

THE LAND TRUST ALLIANCE, INC. AND AFFILIATES

**COMBINED FINANCIAL STATEMENTS AND
SUPPLEMENTARY SCHEDULES**

FOR THE YEAR ENDED DECEMBER 31, 2024

**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED
DECEMBER 30, 2023)**

**AND
REPORT THEREON**

**REPORTS REQUIRED IN ACCORDANCE WITH THE
UNIFORM GUIDANCE**

FOR THE YEAR ENDED DECEMBER 31, 2024

THE LAND TRUST ALLIANCE, INC. AND AFFILIATES

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Independent Auditors' Report

The Board of Directors
The Land Trust Alliance, Inc. and Affiliates
Washington, DC

Report on the Audit of the Financial Statements

Opinion

We have audited the combined financial statements of the Land Trust Alliance, Inc. and Affiliates (the "Organization"), which comprise the combined statement of financial position as of December 31, 2024, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2024 and the changes in its net assets and its cash flows for the year then ended in accordance 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 ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the combined financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government 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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards*, the combining schedule of financial position as of December 31, 2024 and the combining schedule of activities for the year ended December 31, 2024 are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining schedule of financial position as of December 31, 2024 and the schedule of expenditures of federal awards and the combining schedule of activities for the year ended December 31, 2024 are fairly stated, in all material respects, in relation to the combined financial statements as a whole.

Other Matter

Report on Summarized Comparative Information

The financial statements of The Land Trust Alliance, Inc. and Affiliates as of and for the year ended December 31, 2023, were audited by Marcum LLP, whose report dated September 25, 2024, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2025, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

CBIZ CPAs P.C.

Washington, DC
September 30, 2025

THE LAND TRUST ALLIANCE, INC. AND AFFILIATES

COMBINED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2024

(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2023)

Assets	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 4,806,590	\$ 3,306,310
Receivables	638,424	235,901
Promises to give, net	4,504,989	2,501,269
Investments	9,906,110	14,459,101
Prepaid expenses and other	574,418	564,190
Property and equipment, net of accumulated depreciation	1,479,243	919,707
Operating right-of-use asset	1,998,801	2,183,528
Deposits	<u>83,403</u>	<u>83,403</u>
Total Assets	<u>\$ 23,991,978</u>	<u>\$ 24,253,409</u>
 Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 757,973	\$ 883,890
Grants payable	826,116	700,689
Deferred revenue	1,702,656	1,476,853
Refundable advances	1,703,377	2,585,148
Operating lease liability	<u>2,343,897</u>	<u>2,541,888</u>
Total Liabilities	<u>7,334,019</u>	<u>8,188,468</u>
 Net Assets		
Without donor restrictions	4,708,384	5,441,247
With donor restrictions	<u>11,949,575</u>	<u>10,623,694</u>
Total Net Assets	<u>16,657,959</u>	<u>16,064,941</u>
Total Liabilities and Net Assets	<u>\$ 23,991,978</u>	<u>\$ 24,253,409</u>

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

THE LAND TRUST ALLIANCE, INC. AND AFFILIATES

COMBINED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2024

(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2023)

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
Support and Revenue				
Grants	\$ 1,800,472	\$ 10,033,548	\$ 11,834,020	\$ 9,303,099
Contributions				
Individual memberships and donations	2,843,517	1,711,053	4,554,570	5,364,418
Organizational memberships	2,643,894	--	2,643,894	2,455,624
Conference fees	1,553,090	--	1,553,090	1,565,637
Investment return	460,325	735,638	1,195,963	1,269,005
Accreditation fees	1,230,650	--	1,230,650	945,563
Contributed non-financial assets	4,243	--	4,243	6,393
Publication sales	11,745	--	11,745	12,626
Other programs	789,932	--	789,932	848,356
Net assets released from restrictions:				
Satisfaction of purpose restrictions	11,154,358	(11,154,358)	--	--
Total Support and Revenue	<u>22,492,226</u>	<u>1,325,881</u>	<u>23,818,107</u>	<u>21,770,721</u>
Expenses				
Program services - land trust advocacy	19,989,986	--	19,989,986	18,622,792
Management and general	1,058,077	--	1,058,077	1,112,581
Fundraising	2,177,026	--	2,177,026	2,182,387
Total Expenses	<u>23,225,089</u>	<u>--</u>	<u>23,225,089</u>	<u>21,917,760</u>
Changes in Net Assets	(732,863)	1,325,881	593,018	(147,039)
Net Assets, Beginning of Year	<u>5,441,247</u>	<u>10,623,694</u>	<u>16,064,941</u>	<u>16,211,980</u>
Net Assets, End of Year	<u>\$ 4,708,384</u>	<u>\$ 11,949,575</u>	<u>\$ 16,657,959</u>	<u>\$ 16,064,941</u>

