



**FINANCIAL STATEMENTS**  
**MARCH 31, 2024 AND 2023**

**THE STUDENT CONSERVATION ASSOCIATION, INC.**

Contents  
March 31, 2024 and 2023

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## Independent Auditor's Report

To the Board of Directors of  
The Student Conservation Association, Inc.:

### **Opinion**

We have audited the financial statements of The Student Conservation Association, Inc. (a New York nonprofit corporation) (the Association), which comprise the statements of financial position as of March 31, 2024 and 2023, and the related statements of activities, changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

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

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association 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, which raise substantial doubt about the Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

## **Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

In performing an audit in accordance with GAAS, we:

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

*AAFCPA, Inc.*

Westborough, Massachusetts  
September 19, 2024

THE STUDENT CONSERVATION ASSOCIATION, INC.

Statements of Financial Position  
March 31, 2024 and 2023

Assets	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Assets</b>						
Current Assets:						
Cash	\$ 1,923,877	\$ -	\$ 1,923,877	\$ 721,989	\$ 2,873,875	\$ 3,595,864
Government contracts and other receivables, net	6,515,061	-	6,515,061	5,701,982	-	5,701,982
Current portion of pledges receivable, net	70,453	692,388	762,841	257,957	356,705	614,662
Prepaid expenses and other assets	687,805	-	687,805	675,065	-	675,065
Due (to) from	(2,972,761)	2,972,761	-	-	-	-
Total current assets	6,224,435	3,665,149	9,889,584	7,356,993	3,230,580	10,587,573
Other Assets:						
Right-of-use lease assets - operating	2,515,755	-	2,515,755	3,055,855	-	3,055,855
Right-of-use lease assets - finance	554,863	-	554,863	105,794	-	105,794
Pledges receivable, net of current portion	-	162,500	162,500	-	106,638	106,638
Investments	5,603,566	6,198,763	11,802,329	5,322,245	5,686,533	11,008,778
Beneficial interests in trusts	-	670,885	670,885	-	613,983	613,983
Property and equipment, net	1,337,454	-	1,337,454	311,237	-	311,237
Total assets	\$ 16,236,073	\$ 10,697,297	\$ 26,933,370	\$ 16,152,124	\$ 9,637,734	\$ 25,789,858
<b>Liabilities and Net Assets</b>						
Current Liabilities:						
Current portion of note payable, net	\$ 45,254	\$ -	\$ 45,254	\$ 43,563	\$ -	\$ 43,563
Current portion of finance lease liabilities	198,392	-	198,392	40,016	-	40,016
Current portion of operating lease liabilities	633,989	-	633,989	632,450	-	632,450
Accounts payable	801,760	-	801,760	516,193	-	516,193
Accrued expenses	2,096,908	-	2,096,908	1,610,995	-	1,610,995
Deferred revenue	279,524	-	279,524	57,063	-	57,063
Total current liabilities	4,055,827	-	4,055,827	2,900,280	-	2,900,280
Other Liabilities:						
Note payable, net of current portion and unamortized debt issuance costs	1,377,562	-	1,377,562	1,416,141	-	1,416,141
Finance lease liabilities, net of current portion	371,630	-	371,630	65,132	-	65,132
Operating lease liabilities, net of current portion	2,259,057	-	2,259,057	2,822,197	-	2,822,197
Split-interest agreements	1,235,782	-	1,235,782	1,336,652	-	1,336,652
Total liabilities	9,299,858	-	9,299,858	8,540,402	-	8,540,402
Net Assets:						
Without donor restrictions:						
Operating	678,612	-	678,612	2,265,575	-	2,265,575
Board designated	5,312,599	-	5,312,599	5,433,056	-	5,433,056
Property and equipment	945,004	-	945,004	(86,909)	-	(86,909)
Total without donor restrictions	6,936,215	-	6,936,215	7,611,722	-	7,611,722
With donor restrictions	-	10,697,297	10,697,297	-	9,637,734	9,637,734
Total net assets	6,936,215	10,697,297	17,633,512	7,611,722	9,637,734	17,249,456
Total liabilities and net assets	\$ 16,236,073	\$ 10,697,297	\$ 26,933,370	\$ 16,152,124	\$ 9,637,734	\$ 25,789,858

The accompanying notes are an integral part of these statements.

**THE STUDENT CONSERVATION ASSOCIATION, INC.**

Statements of Activities  
For the Years Ended March 31, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Revenue:</b>						
Government contract revenue	\$ 35,968,845	\$ -	\$ 35,968,845	\$ 30,086,116	\$ -	\$ 30,086,116
Grants and contributions	6,235,847	3,502,125	9,737,972	7,001,753	2,979,018	9,980,771
Other income	1,239,126	-	1,239,126	367,005	-	367,005
Donated goods and services	484,125	-	484,125	495,389	-	495,389
Investment return designated for current operations	290,000	-	290,000	82,000	-	82,000
Gain on sale of property and equipment	-	-	-	180,129	-	180,129
Net assets released from restrictions	3,031,276	(3,031,276)	-	2,790,250	(2,790,250)	-
Total operating revenue	47,249,219	470,849	47,720,068	41,002,642	188,768	41,191,410
<b>Operating Expenses:</b>						
Program expenses	35,929,162	-	35,929,162	30,536,572	-	30,536,572
General and administrative	8,754,881	-	8,754,881	6,723,997	-	6,723,997
Fundraising	3,603,745	-	3,603,745	3,229,618	-	3,229,618
Total operating expenses	48,287,788	-	48,287,788	40,490,187	-	40,490,187
Changes in net assets from operations	(1,038,569)	470,849	(567,720)	512,455	188,768	701,223
<b>Non-Operating Revenue (Expenses):</b>						
Investment return, net	363,062	919,663	1,282,725	(84,967)	(695,074)	(780,041)
Change in value of beneficial interests in trusts	-	56,902	56,902	-	(20,641)	(20,641)
Change in value of split-interest agreements	-	(97,851)	(97,851)	-	(195,338)	(195,338)
Investment return designated for current operations	-	(290,000)	(290,000)	-	(82,000)	(82,000)
Total non-operating revenue (expenses)	363,062	588,714	951,776	(84,967)	(993,053)	(1,078,020)
Changes in net assets	\$ (675,507)	\$ 1,059,563	\$ 384,056	\$ 427,488	\$ (804,285)	\$ (376,797)

The accompanying notes are an integral part of these statements.

