation in the form of retention bonus payments on each of the ten anniversaries of the loan date. Funds totaling \$300,000 were disbursed under this agreement during the year ended June 30, 2023.

Note 12 - Leasing Arrangement

The Foundation is a tenant at will for the Foundation's office space. Office rental expense totaled \$27,856 and \$13,294 for the years ended June 30, 2023 and 2022, respectively. Management has determined that this leasing arrangement does not require a ROU asset or lease liability to be recorded, and has determined this lease qualified as a short-term lease under the standard.

Note 13 - Prior Period Adjustment

The financial statements for the year ended June 30, 2022 have been restated to record an additional donor-restricted unconditional promises to give received during the fiscal year. The effect of the restatement was to record an additional promise to give of \$25,000 and record an additional \$25,000 in other donations with donor restrictions on the accompanying statement of activities for the year ended June 30, 2022. For the year ended June 30, 2022, increase in net assets, as a result of the restatement, increased by \$25,000.

Note 14 - Subsequent Events

In December 2023, the Foundation acquired two parcels of property in the aggregate amount of approximately \$1,829,500, through cash of \$954,500, a note payable in the amount of \$200,000 and a charitable contribution in the amount of \$675,000. These properties will be utilized for the Foundation's headquarters after improvements are made to the existing buildings.

The Foundation expects to enter into a purchase and sale agreement in fiscal year 2024 for the purchase of 83.9 acres of Pimpneymouse Farm in Edgartown, Massachusetts for \$5,780,000. This will be funded through donations, grants, pledges and other commitments.