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

THE LAND TRUST ALLIANCE, INC. AND AFFILIATES

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

**FOR THE YEAR ENDED DECEMBER 31, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2023)**

	Program Services		Supporting Services		
	Land Trust Advocacy	Management and General	Fundraising	2024 Total	2023 Total
Personnel Expenses					
Salaries and benefits	\$ 9,441,863	\$ 524,444	\$ 1,716,836	\$ 11,683,143	\$ 10,559,420
Contractors/consultants	1,846,746	59,729	99,147	2,005,622	2,970,598
Total Personnel Expenses	<u>11,288,609</u>	<u>584,173</u>	<u>1,815,983</u>	<u>13,688,765</u>	<u>13,530,018</u>
Non-Personnel Expenses					
Grants, scholarships, and awards	5,520,532	--	258	5,520,790	4,643,284
Information technology	716,263	12,592	44,554	773,409	733,347
Facility, exhibiting, meals, and a/v fees	498,111	21,458	34,573	554,142	504,799
Staff, project travel, and expenses	353,956	7,838	55,612	417,406	351,414
Rent, utilities, and taxes	326,895	14,537	50,075	391,507	503,478
Depreciation and amortization	318,372	10,947	37,421	366,740	248,973
Meetings/receptions	215,925	20,440	7,839	244,204	275,945
Staff training and recruitment	14,195	187,852	1,949	203,996	54,456
Professional fees	63,030	97,864	4,410	165,304	133,402
Bank service charges	128,551	371	14,876	143,798	125,814
Printing, design and copying	87,337	3,448	28,330	119,115	156,458
Equipment lease and maintenance	101,002	2,693	9,283	112,978	153,584
Supplies	91,695	4,470	13,126	109,291	83,323
Board and committee meetings	74,282	25,644	--	99,926	122,269
Telecommunications	82,539	3,612	10,464	96,615	91,071
Dues/subscriptions/library	55,455	7,608	30,753	93,816	78,950
Commercial insurance	11,095	48,404	88	59,587	37,616
Postage and delivery	30,990	517	16,556	48,063	52,381
Miscellaneous	10,903	3,609	851	15,363	21,267
Advertising	249	--	25	274	9,718
Bad debt expense	--	--	--	--	6,193
Total Non-Personnel Expenses	<u>8,701,377</u>	<u>473,904</u>	<u>361,043</u>	<u>9,536,324</u>	<u>8,387,742</u>
Total Expenses	<u>\$ 19,989,986</u>	<u>\$ 1,058,077</u>	<u>\$ 2,177,026</u>	<u>\$ 23,225,089</u>	<u>\$ 21,917,760</u>

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

THE LAND TRUST ALLIANCE, INC. AND AFFILIATES

COMBINED STATEMENT OF CASH FLOWS

**FOR THE YEARS ENDED DECEMBER 31, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2023)**

	2024	2023
Cash Flows From Operating Activities		
Changes in net assets	\$ 593,018	\$ (147,039)
Adjustments to reconcile changes in net assets to net cash flows from operating activities		
Depreciation and amortization	366,740	248,973
Donated securities	(52,289)	(115,522)
Realized and unrealized gains on investments	(718,585)	(907,615)
Amortization of operating right-of-use asset	184,727	382,547
Endowment contributions	(195,096)	(658,308)
Change in assets and liabilities		
Receivables	(402,523)	6,402
Contributions receivables, net	(2,003,720)	833,263
Prepaid expenses	(10,228)	(167,385)
Operating right-of-use asset	--	(299,553)
Deposits	--	4,000
Accounts payable and accrued expenses	(125,917)	230,886
Grants payable	125,427	(161,334)
Deferred revenue	225,803	101,954
Refundable advances	(881,771)	1,251,520
Conditional contributions	--	(39,626)
Operating lease liability	(197,991)	(131,316)
Net Cash (Used In) Provided By Operating Activities	(3,092,405)	431,847
Cash Flows From Investing Activities		
Purchase of property and equipment	(926,276)	(443,563)
Purchase of investments	(4,213,089)	(7,375,151)
Proceeds from sale of investments	9,536,954	5,172,690
Net Cash Used In Investing Activities	4,397,589	(2,646,024)
Cash Flows From Financing Activities		
Endowment contributions	195,096	658,308
Net Cash Flows From Financing Activities	195,096	658,308
Net Increase (Decrease) in Cash and Cash Equivalents	1,500,280	(1,555,869)
Cash and Cash Equivalents, Beginning of Year	3,306,310	4,862,179
Cash and Cash Equivalents, End of Year	\$ 4,806,590	\$ 3,306,310

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

THE LAND TRUST ALLIANCE, INC. AND AFFILIATES

NOTES TO THE COMBINED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

The Land Trust Alliance, Inc. and Affiliates (the "Organization") is comprised of three entities: The Land Trust Alliance, Inc. (the "Alliance"), The Land Trust Accreditation Commission (the "Commission"), and Alliance Risk Management Services ("ARMS").

The Alliance is a not-for-profit corporation organized under the laws of Massachusetts. The Alliance was formed in 1982 to advance the mission of land trusts. Since then, it has trained thousands of conservation leaders, for conservation of private land, and developed standards and practices to professionalize and safeguard land trust work. The Alliance has championed the use of conservation easements, a legal device that restricts certain types of development but keeps the land in the hands of the current owners or their families. Farms, forests, ranches, waterways, and scenic vistas have all been protected through the efforts of land trusts nationwide.