**THE STUDENT CONSERVATION ASSOCIATION, INC.**

Statements of Changes in Net Assets  
For the Years Ended March 31, 2024 and 2023

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	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Net Assets, March 31, 2022</b>	\$ 7,184,234	\$ 10,442,019	\$ 17,626,253
Changes in net assets	<u>427,488</u>	<u>(804,285)</u>	<u>(376,797)</u>
<b>Net Assets, March 31, 2023</b>	7,611,722	9,637,734	17,249,456
Changes in net assets	<u>(675,507)</u>	<u>1,059,563</u>	<u>384,056</u>
<b>Net Assets, March 31, 2024</b>	<u>\$ 6,936,215</u>	<u>\$ 10,697,297</u>	<u>\$ 17,633,512</u>

**THE STUDENT CONSERVATION ASSOCIATION, INC.**

Statements of Cash Flows  
For the Years Ended March 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>Cash Flows from Operating Activities:</b>		
Changes in net assets	\$ 384,056	\$ (376,797)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation and amortization	150,161	81,911
Amortization of debt issuance costs	7,860	6,550
Bad debts	33,862	44,110
Gain on sale of property and equipment	-	(180,129)
Change in value of beneficial interests in trusts	(56,902)	20,641
Change in value of split-interest agreements	97,851	195,338
Realized and unrealized (gains) losses on investments	(1,022,076)	953,814
Non-cash operating lease expense	624,480	711,762
Changes in operating assets and liabilities:		
Government contracts and other receivables	(826,941)	(1,736,146)
Pledges receivable	(224,041)	79,589
Prepaid expenses and other assets	(12,740)	66,503
Change in operating lease liabilities	(645,981)	(692,942)
Accounts payable	285,567	(366,584)
Accrued expenses	485,913	181,489
Deferred revenue	222,461	(235,559)
Net cash used in operating activities	<u>(496,470)</u>	<u>(1,246,450)</u>
<b>Cash Flows from Investing Activities:</b>		
Purchase of property and equipment	(1,065,051)	(193,250)
Proceeds from sale of property and equipment	-	1,503,325
Proceeds from beneficial interest in trust	-	126,604
Purchase of investments	(2,137,869)	(1,013,908)
Proceeds from sale of investments	2,366,394	301,528
Payments to annuitants	(198,721)	(213,942)
Net cash provided by (used in) investing activities	<u>(1,035,247)</u>	<u>510,357</u>
<b>Cash Flows from Financing Activities:</b>		
Principal payments on finance lease liabilities	(95,522)	(41,530)
Principal payments on note payable	(44,748)	(920,835)
Net cash used in financing activities	<u>(140,270)</u>	<u>(962,365)</u>
<b>Net Change in Cash</b>	(1,671,987)	(1,698,458)
<b>Cash:</b>		
Beginning of year	3,595,864	5,294,322
End of year	<u>\$ 1,923,877</u>	<u>\$ 3,595,864</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid for interest	<u>\$ 299,934</u>	<u>\$ 87,297</u>
<b>Supplemental Disclosure of Non-Cash Transactions:</b>		
Right-of-use lease assets - operating exchanged for operating lease liabilities	<u>\$ 102,771</u>	<u>\$ 3,767,616</u>
Right-of-use lease assets - finance exchanged for finance lease liabilities	<u>\$ 559,543</u>	<u>\$ 41,325</u>



**THE STUDENT CONSERVATION ASSOCIATION, INC.**

Statement of Functional Expenses  
 For the Year Ended March 31, 2024  
 (With Comparative Totals for the Year Ended March 31, 2023)

	2024			2023	
	Program	General and Administrative	Fundraising	Total	Total
<b>Personnel and Related Costs:</b>					
Salaries and wages	\$ 22,328,772	\$ 3,649,424	\$ 1,005,248	\$ 26,983,444	\$ 21,587,722
Payroll taxes	2,206,556	264,583	78,216	2,549,355	2,116,628
Fringe benefits	765,540	1,218,018	59,067	2,042,625	1,132,832
Contracted services	406,429	498,291	126,674	1,031,394	1,082,496
Total personnel and related costs	25,707,297	5,630,316	1,269,205	32,606,818	25,919,678
<b>Occupancy:</b>					
Rent	153,233	709,871	-	863,104	867,378
Utilities	53,173	32,966	-	86,139	83,888
Depreciation	20,970	17,864	-	38,834	38,589
Repairs and maintenance	13,244	5,622	-	18,866	10,113
Property insurance	-	-	-	-	1,545
Total occupancy	240,620	766,323	-	1,006,943	1,001,513
<b>Other:</b>					
Field travel and transportation	3,175,456	-	-	3,175,456	2,796,221
Participant housing and meals	2,672,422	-	-	2,672,422	2,456,204
Professional fees	-	529,545	1,395,825	1,925,370	2,042,351
Insurance	936,851	331,564	20,203	1,288,618	1,131,759
Conferences and training	1,073,871	82,120	15,147	1,171,138	1,094,888
Supplies and equipment	938,636	60,207	1,399	1,000,242	838,502
Advertising	430	59,281	612,615	672,326	595,735
Technology	909	480,105	128,860	609,874	837,111
Staff travel	401,797	100,744	51,389	553,930	523,252
Uniforms	423,751	-	-	423,751	369,986
Memberships and subscriptions	109,968	182,315	14,287	306,570	220,792
Interest	-	256,894	-	256,894	85,175
Printing and postage	86,945	73,066	79,728	239,739	239,538
Telephone	136,307	20,081	9,586	165,974	165,338
Amortization	-	111,327	-	111,327	43,322
Interest	23,145	27,755	-	50,900	8,672
Bad debts	-	33,862	-	33,862	44,110
Miscellaneous	757	9,376	5,501	15,634	76,040
Total other	9,981,245	2,358,242	2,334,540	14,674,027	13,568,996
Total expenses	\$ 35,929,162	\$ 8,754,881	\$ 3,603,745	\$ 48,287,788	\$ 40,490,187

