

Western Pennsylvania Conservancy

Financial Statements and Supplementary Information

**Years Ended December 31, 2024 and 2023
with Independent Auditor's Reports**

MaherDuessel

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WESTERN PENNSYLVANIA CONSERVANCY

YEARS ENDED DECEMBER 31, 2024 AND 2023

TABLE OF CONTENTS

Independent Auditor's Report

Financial Statements:

Statements of Financial Position	1
Statements of Activities:	
- Year Ended December 31, 2024	2
- Year Ended December 31, 2023	3
Statements of Functional Expenses:	
- Year Ended December 31, 2024	4
- Year Ended December 31, 2023	5
Statements of Cash Flows	6
Notes to Financial Statements	7

Supplementary Information:

Schedule of Expenditures of Federal Awards	33
Notes to Schedule of Expenditures of Federal Awards	35
Schedule of Operating Revenues and Public Support Without Donor Restrictions	36
Schedule of Stewardship Net Assets	37

WESTERN PENNSYLVANIA CONSERVANCY

YEARS ENDED DECEMBER 31, 2024 AND 2023

TABLE OF CONTENTS

(Continued)

Independent Auditor's Reports Required by the Uniform Guidance:

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	38
Independent Auditor's Report on Compliance for the Major Program and on Internal Control over Compliance Required by the Uniform Guidance	40
Schedule of Findings and Questioned Costs	43
Summary Schedule of Prior Audit Findings	44

Independent Auditor's Report

**Board of Directors
Western Pennsylvania Conservancy**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Western Pennsylvania Conservancy (Conservancy), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Conservancy as of December 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 and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Conservancy and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Conservancy'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 generally accepted auditing standards 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 generally accepted auditing standards 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 Conservancy'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 Conservancy'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 audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information listed in the table of contents and the schedule of

expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the 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 auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2025 on our consideration of the Conservancy'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 Conservancy'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 Conservancy's internal control over financial reporting and compliance.

Maher Duessel

Pittsburgh, Pennsylvania
May 23, 2025

WESTERN PENNSYLVANIA CONSERVANCY

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2024 AND 2023

	2024	2023
Assets		
Cash and cash equivalents	\$ 5,349,057	\$ 4,402,648
Cash held for land acquisition	501,950	5,950
Accounts and pledges receivable	4,705,931	4,966,541
Notes receivable	887,541	285,000
Museum shop inventories	305,902	301,734
Prepaid expenses and deposits	1,113,622	1,105,593
Investments	77,023,201	72,047,645
Property and equipment, net	14,956,552	12,965,077
Fallingwater® and fine art collection	5,740,865	5,740,865
Land conservation projects	28,954,353	26,735,848
Total Assets	\$ 139,538,974	\$ 128,556,901
Liabilities and Net Assets		
Liabilities:		
Land escrows	\$ 501,950	\$ 5,950
Accounts payable and other liabilities	3,943,395	4,281,372
Notes payable and other obligations	1,367,253	990,561
Total Liabilities	5,812,598	5,277,883
Net Assets:		
Without donor restrictions:		
Board-designated	1,210,960	1,264,516
Undesignated	92,259,722	83,005,150
Total without donor restrictions	93,470,682	84,269,666
With donor restrictions:		
Purpose and time restrictions	23,057,829	22,608,627
Perpetual in nature	17,197,865	16,400,725
Total with donor restrictions	40,255,694	39,009,352
Total Net Assets	133,726,376	123,279,018
Total Liabilities and Net Assets	\$ 139,538,974	\$ 128,556,901

See accompanying notes to financial statements.