The combined entity's programs primarily consist of land trust advocacy. Through its programs and services, the Alliance leads the movement by facilitating state-of-the-art information collection and exchange; national and regional training, including providing tools and training on how to plan and prioritize their conservation work; ensuring the continued protection, in perpetuity, of land already set aside for conservation, and advancing public policies to accelerate the pace of private voluntary conservation. The Alliance has more than 1,000 land trust and affiliate members, which pay dues of varying amounts to the Alliance.

In 2006, the Commission, an independent program of the Alliance, was created to support the mission of the Alliance by operating a land trust accreditation program to ensure public confidence in land conservation and to build strong land conservation organizations by verifying land trust implementation of specific indicator practices from the *Land Trust Standards and Practices*, as established by the Alliance. The Commission is headquartered in Saratoga Springs, New York.

In 2011, ARMS, a not-for-profit, member-managed limited liability company, was organized under the laws of Vermont and its sole member is The Land Trust Alliance, Inc. Its exclusive purpose is to act as manager for Terrafirma Risk Retention Group LLC ("Terrafirma") pursuant to the limited liability operating agreement for Terrafirma. Terrafirma is an independent not-for-profit manager-managed limited liability company organized under the laws of Vermont. Terrafirma's exclusive purpose is to act as a charitable risk pool, organized and operated to pool, and ensure the insurable risks of members and to provide information to members with respect to loss control and risk management. Terrafirma is solely responsible for meeting all its obligations. The Alliance and ARMS are not liable for the claims, debts, or other liabilities of Terrafirma.

THE LAND TRUST ALLIANCE, INC. AND AFFILIATES

NOTES TO THE COMBINED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PRINCIPLES OF COMBINATION

The accounts of the Alliance, the Commission, and ARMS, which are under common control of the Alliance's Board of Directors, are included in the combined financial statements. All inter-organizational balances and significant transactions have been eliminated.

BASIS OF PRESENTATION

The combined financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). Under the accrual basis, revenues are recognized when earned, and expenses when incurred regardless of the timing of the related cash flows. The Organization presents information regarding its financial position and activities according to two net asset categories based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization, and changes therein, are classified and reported 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 Organization. These net assets may be used at the discretion of the Organization's management and the 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 actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the combined statements of activities and changes in net assets.

CLASSIFICATIONS OF NET ASSETS

As of December 31, 2024, the Alliance's net assets consisted of net assets with donor restrictions of \$11,949,575, and net assets without donor restrictions of \$3,846,844. The Commission's net assets consisted of net assets without donor restrictions of \$852,562. The net assets of ARMS consisted of net assets without donor restrictions of \$8,978.

THE LAND TRUST ALLIANCE, INC. AND AFFILIATES

NOTES TO THE COMBINED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CASH AND CASH EQUIVALENTS

The Organization generally considers all highly liquid money market funds and certificates of deposit with original maturities of less than 90 days to be cash equivalents. However, money market funds and certificates of deposit held by investment custodians are considered to be investments.

INVESTMENTS

Investments with readily determinable fair values are reflected at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date. To adjust the carrying value of these investments, the change in fair value is recorded as a component of investment income in the combined statement of activities. Investments are classified as current or long-term based on donor intent and the Organization's investment policy guidelines.

FAIR VALUE MEASUREMENTS

The Organization has implemented the ASC topic 820 regarding fair value measurements. This standard establishes a framework for measuring fair value in accordance with generally accepted accounting principles and expands disclosures about fair value measurements. This standard uses the following prioritized input levels to measure fair value. The input levels used for valuing investments are not necessarily an indication of risk.

Level 1: Observable inputs that reflect quoted prices for identical assets or liabilities in active markets such as stock quotes;

Level 2: Includes inputs other than Level 1 inputs that are directly or indirectly observable in the marketplace, such as yield curves or other market data;

Level 3: Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk such as bid/ask spreads and liquidity discounts.

Investments valued using Level 1 inputs are based on unadjusted quoted market prices within active markets.

THE LAND TRUST ALLIANCE, INC. AND AFFILIATES

NOTES TO THE COMBINED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FAIR VALUE MEASUREMENTS (CONTINUED)

Investments valued using Level 2 inputs include certificates of deposit. The certificates of deposit were valued by pricing vendors using outside data. In determining the fair value of these investments, the pricing vendors use a market approach and pricing spreads based on the credit risk of the issuer, maturity, current yield, and other terms and conditions of each security.

RECEIVABLES

Receivables consist primarily of amounts due from customers related to various exchange transactions and a note receivable. Customers are typically provided with payment terms of 30 days. The Organization has tracked historical loss information for its accounts receivable and compiled historical credit loss percentages. Management believes that the historical loss information it has compiled is a reasonable base on which to determine expected credit losses for accounts receivable held at December 31, 2024 because the composition of the accounts receivable at those dates are consistent with that used in developing the historical credit-loss percentages (i.e., the similar risk characteristics of its customers and its lending practices have not changed significantly over time). Additionally, management has determined that the current and supportable forecasted economic conditions are consistent with economic conditions included in the historical information. As a result, management applied the updated credit loss rates to determine the expected credit loss estimate for each aging category. Accordingly, no allowance for credit losses has been recorded as of December 31, 2024.