**THE STUDENT CONSERVATION ASSOCIATION, INC.**

Statement of Functional Expenses  
For the Year Ended March 31, 2023

	<u>Program</u>	<u>General and Adminis- trative</u>	<u>Fundraising</u>	<u>Total</u>
<b>Personnel and Related Costs:</b>				
Salaries and wages	\$ 18,257,313	\$ 2,347,424	\$ 982,985	\$ 21,587,722
Payroll taxes	1,865,775	173,791	77,062	2,116,628
Fringe benefits	799,673	262,234	70,925	1,132,832
Contracted services	492,426	516,902	73,168	1,082,496
	<u>21,415,187</u>	<u>3,300,351</u>	<u>1,204,140</u>	<u>25,919,678</u>
<b>Occupancy:</b>				
Rent	186,474	677,524	3,380	867,378
Utilities	69,880	14,008	-	83,888
Depreciation	20,838	17,751	-	38,589
Repairs and maintenance	96	10,017	-	10,113
Property insurance	-	1,545	-	1,545
	<u>277,288</u>	<u>720,845</u>	<u>3,380</u>	<u>1,001,513</u>
<b>Other:</b>				
Field travel and transportation	2,796,221	-	-	2,796,221
Participant housing and meals	2,456,204	-	-	2,456,204
Professional fees	1,195	962,895	1,078,261	2,042,351
Insurance	829,503	295,410	6,846	1,131,759
Conferences and training	996,524	49,142	49,222	1,094,888
Supplies and equipment	719,865	113,767	4,870	838,502
Advertising	1,308	55,485	538,942	595,735
Technology	-	718,663	118,448	837,111
Staff travel	368,721	77,475	77,056	523,252
Uniforms	369,986	-	-	369,986
Memberships and subscriptions	67,453	124,958	28,381	220,792
Interest	-	85,175	-	85,175
Printing and postage	76,607	83,244	79,687	239,538
Telephone	138,085	19,723	7,530	165,338
Amortization	10,513	32,809	-	43,322
Interest	1,295	7,377	-	8,672
Bad debts	-	44,110	-	44,110
Miscellaneous	10,617	32,568	32,855	76,040
	<u>8,844,097</u>	<u>2,702,801</u>	<u>2,022,098</u>	<u>13,568,996</u>
Total expenses	<u>\$ 30,536,572</u>	<u>\$ 6,723,997</u>	<u>\$ 3,229,618</u>	<u>\$ 40,490,187</u>

The accompanying notes are an integral part of these statements.

## THE STUDENT CONSERVATION ASSOCIATION, INC.

Notes to Financial Statements  
March 31, 2024 and 2023

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### 1. OPERATIONS AND NONPROFIT STATUS

#### Operations

The Student Conservation Association, Inc. (the Association) is a New York nonprofit corporation established for the purposes of building the next generation of conservation leaders and inspiring lifelong stewardship of our environment and communities. The Association engages young people in hands-on service to the land, offering opportunities for education, leadership, and personal development in projects conducted throughout the United States of America.

#### Nonprofit Status

The Association is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Association is also exempt from state income taxes. Donors may deduct contributions made to the Association within IRC requirements.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Association prepares its financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

#### Estimates

The preparation of financial statements in accordance 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.

#### Government Contracts and Other Receivables and Allowance for Doubtful Accounts

Government contracts and other receivables are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts, if any, is based on management's best estimate of the amount of probable credit losses in accounts receivable, specific identification of probable losses, and an estimate of additional losses based on historical write-off experience. The allowance for doubtful accounts at March 31, 2024 and 2023, totaled \$154,156 and \$115,373, respectively.

#### Pledges Receivable and Allowance for Uncollectible Pledges

Pledges receivable at March 31, 2024 and 2023, consist of unconditional grants and contributions committed to the Association (see Note 13). Pledges are recorded at their net present value when unconditionally committed. The reserve for uncollectible pledges is based on past collection experience together with a review of the current status of the existing pledges. Pledge balances are charged off against the reserve when it is probable the pledge will not be recovered. The allowance for uncollectible pledges receivable at March 31, 2024 and 2023, totaled \$20,000 and \$146,322, respectively.

## THE STUDENT CONSERVATION ASSOCIATION, INC.

Notes to Financial Statements  
March 31, 2024 and 2023

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Investment Return

Interest, dividends and mutual fund distributions are recorded when earned. Gains and losses are recognized as incurred upon sale or based on fair value changes during the period. Investment return on the Association's endowment is included in net assets with donor restrictions (see Note 5). Investments without donor restrictions are classified as long-term based on management's intent to hold these investments for long-term purposes.

#### Property and Equipment and Depreciation

Property and equipment (see Note 6) having a value of \$10,000 or more and a useful life of greater than one year are capitalized, while repairs and maintenance are expensed as incurred. Property and equipment are recorded at cost when purchased or constructed and at fair value when donated. Depreciation is computed using the straight-line method over the following estimated useful lives:

Program, computer and office equipment	2 - 10 years
Leasehold improvements	Life of the lease
Equipment under finance lease	Lesser of estimated useful life or lease term

#### Split-Interest Agreements

Charitable remainder trusts were donated to the Association on the condition that the Association commits to making periodic stipulated payments to the donor or other designated individuals at a stated percentage of the fair value of the trust. Gift annuities were given to the Association also on the condition that the Association commits to making periodic stipulated payments to the donor or other designated individuals. Payments terminate at a time specified in the gift annuity and charitable remainder trust agreements, usually upon death of the donor or designated individuals.

#### Debt Issuance Costs

Debt issuance costs are amortized using the straight-line method, which approximates the effective interest method, over the term of the related debt (see Note 7).

#### Fair Value Measurements

The Association follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that the Association would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The Association uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Association. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable.

## THE STUDENT CONSERVATION ASSOCIATION, INC.

Notes to Financial Statements  
March 31, 2024 and 2023

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Fair Value Measurements (Continued)

Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

#### *Investments*

The Association records investments at fair value (see Note 4) using Level 1 inputs. Marketable securities are recorded at fair values as derived directly from quotations on major trading exchanges. Split-interest planned giving instruments (see Note 9) are stated at fair value of the underlying investments. Reported fair values of shares in mutual funds are based on share prices reported by the funds as of the last business day of the fiscal year. The Association maintains a portion of its investments with and without donor restrictions in a common pool. The unit-share (market value) method of accounting is used for additions to and withdrawals from the pool and for allocating income and gains and losses. Investments are not insured and are subject to ongoing market fluctuations.

#### *Beneficial Interests in Trusts*

The Association has beneficial interests in charitable remainder trusts held and invested by third-party trustees (see Note 10). Gains and losses on investments are considered changes in the present value of expected cash flows and are recognized as gains or losses in net assets with donor restrictions. These inputs to the fair value estimate are considered Level 3 in the fair value hierarchy.

#### *Split-Interest Liabilities*

The Association has entered into charitable gift annuity contracts with various donors as described above. Contributions implicit in these split-interest agreements are generally recorded as increases in net assets with donor restrictions given the inherent time limitation imposed on the transferred assets.

## THE STUDENT CONSERVATION ASSOCIATION, INC.

Notes to Financial Statements  
March 31, 2024 and 2023

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Fair Value Measurements (Continued)

##### *Split-Interest Liabilities (Continued)*

The present value of payments to beneficiaries of charitable gift annuities is calculated based on the donors' life expectancies and discount rates which represent the risk adjusted rates in existence at the date of the gifts. Gains or losses resulting from changes in actuarial assumptions and accretions of the discount are recorded as increases or decreases in net assets with donor restrictions in the statements of activities. These inputs to the fair value estimate are considered Level 3 in the fair value hierarchy.

##### *All Other Assets and Liabilities*

The carrying value of all other assets and liabilities, including notes payable, does not differ materially from its estimated fair value and is considered Level 1 in the fair value hierarchy.

#### Net Assets

##### *Without Donor Restrictions*

Net assets without donor restrictions are those net resources that bear no external restrictions and are generally available for use by the Association. The Association has grouped its net assets without donor restrictions into the following categories:

***Operating*** - represents funds available to carry on the operations of the Association.

***Property and equipment*** - represent resources that serve as collateral and are expended on property and equipment, net of related debt, including right-of-use (ROU) assets net of corresponding lease liabilities.

***Board designated*** - consists of the following:

Board designated funds functioning as endowment - consists of net assets which are part of the endowment set aside by the Board of Directors for various purposes. These funds may only be used with the approval of the Board of Directors (see Note 5) and totaled \$1,450,053 and \$889,771 at March 31, 2024 and 2023, respectively.

Board designated other - consists of non-endowment net assets of the Association that have been set aside by the Board of Directors to fund various initiatives and working capital needs. These funds may only be used with the approval of the Board of Directors and totaled \$3,862,546 and \$4,543,285 at March 31, 2024 and 2023, respectively.

The Association has established a reserve policy to ensure the stability of the mission, programs and ongoing operations of the Association. The minimum reserve fund amount shall be no less than \$5 million, and priority shall be given to maintaining this minimum amount throughout the year.

## THE STUDENT CONSERVATION ASSOCIATION, INC.

Notes to Financial Statements  
March 31, 2024 and 2023

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Net Assets (Continued)

##### *With Donor Restrictions*

Net assets with donor restrictions represent amounts received or committed with donor restrictions which have not yet been expended for their designated purposes (purpose restricted), amounts for unrestricted use in future periods (time restricted), and amounts received from donors with the stipulation that the principal will be held in perpetuity and only the investment income can be spent. In accordance with New York State law, all earnings and appreciation of a donor restricted endowment are restricted until appropriated by the Board of Directors.

Net assets with donor restrictions are restricted as follows at March 31:

	<u>2024</u>	<u>2023</u>
<b>Subject to expenditure for specific purposes:</b>		
Program development	\$ 1,365,824	\$ 1,287,728
Restricted to geographic region	1,217,243	1,424,560
Nationwide projects	690,000	203,922
Crews	375,000	115,000
Restricted to geographic region and position	150,000	228,508
Other programmatic functions	<u>10,000</u>	<u>77,500</u>
	<u>3,808,067</u>	<u>3,337,218</u>
<b>Subject to the passage of time:</b>		
Net position in charitable gift annuities, inherently restricted for future use	1,202,244	1,031,924
Beneficial interests in trusts, inherently restricted for future use	<u>670,885</u>	<u>613,983</u>
	<u>1,873,129</u>	<u>1,645,907</u>
<b>Subject to the Association's endowment spending policy and appropriation:</b>		
Investment in perpetuity	4,577,961	4,577,961
Accumulated earnings on endowment	<u>438,140</u>	<u>76,648</u>
	<u>5,016,101</u>	<u>4,654,609</u>
	<u>\$ 10,697,297</u>	<u>\$ 9,637,734</u>

## THE STUDENT CONSERVATION ASSOCIATION, INC.

Notes to Financial Statements  
March 31, 2024 and 2023

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Net Assets (Continued)

##### *With Donor Restrictions (Continued)*

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended March 31:

	<u>2024</u>	<u>2023</u>
Satisfaction of purpose restrictions	\$ 3,031,276	\$ 2,638,646
Expiration of time restrictions - beneficial interests in trusts	-	126,604
Expiration of time restrictions	-	25,000
	<u>3,031,276</u>	<u>2,790,250</u>
Investment return designated for current operations	<u>290,000</u>	<u>82,000</u>
	<u>\$ 3,321,276</u>	<u>\$ 2,872,250</u>

#### Revenue Recognition

Contributed income may include gifts of cash, collection items or promises to give. Contributions and grants, including unconditional promises to give, are recognized as revenues in the period received and recorded in the appropriate net asset category in accordance with donor-imposed restrictions. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions are substantially met. Contributions of assets other than cash are reported at their estimated fair value. When considered material, contributions and grants to be received after one (1) year are discounted at an appropriate discount rate commensurate with the risk involved. Multi-year commitments are recorded during the year of the initial pledge.

In accordance with ASC Subtopic 958-605, *Revenue Recognition (Topic 958)*, the Association must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance-related barrier or another measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the Association should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met. These amounts are included in deferred revenue in the accompanying statements of financial position.

Grants and contributions are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. Unconditional grants and contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions.



## THE STUDENT CONSERVATION ASSOCIATION, INC.

Notes to Financial Statements  
March 31, 2024 and 2023

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Revenue Recognition (Continued)

Grants and contributions with donor-imposed restrictions and conditions are reported as an increase in net assets without donor restrictions if the restrictions and conditions expire in the reporting period in which the grant and contribution is recognized. All other donor restricted grants and contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Government contract revenue is recognized as expenditures are incurred or services rendered due to the conditional nature of the contracts, in accordance with Topic 958. Amounts billed and collected before services are rendered are included in deferred revenue. Revenue from bequests is recorded when there is an irrevocable right to the bequest, and it is unconditionally pledged or received. All other revenue is recognized when earned.

#### Leases

The Association accounts for leases in accordance with Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, and assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) and determines lease classification as operating or finance at inception. The Association only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with an initial term of twelve months or less are not recorded in the statements of financial position.

All of the Association's leases are presented as ROU lease assets with a corresponding current and long-term lease liability in the accompanying statements of financial position. ROU assets represent the Association's right to use an underlying asset during its lease term, and lease liabilities represent the obligation to make lease payments.

Operating lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The ROU assets equal the lease liabilities adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Association uses the implicit discount rate when it is readily determinable. Since the Association's leases do not provide an implicit rate, the Association uses the risk-free discount rate at the lease commencement date to determine the present value of the lease payments. Variable rent payments, if included in the lease agreement and not determinable at the lease commencement, are not included in the measurement of the lease liabilities. Lease expense is recognized on a straight-line basis over the lease term. The Association's lease terms may include options to extend or terminate leases when it is reasonably certain that the options will be exercised.