PROMISES TO GIVE

The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. Management reviews all outstanding promises on a monthly basis. Management determines the allowance for doubtful promises by regularly evaluating individual promises to give and considering the prior history of the donor and proven collectability of past donations. Promises to give are written off when deemed uncollectible. Recoveries of promises to give previously written off are recorded when received. There was no allowance for doubtful promises at December 31, 2024.

THE LAND TRUST ALLIANCE, INC. AND AFFILIATES

NOTES TO THE COMBINED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY AND EQUIPMENT

Property and equipment (including software) is recorded at cost. Donated equipment is stated at the estimated fair value at the time of donation. The Organization capitalizes all property and equipment purchased with a cost of \$5,000 or more. Depreciation and amortization are computed on the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Useful Lives</u>
Office equipment	3 to 5 years
Software	3 years
Furniture and fixtures	7 years
Leasehold improvements	Lesser of 10 years or lease term

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended December 31, 2024.

OPERATING LEASE RIGHT-OF-USE ASSETS AND LIABILITIES

Operating lease right-of-use assets and the related liabilities are recognized at the lease commencement date and represent the Organization's right to use an underlying asset and lease obligations for the lease term. Right-of-use assets are measured at the initial value of the lease liability plus any payments made to the lessor before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Expense related to operating leases is recognized on a straight-line basis over the lease term. The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. The Organization generally does not have access to the interest rate implicit in the lease, and therefore, the Organization has elected to use the risk-free rate as the discount rate for computing lease liabilities.

THE LAND TRUST ALLIANCE, INC. AND AFFILIATES

NOTES TO THE COMBINED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SUPPORT AND REVENUE RECOGNITION

Revenue from contracts with customers is derived primarily from membership dues, conference fees, and accreditation fees.

Economic factors driven by industry conditions, employment, inflation and other world events impact the timing and level of revenue recognized by the Organization. Periods of economic downturn resulting from any of the above factors may result in declines in revenue recognized by the Organization.

Revenue from membership dues is from performance obligations satisfied over the annual membership period. Accreditation fees are recognized over the annual period of accreditation to which it relates. Amounts related to these revenue streams are billed on an annual basis prior to the commencement of the membership or accreditation period.

Revenue from conference fees are recognized at the point in time in which the event occurs. Payment is generally due in full prior to the commencement of the applicable event.

The Organization recognizes contribution revenue when gifts or grants are awarded and unconditional. Conditional promises to give – that is, grants and contributions with a measurable performance or other barriers and a right of return – are not recognized as revenue and support until the conditions are substantially met. The Organization has conditional grants with state agencies and other organizations. Revenue from grants is recognized as conditions are met. Direct and indirect expenses incurred, but not yet reimbursed, under these grants are reported as promises to give in the accompanying combined statement of financial position. Payments received, but not yet expended, for these grants and contracts are reflected as refundable advances in the accompanying combined statement of financial position.

DEFERRED REVENUE

Payments for memberships received in advance are deferred and then recognized in the appropriate membership period.

CONTRIBUTED NON-FINANCIAL ASSETS

Contributed non-financial assets using specialized skills that would have been required to be purchased if not provided by donation are recognized under U.S. GAAP. The value of donated services recognized as revenue and expense in the accompanying combined statements of activities includes legal services valued at \$4,243 for the year ended December 31, 2024. The value of these services is based upon the fair value of the hourly rates charged for similar services by independent, third-party legal professionals at the time the services were provided.

THE LAND TRUST ALLIANCE, INC. AND AFFILIATES

NOTES TO THE COMBINED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUNCTIONAL EXPENSES

The costs of providing program and other activities have been summarized on a functional basis in the combined statements of activities and changes in net assets. Accordingly, certain shared costs for facilities, human resources, information technology, and finance have been allocated among the programs and supporting services benefited. Allocations are determined on the basis of full-time equivalents ("FTE"). FTEs are calculated based on estimated hours charged to each program area over the course of the year.

INCOME TAXES

The Alliance, the Commission, and ARMS are generally exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. In addition, the Alliance and the Commission qualify for charitable contributions deductions and have been classified as organizations that are not private foundations. Income, which is not related to exempt purposes, less applicable deductions, is subject to federal and state income taxes.

Neither the Alliance, the Commission, nor ARMS had any net unrelated business income for the years ended December 31, 2024.

ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES

The Organization accounts for the effect of any uncertain tax positions based on a more likely than not threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a cumulative probability assessment that aggregates the estimated tax liability for all uncertain tax positions. The Organization has identified its tax status as a tax-exempt entity as its only significant tax position; however, the Organization has determined such tax position does not result in an uncertainty requiring recognition. The Organization is not currently under examination by any taxing jurisdiction. The Organization's federal and state tax returns are generally open for examination for three years following the date filed. There are currently no examinations pending or in progress.

USE OF ESTIMATES

The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the amounts reported in the combined financial statements and accompanying notes. Actual results could differ from those estimates.