The Association has lease agreements with lease and non-lease components, which are generally accounted for as a single component.

## THE STUDENT CONSERVATION ASSOCIATION, INC.

Notes to Financial Statements  
March 31, 2024 and 2023

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Donated Goods and Services

The Association receives donated goods and services. These amounts, which are based upon information provided by the donors who contributed these goods and services, are recorded at their estimated fair value determined on the date of contribution and are included in donated goods and services in the accompanying statements of activities.

Donated goods and services consisted of the following for the years ended March 31:

	<u>2024</u>	<u>2023</u>
Advertising	\$ 463,625	\$ 482,189
Airline tickets	20,000	13,200
Meals	<u>500</u>	<u>-</u>
	<u>\$ 484,125</u>	<u>\$ 495,389</u>

Donated goods and services are included in advertising and staff travel in the accompanying statements of functional expenses and were utilized by the Association's supportive services. There were no donor-imposed restrictions associated with the donated goods and services.

The Association also receives the services of volunteers who have made significant contributions of their time in furtherance of the Association's mission. These services were not reflected in the accompanying statements of activities because they do not meet the necessary criteria for recognition under U.S. GAAP.

#### Advertising Costs

Advertising costs are expensed as incurred by the Association.

#### Expense Allocation

Expenses related directly to a program are distributed to that program, while other expenses are allocated to programs based upon management's estimate of the percentage attributable to each function. The financial statements contain certain categories of expenses that are attributable to program and supporting functions and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated include personnel and related costs, technology, telephone, and printing and postage, which are allocated based on an estimate of time and level of effort spent on the Association's program and supporting functions. In addition, occupancy and depreciation are allocated on a square footage basis.

#### Income Taxes

The Association accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. The Association has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at March 31, 2024 and 2023. The Association's information returns are subject to examination by the Federal and state jurisdictions.

## THE STUDENT CONSERVATION ASSOCIATION, INC.

Notes to Financial Statements  
March 31, 2024 and 2023

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Statements of Activities

Transactions deemed by management to be ongoing, major, or central to the provision of program services are reported as operating revenue and operating expenses in the accompanying statements of activities. Non-operating revenue (expenses) include activities relating to the Association's investment portfolio, planned giving instruments and endowment activity.

#### Subsequent Events

Subsequent events have been evaluated through September 19, 2024, which is the date the financial statements were available to be issued. There were no events that met the criteria for disclosure in the accompanying financial statements, other than those disclosed in Note 11.

### 3. LIQUIDITY

Financial assets available for use by the Association within one year from the statements of financial position date are as follows:

	<u>2024</u>	<u>2023</u>
Cash	\$ 1,923,877	\$ 3,595,864
Government contracts and other receivables, net	6,515,061	5,701,982
Current portion of pledges receivable, net	<u>762,841</u>	<u>614,662</u>
	9,201,779	9,912,508
Add - investment return designated for fiscal years 2025 and 2024 operations	241,000	290,000
Less - Board designated funds not in investments	(2,954,926)	(3,895,665)
Less - donor contributions restricted for specific purposes	<u>(3,645,567)</u>	<u>(3,230,580)</u>
Financial assets available to meet cash needs for service expenses within one year	<u>\$ 2,842,286</u>	<u>\$ 3,076,263</u>

The Association has a policy to structure its financial assets to be available and liquid as its obligations become due. As of March 31, 2024 and 2023, the Association also has \$3,862,546 and \$4,543,285, respectively, of other Board designated funds that could be spent to fund initiatives or working capital needs with Board approval. In addition, the Association has a line of credit agreement which allows for available borrowings up to \$6,500,000 (see Note 8).

## THE STUDENT CONSERVATION ASSOCIATION, INC.

Notes to Financial Statements  
March 31, 2024 and 2023

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### 4. INVESTMENTS

Investments consist of the following at March 31:

	<u>2024</u>	<u>2023</u>
Cash and equivalents	\$ 657,251	\$ 184,638
Fixed income funds	4,236,846	3,808,157
Treasury bills	857,824	-
Equity securities	-	2,362,991
Equity funds:		
Large cap domestic equities	3,058,532	642,038
International equities	1,522,477	1,571,078
Small and mid-cap domestic equities	951,158	748,024
Other mutual funds	<u>518,241</u>	<u>1,691,852</u>
	<u>\$ 11,802,329</u>	<u>\$ 11,008,778</u>

Included in investments is one fund that is restricted in nature and cannot be applied toward payment of other obligations of the Association, whereby is maintained for satisfying the Association's obligation under its split-interest liabilities. This fund had a balance of \$2,438,026 and \$2,368,576 at March 31, 2024 and 2023, respectively.

New York Insurance Code requires the Association to maintain a reserve fund adequate to meet the future payments under its outstanding charitable gift annuity contracts. In addition, the law requires that the reserve be invested in accordance with a prudent investor standard. As of March 31, 2024 and 2023, the Association had sufficient funds in its reserve and those funds were invested in accordance with the New York Insurance Code.

### 5. ENDOWMENT

The Association's endowment fund (the Fund) includes donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by U.S. GAAP, 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 Association has interpreted the New York Uniform Prudent Management of Institutional Funds Act (NYPMIFA) 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 Association classifies as net assets with donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with NYPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Association, and (7) the Association's investment policies.

## THE STUDENT CONSERVATION ASSOCIATION, INC.

Notes to Financial Statements  
March 31, 2024 and 2023

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### 5. ENDOWMENT (Continued)

#### **Investment Return Objectives, Risk Parameters and Strategies**

The Association has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income, as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and fixed income securities that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 4.5%, while growing the funds if possible. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

#### **Spending Policy**

The Association has a policy of appropriating for distribution each year 4.5% of its endowment fund's average fair value of the prior three fiscal years through the calendar year-end preceding the fiscal year in which the distribution is planned. The spending policy appropriation is calculated at the beginning of each fiscal year. In establishing this policy, the Association considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. For the years ended March 31, 2024 and 2023, the Association appropriated a total of \$290,000 and \$82,000, respectively, for operations which is reflected as investment return designated for current operations in the accompanying statements of activities.

In addition to the endowment spending policy, the Board of Directors may designate spending from net assets without donor restrictions into its general budget. This spending is part of the Finance Committee's decisions as outlined in the budget. In fiscal years 2024 and 2023, there were no special Board designations.

#### **Endowment Funds with Deficiencies**

From time-to-time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Board of Directors of the Association has interpreted NYPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. However, the Association has a policy that prohibits spending from endowments funds that are underwater. The endowment funds of the Association were not underwater at March 31, 2024 and 2023.

**THE STUDENT CONSERVATION ASSOCIATION, INC.**

Notes to Financial Statements  
March 31, 2024 and 2023

**5. ENDOWMENT (Continued)**

**Endowment Activity**

Changes in endowment net assets for fiscal years 2024 and 2023 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Endowment Assets</u>
<b>Endowment net assets, March 31, 2022</b>	\$ 1,007,599	\$ 5,209,618	\$ 6,217,217
Contributions/redesignations	32,000	-	32,000
Investment return, net	(117,828)	(473,009)	(590,837)
Drawdowns based on fiscal year 2023 appropriations	(32,000)	-	(32,000)
Amounts appropriated for expenditure in accordance with spending policy	<u>-</u>	<u>(82,000)</u>	<u>(82,000)</u>
<b>Endowment net assets, March 31, 2023</b>	889,771	4,654,609	5,544,380
Contributions/redesignations	290,000	-	290,000
Investment return, net	270,282	651,492	921,774
Amounts appropriated for expenditure in accordance with spending policy	<u>-</u>	<u>(290,000)</u>	<u>(290,000)</u>
<b>Endowment net assets, March 31, 2024</b>	<u>\$ 1,450,053</u>	<u>\$ 5,016,101</u>	<u>\$ 6,466,154</u>

**6. PROPERTY AND EQUIPMENT**

Property and equipment, net consist of the following at March 31:

	<u>2024</u>	<u>2023</u>
Program, computer and office equipment	\$ 2,226,866	\$ 968,565
Leasehold improvements	<u>176,334</u>	<u>176,334</u>
	2,403,200	1,144,899
Less - accumulated depreciation	<u>1,065,746</u>	<u>1,026,912</u>
	1,337,454	117,987
Construction in process	<u>-</u>	<u>193,250</u>
Property and equipment, net	<u>\$ 1,337,454</u>	<u>\$ 311,237</u>

In May 2022, the Association sold the Charlestown Property for \$1,500,000 and entered into a lease-back agreement with the purchaser to rent a portion of the property. As a result of this transaction, the Association recognized a gain of \$180,129 at the point in time when the property was transferred to the buyer, which is presented as gain on sale of property and equipment for the year ended March 31, 2023. The Association used \$875,000 of the sale proceeds to pay down a portion of the note payable (see Note 7).

Construction in process consisted of technology updates and was placed in service on March 31, 2024, and the asset will begin being depreciated in fiscal year 2025.

## THE STUDENT CONSERVATION ASSOCIATION, INC.

Notes to Financial Statements  
March 31, 2024 and 2023

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### 7. NOTE PAYABLE

Note payable consists of the following at March 31:

	<u>2024</u>	<u>2023</u>
3.45% note payable to a bank, due in monthly installments of \$8,025 through March 24, 2031, at which time the outstanding balance of \$1,127,098 and any accrued interest are due. This note is secured by all assets of the Association.	\$ 1,478,490	\$ 1,523,238
Less - unamortized debt issuance costs	<u>55,674</u>	<u>63,534</u>
Total notes payable	1,422,816	1,459,704
Less - current portion	<u>45,254</u>	<u>43,563</u>
	<u>\$ 1,377,562</u>	<u>\$ 1,416,141</u>

Debt issuance costs of \$78,599 were incurred in relation to the note payable. Imputed interest totaled \$7,860 and \$6,550 for the years ended March 31, 2024 and 2023, respectively, which is included in interest in the accompanying statements of functional expenses. Accumulated amortization at March 31, 2024 and 2023, was \$22,925 and \$15,065, respectively.

The note payable has certain financial and non-financial covenants with which the Association must comply. The Association was not in compliance with its covenants as of March 31, 2024, and a waiver was received from the bank. The Association was in compliance with its covenants as of March 31, 2023.

Interest expense on the Association's note payable totaled \$52,734 and \$58,984 for the years ended March 31, 2024 and 2023, respectively, which is included in interest in the accompanying statements of functional expenses.

In May 2022, the Association used \$875,000 of proceeds from the sale of the Charlestown Property (see Note 6) to make a payment on the note payable.

Future minimum principal payments and amortization of debt financing costs are as follows for the fiscal years ending March 31:

	<u>Principal Payments</u>	<u>Amortization of Debt Issuance Costs</u>
2025	\$ 45,254	\$ 8,515
2026	\$ 46,862	\$ 8,515
2027	\$ 48,528	\$ 8,515
2028	\$ 50,129	\$ 8,515
2029	\$ 52,035	\$ 8,515

## THE STUDENT CONSERVATION ASSOCIATION, INC.

Notes to Financial Statements  
March 31, 2024 and 2023

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### 8. LINE OF CREDIT

The Association maintains a revolving line of credit agreement with a bank that allows for borrowings up to \$6,500,000, as defined in the agreement; the available balance is based on 80% of outstanding contract and pledges receivable. Outstanding principal bore interest at the *Wall Street Journal's* prime rate (8% at March 31, 2023), with a floor of 3.25%. This note was amended during fiscal year 2024 and the outstanding principal bears interest at Term Secured Overnight Financing Rate (SOFR), as defined in the agreement, plus 100 basis points per annum (6.325% at March 31, 2024), but in no event less than 3.25%. There was no outstanding balance on the line of credit as of March 31, 2024 and 2023. The note is secured by a shared first security in all assets of the Association. The line of credit agreement contains certain financial and non-financial covenants with which the Association must comply. As of March 31, 2024, the Association was not in compliance with these covenants and a waiver was received. As of March 31, 2023, the Association was in compliance with these covenants. This line of credit will expire in April 2025. The available borrowings on the line of credit agreements are \$6,461,918 and \$4,937,831 at March 31, 2024 and 2023, respectively.

### 9. SPLIT-INTEREST AGREEMENTS

The Association administers various charitable gift annuities. A charitable gift annuity provides for the payment of distributions to the donor or other designated beneficiaries for a specified period of time. The assets remaining at termination of the agreement are available for the Association's use for various purposes as determined by the donor. The Association's charitable gift annuity assets as of March 31, 2024 and 2023, do not contain restrictions by the donor as to use upon termination of the agreement. The estimated net present value of the liability under the agreements is recorded at the date of the gift using applicable discount rates ranging from 0.8% to 6.2%, and applicable mortality rates. The revenue attributable to the estimated present value of future benefits to be received by the Association is recorded as an increase in the net assets with donor restrictions of the Association in accordance with its policy for recording contribution revenue in the period in which the charitable gift annuity is established. The assets held by the Association are included in investments in the accompanying statements of financial position and are recorded at fair value, based on quoted market prices. The Association makes distributions to the designated beneficiaries based on agreement provisions.