THE LAND TRUST ALLIANCE, INC. AND AFFILIATES

NOTES TO THE COMBINED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 2 - PROMISES TO GIVE

As of December 31, 2024, the Organization was owed \$4,504,989 for unconditional grants and contributions, which were all due in less than one year and were considered fully collectible.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable is comprised of Terrafirma fees receivable and a note receivable. On February 1, 2024, the Organization received a gift of a note receivable in the principal amount of \$500,000. The note bears interest at a rate of 2% per annum, with interest payable annually. The note matures on April 30, 2028, at which time the principal amount and any unpaid interest are due in full. The note is carried at its outstanding principal amount, plus accrued interest. As of December 31, 2024, the outstanding principal on the note receivable was \$500,000.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2024:

Cost	
Furniture and office equipment	\$ 1,507,137
Software	655,133
Leasehold improvements	132,107
Software development in progress	<u>989,065</u>
Total Cost	3,283,442
Less accumulated depreciation and amortization	<u>(1,804,199)</u>
Net Property and Equipment	<u>\$ 1,479,243</u>

Depreciation and amortization expense was \$366,740 for the year ended December 31, 2024.

THE LAND TRUST ALLIANCE, INC. AND AFFILIATES

NOTES TO THE COMBINED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 5 - INVESTMENTS

Investments at fair value consisted of the following at December 31:

Equity mutual funds	\$	5,260,151
Money market mutual funds		279,289
Certificates of deposit		1,576,993
Bond mutual funds		<u>2,789,677</u>
	\$	<u>9,906,110</u>

NOTE 6 – FAIR VALUE MEASUREMENTS

The following tables set forth by level, within the fair value hierarchy, the Organization’s assets at fair value:

	Fair Value as of December 31, 2024			
	Level 1	Level 2	Level 3	Total
Mutual funds				
Equity funds				
Foreign large blend	\$ 752,749	\$ --	\$ --	\$ 752,749
Diversified				
emerging markets	751,895	--	--	751,895
Large growth	3,246,275	--	--	3,246,275
Large blend	89,014	--	--	89,014
Mid-cap blend	209,784	--	--	209,784
Small blend	<u>210,434</u>	<u>--</u>	<u>--</u>	<u>210,434</u>
Total Equity Funds	<u>5,260,151</u>	<u>--</u>	<u>--</u>	<u>5,260,151</u>
Bond funds				
High yield bond	794,338	--	--	794,338
Intermediate term				
bond	1,716,243	--	--	1,716,243
Short-term bond	<u>279,096</u>	<u>--</u>	<u>--</u>	<u>279,096</u>
Total Bond Funds	<u>2,789,677</u>	<u>--</u>	<u>--</u>	<u>2,789,677</u>
Money market funds	<u>279,289</u>	<u>--</u>	<u>--</u>	<u>279,289</u>
Certificates of deposit	<u>--</u>	<u>1,576,993</u>	<u>--</u>	<u>1,576,993</u>
Total Investments at Fair Value	<u>\$ 8,329,117</u>	<u>\$ 1,576,993</u>	<u>\$ --</u>	<u>\$ 9,906,110</u>

THE LAND TRUST ALLIANCE, INC. AND AFFILIATES

NOTES TO THE COMBINED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 7 - NET ASSETS AND ENDOWMENTS

Net assets without donor restrictions includes board-designated quasi endowment amounts of \$1,832,695 as of December 31, 2024. The remaining net assets without donor restrictions are undesignated.

Net assets with donor restrictions at December 31, 2024 have been restricted by the donors for the following purpose restrictions:

Program:	
Education and Capacity Building	\$ 4,496,912
Accreditation	2,316,363
Conservation Permanence	266,925
Government relations and outreach	10,651
Time restricted:	
National Office	875,059
Retained in perpetuity	<u>3,983,665</u>
Total Net Assets With Donor Restrictions	<u>\$ 11,949,575</u>

ENDOWMENTS

INTERPRETATION OF RELEVANT LAW

The Board of Directors of the Alliance 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 endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Alliance retains in perpetuity and classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent 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 that is not retained in perpetuity is appropriated for expenditure by the Alliance in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Alliance considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- a. The duration and preservation of the fund
- b. The purposes of the Organization and the donor-restricted endowment fund
- c. General economic conditions
- d. The possible effects of inflation and deflation

THE LAND TRUST ALLIANCE, INC. AND AFFILIATES

NOTES TO THE COMBINED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 7 - NET ASSETS AND ENDOWMENTS (CONTINUED)

INTERPRETATION OF RELEVANT LAW (CONTINUED)

- e. The expected total return from income and the appreciation of investments
- f. Other resources of the Organization
- g. The investment policies of the Organization

RETURN OBJECTIVE AND RISK PARAMETERS

The Alliance's objective is to earn a respectable, long-term, risk-adjusted total rate of return to support the designated programs. The Alliance recognizes and accepts that pursuing a respectable rate of return involves risk and potential volatility. The generation of current income will be a secondary consideration. The Alliance targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. The Alliance has established a policy portfolio, or normal asset allocation. While the policy portfolio can be adjusted from time to time, it is designed to serve for long time horizons based upon long-term expected returns. The Alliance has a preference for simple investment structures which will have lower cost, easier oversight, and less complexity for internal financial management and auditing.