The changes in split-interest liabilities were as follows for the fiscal years ended March 31:

	<u>2024</u>	<u>2023</u>
Beginning Balance	\$ 1,336,652	\$ 1,355,256
Payments	(198,721)	(213,942)
Change in value	<u>97,851</u>	<u>195,338</u>
Ending Balance	<u>\$ 1,235,782</u>	<u>\$ 1,336,652</u>

Split-interest agreements are reflected in the accompanying financial statements as follows:

	<u>2024</u>	<u>2023</u>
Investments (see Note 4)	\$ 2,438,026	\$ 2,368,576
Split-interest liabilities	<u>(1,235,782)</u>	<u>(1,336,652)</u>
Net position in charitable gift annuities, restricted for future use (see Note 2)	<u>\$ 1,202,244</u>	<u>\$ 1,031,924</u>



## THE STUDENT CONSERVATION ASSOCIATION, INC.

Notes to Financial Statements  
March 31, 2024 and 2023

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### 10. BENEFICIAL INTERESTS IN TRUSTS

The Association is named as a beneficiary in two charitable remainder trusts as of March 31, 2024 and 2023. The income generated is paid to a designated beneficiary over their lifetime or for a predetermined period of time (the Benefit Period), as outlined in the trust documents. Upon the beneficiary's death or passage of the Benefit Period, the value of the donor's assets in the fund is transferred to the Association's net assets without donor restrictions, unless the donor has designated these funds for a restricted purpose. As of March 31, 2024 and 2023, the trusts' assets have not been restricted by the donors. The charitable remainder trust funds are included in net assets with donor restrictions at March 31, 2024 and 2023, based on the inherent time restriction associated with these funds. These funds have been discounted to their net present value based upon the donor's expected life or the remaining Benefit Period, the Internal Revenue Service (IRS) Federal rate for determining the present value of an annuity (5.2% and 4.6% at March 31, 2024 and 2023, respectively), and expected future obligations to beneficiaries, as well as an estimated rate of return on the trusts' assets.

The changes in beneficial interests in trusts were as follows for the fiscal years ended March 31:

	<u>2024</u>	<u>2023</u>
Beginning Balance	\$ 613,983	\$ 761,228
Distributions	-	(126,604)
Change in value	<u>56,902</u>	<u>(20,641)</u>
Ending Balance	<u>\$ 670,885</u>	<u>\$ 613,983</u>

### 11. LEASE AGREEMENTS

#### Operating Leases

The Association rents its facilities under various operating lease agreements. These leases expire at various dates through fiscal year 2031, with options to extend in some cases. Since the Association has not determined if these options will be exercised, only the initial lease terms were used in calculating ROU assets and lease liabilities. In accordance with ASC Topic 842, *Leases*, the Association records rent expense on a straight-line basis over the term of the leases regardless of actual cash payments. The Association is also responsible for its proportionate share of utilities.

The Association has certain leases that are for a period of twelve months or less or contain renewals for periods of twelve months or less. The Association has elected the practical expedient to not include these leases within the operating ROU assets and lease liabilities.

The following summarizes facility lease costs for the years ended March 31:

	<u>2024</u>	<u>2023</u>
<b>Facility Lease Costs:</b>		
Operating lease cost (included in rent expense)	\$ 571,024	\$ 524,786
Add - short-term lease costs (included in rent expense)	139,400	302,645
Add - variable lease cost (included in rent expense)	<u>152,680</u>	<u>39,947</u>
Total lease costs (rent expense)	<u>\$ 863,104</u>	<u>\$ 867,378</u>

**THE STUDENT CONSERVATION ASSOCIATION, INC.**

Notes to Financial Statements  
March 31, 2024 and 2023

**11. LEASE AGREEMENTS (Continued)**

**Operating Leases (Continued)**

The Association rents certain vehicles under various operating lease agreements. These leases expire at various dates through fiscal year 2025. The Association is also responsible for certain maintenance costs under these lease agreements. Vehicle rent expense was \$156,272 and \$284,534 during the years ended March 31, 2024 and 2023, respectively, and is included in field travel and transportation in the accompanying statements of functional expenses.

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

	<u>Facilities</u>	<u>Vehicles</u>	<u>Total</u>
2025	\$ 583,051	\$ 50,938	\$ 633,989
2026	488,503	-	488,503
2027	458,862	-	458,862
2028	470,333	-	470,333
2029	482,092	-	482,092
Thereafter	<u>576,836</u>	<u>-</u>	<u>576,836</u>
Total	3,059,677	50,938	3,110,615
Less - present value discount	<u>217,169</u>	<u>400</u>	<u>217,569</u>
Present value of lease liabilities	<u>\$ 2,842,508</u>	<u>\$ 50,538</u>	<u>\$ 2,893,046</u>

Subsequent to March 31, 2024, the Association terminated one of its facility lease agreements and was required to make a termination payment of \$190,000.

The following summarizes the weighted-average remaining lease term and discount rate for operating leases as of March 31:

	<u>2024</u>	<u>2023</u>
Weighted-average remaining lease term (years)	5.77 years	6.39 years
Weighted-average discount rate	2.6%	2.6%

The following summarizes the line items in the accompanying statements of financial position, which include amounts for operating leases as of March 31:

	<u>2024</u>	<u>2023</u>
Right-of-use lease assets - operating	\$ 3,571,065	\$ 3,667,483
Less - accumulated amortization	<u>(1,055,310)</u>	<u>(611,628)</u>
Right-of-use lease assets - operating	<u>\$ 2,515,755</u>	<u>\$ 3,055,855</u>
Operating lease liabilities:		
Current portion	\$ 633,989	\$ 632,450
Long-term portion	<u>2,259,057</u>	<u>2,822,197</u>
Total operating lease liabilities	<u>\$ 2,893,046</u>	<u>\$ 3,454,647</u>

## THE STUDENT CONSERVATION ASSOCIATION, INC.

Notes to Financial Statements  
March 31, 2024 and 2023

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### 11. LEASE AGREEMENTS (Continued)

#### Sublease Agreement

The Association entered into a sublease agreement with an unrelated third-party for office space included in the above operating leases. The sublease began in May 2021 and expires in May 2026. Rental income under this sublease agreement was \$282,466 and \$267,439 for the years ended March 31, 2024 and 2023, respectively, and is included in other income in the accompanying statements of activities. This agreement was terminated subsequent to March 31, 2024.

#### Finance Leases

The Association leases vehicles and office equipment under finance lease agreements. These leases expire at various dates through March 2028.

The following summarizes the line items in the accompanying statements of financial position, which include amounts for finance leases as of March 31:

	<u>2024</u>	<u>2023</u>
Right-of-use lease assets - finance	\$ 756,306	\$ 238,814
Less - accumulated amortization	<u>(201,443)</u>	<u>(133,020)</u>
Right-of-use lease assets - finance	<u>\$ 554,863</u>	<u>\$ 105,794</u>
Finance lease liabilities:		
Current portion	\$ 198,392	\$ 40,016
Long-term portion	<u>371,630</u>	<u>65,132</u>
Total finance lease liabilities	<u>\$ 570,022</u>	<u>\$ 105,148</u>

The following summarizes the line items in the accompanying statements of activities, which include the components of finance lease expense for the years ended March 31:

	<u>2024</u>	<u>2023</u>
Amortization of lease assets presented as amortization expense	\$ 111,327	\$ 43,322
Interest on finance lease liabilities included in interest expense	<u>50,900</u>	<u>8,672</u>
Total lease expense	<u>\$ 162,227</u>	<u>\$ 51,994</u>

## THE STUDENT CONSERVATION ASSOCIATION, INC.

Notes to Financial Statements  
March 31, 2024 and 2023

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### 11. LEASE AGREEMENTS (Continued)

#### Finance Leases (Continued)

The maturities of finance lease liabilities as of March 31, 2024, are as follows:

	<u>Vehicle</u>	<u>Equipment</u>	<u>Total</u>
2025	\$ 173,806	\$ 24,586	\$ 198,392
2026	173,806	10,211	184,017
2027	171,822	-	171,822
2028	<u>92,793</u>	<u>-</u>	<u>92,793</u>
Total	612,227	34,797	647,024
Less - present value discount	<u>76,813</u>	<u>189</u>	<u>77,002</u>
Present value of lease liabilities	<u>\$ 535,414</u>	<u>\$ 34,608</u>	<u>\$ 570,022</u>

The following summarizes the weighted-average remaining lease term and discount rate for finance leases as of March 31:

	<u>2024</u>	<u>2023</u>
Weighted-average remaining lease term (years)	3.41 years	2.88 years
Weighted-average discount rate	7.56%	3.53%

### 12. CONCENTRATIONS

#### Credit Risk

The Association maintains its operating cash balances in various banks, which are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain amounts. At certain times during the year, cash balances exceeded the insured amounts. The Association has not experienced any losses in such accounts.

#### Funding

The Association receives funding under Federal and state contracts, which totaled approximately 75% and 73% of the Association's operating revenue for the years ended March 31, 2024 and 2023, respectively. Payments to the Association are subject to audit by the appropriate government agency. In the opinion of management, the results of such audits, if any, will not have a material effect on the financial position of the Association as of March 31, 2024 and 2023, or on its results of operations for the years then ended. As of March 31, 2024 and 2023, one agency and two agencies represented 10% and 26%, respectively, of net government contracts and other receivables.

Approximately 61% and 45% of gross pledges receivable at March 31, 2024 and 2023, respectively, were due from three donors and two donors, respectively.

## THE STUDENT CONSERVATION ASSOCIATION, INC.

Notes to Financial Statements  
March 31, 2024 and 2023

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### 13. PLEDGES RECEIVABLE

The Association's outstanding pledges receivable are due as follows at March 31:

	<u>2024</u>	<u>2023</u>
Due in less than one year	\$ 782,841	\$ 760,984
Due in more than one year	<u>162,500</u>	<u>106,638</u>
Total pledges receivable	945,341	867,622
Allowance for uncollectible accounts	<u>(20,000)</u>	<u>(146,322)</u>
Pledges receivable, net	<u>\$ 925,341</u>	<u>\$ 721,300</u>

These amounts are not discounted to present value as the discounts would be immaterial to the accompanying financial statements.

### 14. RETIREMENT PLAN

The Association maintains a defined contribution retirement plan (the Plan) under IRC Section 403(b) covering all eligible employees who had attained the age of twenty-one and provided a minimum expected work schedule of 1,000 hours annually. The Plan calls for the Association to match up to 3% of an employee's salary. For the years ended March 31, 2024 and 2023, the Association's contributions to the Plan totaled approximately \$190,000 and \$183,000, respectively, which are included in fringe benefits in the accompanying statements of functional expenses.

### 15. CONDITIONAL GRANTS

#### Government Contracts

The Association has been awarded conditional grants from governmental agencies and foundations. Payment of these awards is conditional upon the Association meeting certain progress benchmarks, incurring allowable costs and submission of specific financial reports, as defined in the grant agreements or contracts. Accordingly, \$43,548,052 and \$29,844,656 have not been reflected in the accompanying financial statements as of March 31, 2024 and 2023, respectively.

#### Employment Retention Tax Credits

The Employee Retention Tax Credit (ERTC) was first established by the Coronavirus Aid, Relief and Economic Security Act (CARES Act) and was extended and expanded by the Consolidated Appropriations Act (CAA) and American Rescue Plan (ARP). ERTC provides a refundable tax credit against certain employment taxes equal to 50% of the first \$10,000 in qualified wages paid to each employee between March 12, 2020 and December 31, 2020 (2020 ERTC), and 70% of the first \$10,000, per quarter, in qualified wages paid to each employee between January 1, 2021 and September 30, 2021 (2021 ERTC). To be eligible, the Association must meet certain conditions as described in applicable laws and regulations.

## THE STUDENT CONSERVATION ASSOCIATION, INC.

Notes to Financial Statements  
March 31, 2024 and 2023

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### 15. **CONDITIONAL GRANTS** (Continued)

#### **Employment Retention Tax Credits** (Continued)

The Association has determined that it qualifies for the 2020 ERTC and therefore is accounting for them as conditional grants under ASC subtopic 958-605. These grants are conditional upon certain performance requirements and the incurrence of eligible expenses. In the opinion of management, these conditions were met as of March 31, 2024, and therefore, the entire refund of \$771,927 inclusive of \$33,338 of interest that the Association received during fiscal year 2024 was recorded as revenue and included in other income in the accompanying statement of activities for the year ended March 31, 2024. Eligibility for the credit and the credit calculations are subject to review and approval by the Federal government. In the opinion of management, the results of such reviews and audit will not have a material effect on the financial position of the Association as of March 31, 2024, and on the changes in its net assets for the year then ended.

### 16. **RECLASSIFICATION**

Certain amounts in the fiscal year 2023 financial statements have been reclassified to conform with the fiscal year 2024 presentation.