SPENDING POLICY

The Alliance recognizes in its annual budget, a spending amount calculated by 1) multiplying the prior year's maximum spending amount times one plus the change in the Consumer Price Index and then by 70% and 2) adding to this amount a second amount calculated as the average quarter end market value of the previous fiscal year multiplied by a rate selected by the Finance and Investment Committee and then times 30%. In each case, the base will be adjusted for new capital contributions to the endowment. The maximum spending rate will fluctuate between no less than 4% and no more than 6% of the prior three years' quarterly average market value of the endowment.

There may be times when the Alliance may opt not to take the maximum spending rate but rather to reinvest some of the annual return. Distributions will be determined using the above methodology and approved as part of the annual budgeting process.

FUNDS WITH DEFICIENCIES

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the donor or UPMIFA requires the Alliance to retain as a fund of perpetual duration. There were no deficiencies of this nature as of December 31, 2024. The Organization does not currently have a specific policy regarding expenditures from funds with deficiencies. Should the need to make expenditures from funds with deficiencies arise, the Organization intends to comply with the appropriate legal requirements pertaining to such matters.

THE LAND TRUST ALLIANCE, INC. AND AFFILIATES

NOTES TO THE COMBINED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 7 - NET ASSETS AND ENDOWMENTS (CONTINUED)

ENDOWMENT COMPOSITION

Changes in endowment net assets for the year ended December 31, 2024 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, December 31, 2023	\$ 1,541,203	\$ 5,855,112	\$ 7,396,315
Investment return			
Investment income	47,858	177,654	225,512
Net realized and unrealized gains	143,634	557,984	701,618
Total Investment Return	191,492	735,638	927,130
Contributions	100,000	195,056	295,056
Appropriation of endowment assets for expenditure	--	(260,007)	(260,007)
Endowment Net Assets, December 31, 2024	\$ 1,832,695	\$ 6,525,799	\$ 8,358,494

Net assets with perpetual donor restrictions were comprised as follows at December 31, 2024:

	Original Gift Amount	Accumulated Investment Gains	Total
Berkley Endowment	\$ 3,879,649	\$ 2,347,378	\$ 6,227,027
Kingsbury Browne Award Endowment	104,016	194,756	298,772
	\$ 3,983,665	\$ 2,542,134	\$ 6,525,799

THE LAND TRUST ALLIANCE, INC. AND AFFILIATES

NOTES TO THE COMBINED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 8 - RETIREMENT AND DEFERRED COMPENSATION PLANS

The Organization maintains a 403(b) defined contribution retirement plan that covers all eligible employees. Effective January 1, 2010, the Organization contributes 8% for employees starting in the 37th month of employment and 6.5% of salary between the 7th and 36th months of service. Total retirement expense for the years ended December 31, 2024 was \$626,339.

The Alliance may make non-elective, discretionary employer contributions under a 457(b) plan. There were no such contributions for the year ended December 31, 2024.

NOTE 9 - OPERATING LEASES

The Organization has two leases currently in place, one for the Alliance headquarters located in the District of Columbia and one for the Commission headquartered in New York under operating leases expiring on various dates through 2033. The lease agreement for its headquarters in the District of Columbia provides for the Alliance to pay a stated minimum annual rent and a proportionate percentage of increases in operating expenses. During 2023, an amendment was signed related to the District of Columbia office lease which extended the term through 2033 and reduced the total space within the leasehold.

The Commission's office lease in New York is on the basis of a short-term arrangement in the amount of \$2,100 per month for the year ended December 31, 2024. The lease has been extended for a one year term from January 1, 2025 through December 31, 2025.

Below are the Organization's additional qualitative information relating to the Organization's operating leases:

Weighted-average remaining lease term - operating Leases	8.33
Weighted-average discount rate - operating leases	4.83%
Cash paid	\$ 315,036

The future minimum rental payments required under operating leases that have initial or remaining lease terms in excess of one year are as follows:

Years Ending December 31,	Amount
2025	\$ 313,054
2026	320,894
2027	328,910
2028	337,122
2029	345,545

THE LAND TRUST ALLIANCE, INC. AND AFFILIATES

NOTES TO THE COMBINED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 9 - OPERATING LEASES (CONTINUED)

Years Ending December 31,	Amount
Thereafter	\$ 1,214,345
Total	2,859,870
Less amounts representing imputed interest	<u>(515,973)</u>
Total Lease Liability – Operating	2,343,897
Less Lease Liability – Operating, current	<u>(205,574)</u>
Lease Liability – Operating, net of current portion	<u>\$ 2,138,323</u>

Rent expense was \$391,507 for the year ended December 31, 2024.

NOTE 10 - LINE OF CREDIT

The Organization has an unsecured line of credit agreement with a bank in the amount of \$1,500,000. Borrowings on the line accrue interest at an annual rate announced by the financial institution, which was 7.5% at December 31, 2024. The line of credit is set to mature on October 7, 2025. At December 31, 2024, the Organization had no borrowings on the line of credit.

NOTE 11 - CONCENTRATIONS

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash balances maintained at creditworthy financial institutions. The Organization maintained cash balances in bank accounts including certificates of deposit and money funds which, at times, may exceed insured limits set by the Federal Deposit Insurance Corporation ("FDIC") of \$250,000 per depositor, per bank. As of December 31, 2024, cash balances exceeded FDIC limits by approximately \$4,189,000.

The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

THE LAND TRUST ALLIANCE, INC. AND AFFILIATES

NOTES TO THE COMBINED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 11 - CONCENTRATIONS (CONTINUED)

The Organization invests in certificates of deposit, money market funds, bond funds, and equities. Such investments are exposed to various risks such as market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the combined financial statements.

As of December 31, 2024, approximately 61% of the Organization's promises to give were provided by three donors.

NOTE 12 - RELATED PARTY TRANSACTIONS

The Land Trust Accreditation Commission is a supporting organization of The Land Trust Alliance, Inc. There is an agreement between the Alliance and the Commission for the Alliance to manage the Commission's finances and provide human resources, fundraising, and information technology support. Fees for these services totaled \$224,008 for the year ended December 31, 2024. The Alliance also makes an annual contribution to the Commission. For the year ended December 31, 2024, this contribution totaled \$245,200. In keeping with the principles of combination in Note 1, the resulting revenue and expense have been eliminated in the combined financial statements.

NOTE 13 - LIQUIDITY AND AVAILABILITY

The table below represents financial assets available for general expenditures within one year at December 31, 2024:

Financial assets at year-end	
Cash and cash equivalents	\$ 4,806,590
Receivables	128,424
Promises to give	4,504,989
Investments	<u>9,906,110</u>
Total Financial Assets	<u>19,346,113</u>
Less: Amounts not available to be used for general expenditures within one year	
Net assets with donor restrictions	(11,439,575)
Endowment net assets without donor restrictions	<u>(1,832,695)</u>
Financial Assets Not Available to be Used Within One Year	<u>(13,272,270)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 6,073,843</u>

THE LAND TRUST ALLIANCE, INC. AND AFFILIATES

NOTES TO THE COMBINED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 13 - LIQUIDITY AND AVAILABILITY (CONTINUED)

The Organization has certain donor-restricted assets limited to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have not been included in the quantitative information above for financial assets to meet general expenditures within one year. The Organization considers general expenditures to be all program services, management and general, and fundraising costs presented in the combined statement of functional expenses incurred in the ordinary course of the advancement of its mission. The Organization has other assets limited to use for donor-restricted purposes for time and endowments. As part of the Organization liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposits. The Organization has a \$1,500,000 line of credit available to meet cash flow needs.

NOTE 14 - RECLASSIFICATIONS

Certain reclassifications have been made to prior year amounts to conform to the current year presentation. These reclassifications did not affect the change in net assets or total net assets.

NOTE 15 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through September 30, 2025, which is the date the combined financial statements were available to be issued. There were no subsequent events identified through September 30, 2025, required to be recognized or disclosed in these combined financial statements.

THE LAND TRUST ALLIANCE, INC. AND AFFILIATES

COMBINING SCHEDULE OF FINANCIAL POSITION

DECEMBER 31, 2024

	The Alliance	The Commission	ARMS	Elimination	Total
Assets					
Cash and cash equivalents	\$ 3,932,507	\$ 874,083	\$ --	\$ --	\$ 4,806,590
Receivables	3,148,331	1,629,303.00	898,505	(5,037,715)	638,424
Promises to give, net	4,407,699	97,290	--	--	4,504,989
Investments	9,906,110	--	--	--	9,906,110
Prepaid expenses	550,975	23,443	--	--	574,418
Property and equipment, net of accumulated depreciation	1,422,568	56,675	--	--	1,479,243
Operating right-of-use asset	1,998,801	--	--	--	1,998,801
Deposits	<u>79,903</u>	<u>3,500</u>	<u>--</u>	<u>--</u>	<u>83,403</u>
Total Assets	<u>\$ 25,446,894</u>	<u>\$ 2,684,294</u>	<u>\$ 898,505</u>	<u>\$ (5,037,715)</u>	<u>\$ 23,991,978</u>
Liabilities					
Accounts payable and accrued expenses	\$ 3,074,429	\$ 1,831,732	\$ 889,527	\$ (5,037,715)	\$ 757,973
Grants payable	826,116	--	--	--	826,116
Deferred revenue	1,702,656	--	--	--	1,702,656
Refundable advances	1,703,377	--	--	--	1,703,377
Operating lease liability	<u>2,343,897</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>2,343,897</u>
Total Liabilities	<u>9,650,475</u>	<u>1,831,732</u>	<u>889,527</u>	<u>(5,037,715)</u>	<u>7,334,019</u>
Net Assets					
Without donor restrictions	3,846,844	852,562	8,978	--	4,708,384
With donor restrictions	<u>11,949,575</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>11,949,575</u>
Total Net Assets	<u>15,796,419</u>	<u>852,562</u>	<u>8,978</u>	<u>--</u>	<u>16,657,959</u>
Total Liabilities and Net Assets	<u>\$ 25,446,894</u>	<u>\$ 2,684,294</u>	<u>\$ 898,505</u>	<u>\$ (5,037,715)</u>	<u>\$ 23,991,978</u>

See independent auditors' report on supplementary information.

THE LAND TRUST ALLIANCE, INC. AND AFFILIATES
COMBINING SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024

	The Alliance	The Commission	ARMS	Elimination	Total
Support and Revenue					
Grants	\$ 11,834,020	\$ --	\$ --	\$ --	\$ 11,834,020
Contributions					
Individual memberships and donations	4,554,570	--	--	--	4,554,570
Other donations	--	245,200	--	(245,200)	--
Organizational memberships	2,643,894	--	--	--	2,643,894
Conference fees	1,553,090	--	--	--	1,553,090
Investment return	1,186,394	9,569	--	--	1,195,963
Accreditation fees	--	1,230,650	--	--	1,230,650
Contributed non-financial assets	4,243	--	--	--	4,243
Publication sales	11,745	--	--	--	11,745
Other programs	556,721	1,202	456,017	(224,008)	789,932
Total Support and Revenue	<u>22,344,677</u>	<u>1,486,621</u>	<u>456,017</u>	<u>(469,208)</u>	<u>23,818,107</u>
Expenses					
Program services	18,549,438	1,355,931	454,817	(370,200)	19,989,986
Management and general	1,019,014	136,871	1,200	(99,008)	1,058,077
Fundraising	2,177,026	--	--	--	2,177,026
Total Expenses	<u>21,745,478</u>	<u>1,492,802</u>	<u>456,017</u>	<u>(469,208)</u>	<u>23,225,089</u>
Change in Net Assets	599,199	(6,181)	--	--	593,018
Net Assets, Beginning of Year	<u>15,197,220</u>	<u>858,743</u>	<u>8,978</u>	<u>--</u>	<u>16,064,941</u>
Net Assets, End of Year	<u>\$ 15,796,419</u>	<u>\$ 852,562</u>	<u>\$ 8,978</u>	<u>\$ --</u>	<u>\$ 16,657,959</u>

See independent auditors' report on supplementary information.

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors of
Land Trust Alliance, Inc. and Affiliates

We have audited, in accordance with the auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the financial statements of The Land Trust Alliance, Inc. and Affiliates (the "Organization"), which comprise the combined statement of financial position as of December 31, 2024, and the related combined statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements (collectively referred to as the "financial statements"), and have issued our report thereon dated September 30, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CBIZ CPAs P.C.

Washington, D.C.
September 30, 2025

Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors
Land Trust Alliance, Inc. and Affiliates

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Land Trust Alliance, Inc. and Affiliate's (the "Organization") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2024. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control

over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CBIZ CPAs P.C.

Washington, DC
September 30, 2025

THE LAND TRUST ALLIANCE, INC. AND AFFILIATES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2024

Federal Granting Agency/ Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture				
Natural Resources Conservation Service				
Farm and Ranch Land Protection Program	10.913	N/A	\$ --	\$ 22,953
Agricultural Conservation Easement Program	10.931	N/A	--	696,574
Regional Conservation Partnership Program	10.932	N/A	--	585,281
Total Natural Resources Conservation Service			<u>--</u>	<u>1,304,808</u>
Forest Service, State & Private, Cooperative Forestry				
Forest Legacy Program	10.676	N/A	<u>75,277</u>	<u>314,717</u>
Total Forest Service, State & Private, Cooperative Forestry			<u>75,277</u>	<u>314,717</u>
Total US Department of Agriculture			<u>75,277</u>	<u>1,619,525</u>
Department of Defense				
Readiness and Environmental Protection Integration (REPI) Program	12.017	N/A	--	41,411
Total Department of Defense			<u>--</u>	<u>41,411</u>
Total Expenditures of Federal Awards			<u>\$ 75,277</u>	<u>\$ 1,660,936</u>

See accompanying notes to the schedule of expenditures of federal awards.

THE LAND TRUST ALLIANCE, INC. AND AFFILIATES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Organization under programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the Organization.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - INDIRECT COST RATE

The Organization has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

THE LAND TRUST ALLIANCE, INC. AND AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

SECTION I — SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP: ***UNMODIFIED***

Internal control over financial reporting:

Material weakness(es) identified? Yes No
 Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

FEDERAL AWARDS

Internal control over major federal programs:

Material weakness(es) identified? Yes No
 Significant deficiency(ies) identified? Yes None reported

Type of auditors' report issued on compliance for major federal programs ***UNMODIFIED***

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major federal programs:

<u><i>NAME OF FEDERAL PROGRAM OR CLUSTER</i></u>	<i>ASSISTANCE LISTING NUMBER(S)</i>
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Regional Conservation Partnership Program	10.932
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Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes No

THE LAND TRUST ALLIANCE, INC. AND AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

SECTION II - FINDINGS IN RELATION TO THE AUDIT OF THE FINANCIAL STATEMENTS

None reported.

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV - PRIOR YEAR FINDINGS

None reported.