WESTERN PENNSYLVANIA CONSERVANCY

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues and Public Support:			
Contributions, gifts, and grants	\$ 14,107,385	\$ 5,391,179	\$ 19,498,564
In-kind contributions	67,532	-	67,532
Memberships	2,015,911	-	2,015,911
Admissions	5,226,234	-	5,226,234
Sales	2,802,992	-	2,802,992
Investment return, net, appropriated by the governing board for current operations	2,210,174	753,231	2,963,405
Rent, royalties, and miscellaneous income	768,471	-	768,471
Net assets released from restrictions:			
Investment return appropriated and released for current operations from donor-restricted endowment	753,231	(753,231)	-
Satisfaction of program restrictions	4,914,465	(4,914,465)	-
Total operating revenues and public support	32,866,395	476,714	33,343,109
Expenses:			
Program	24,888,502	-	24,888,502
Management and general	2,299,499	-	2,299,499
Development	2,686,596	-	2,686,596
Total expenses	29,874,597	-	29,874,597
Change in Net Assets from Operations	2,991,798	476,714	3,468,512
Non-Operating Support and Income:			
Investment return, net, in excess of (less than) amounts appropriated for current operations	3,673,123	1,207,987	4,881,110
Capital gifts, grants, and other income	960,643	1,538,278	2,498,921
Capital in-kind contributions	75,000	-	75,000
Net assets released from restrictions:			
Satisfaction of capital purpose restrictions	1,976,637	(1,976,637)	-
Changes in charitable gift annuities	(60,669)	-	(60,669)
Net gain (loss) on conveyance of land	(436,516)	-	(436,516)
Net gain (loss) on other assets	21,000	-	21,000
Total non-operating support and income	6,209,218	769,628	6,978,846
Change in Net Assets	9,201,016	1,246,342	10,447,358
Net Assets:			
Beginning of year	84,269,666	39,009,352	123,279,018
End of year	\$ 93,470,682	\$ 40,255,694	\$ 133,726,376

See accompanying notes to financial statements.

WESTERN PENNSYLVANIA CONSERVANCY

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues and Public Support:			
Contributions, gifts, and grants	\$ 11,447,103	\$ 5,888,833	\$ 17,335,936
In-kind contributions	77,269	-	77,269
Memberships	1,687,185	-	1,687,185
Admissions	5,102,799	-	5,102,799
Sales	2,686,911	-	2,686,911
Investment return, net, appropriated by the governing board for current operations	2,319,740	715,796	3,035,536
Rent, royalties, and miscellaneous income	844,007	-	844,007
Net assets released from restrictions:			
Investment return appropriated and released for current operations from donor-restricted endowment	715,796	(715,796)	-
Satisfaction of program restrictions	4,427,354	(4,427,354)	-
Total operating revenues and public support	<u>29,308,164</u>	<u>1,461,479</u>	<u>30,769,643</u>
Expenses:			
Program	24,730,038	-	24,730,038
Management and general	2,091,012	-	2,091,012
Development	2,540,170	-	2,540,170
Total expenses	<u>29,361,220</u>	<u>-</u>	<u>29,361,220</u>
Change in Net Assets from Operations	<u>(53,056)</u>	<u>1,461,479</u>	<u>1,408,423</u>
Non-Operating Support and Income:			
Investment return, net, in excess of (less than) amounts appropriated for current operations	5,319,423	1,795,749	7,115,172
Capital gifts, grants, and other income	67,211	2,628,020	2,695,231
Capital in-kind contributions	3,610,908	-	3,610,908
Net assets released from restrictions:			
Satisfaction of capital purpose restrictions	2,225,863	(2,225,863)	-
Changes in charitable gift annuities	5,307	-	5,307
Net gain (loss) on conveyance of land	(160,574)	-	(160,574)
Net gain (loss) on other assets	29,602	-	29,602
Total non-operating support and income	<u>11,097,740</u>	<u>2,197,906</u>	<u>13,295,646</u>
Change in Net Assets	<u>11,044,684</u>	<u>3,659,385</u>	<u>14,704,069</u>
Net Assets:			
Beginning of year	<u>73,224,982</u>	<u>35,349,967</u>	<u>108,574,949</u>
End of year	<u>\$ 84,269,666</u>	<u>\$ 39,009,352</u>	<u>\$ 123,279,018</u>

See accompanying notes to financial statements.

WESTERN PENNSYLVANIA CONSERVANCY

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2024

	Program Expenses							Support Activities		
	Land Conservation and Stewardship	Heritage and Conservation Science	Fallingwater®	Government Relations & Community Greening	Watershed	Communications	Total Program Expenses	Management and General	Development	Total Expenses
Salaries	\$ 891,047	\$ 2,346,660	\$ 3,590,410	\$ 1,383,146	\$ 1,733,238	\$ 298,808	\$ 10,243,309	\$ 1,284,554	\$ 1,381,256	\$ 12,909,119
Fringe benefits	315,138	830,627	1,271,716	489,188	613,009	105,680	3,625,358	454,498	488,626	4,568,482
Cost of goods sold	-	-	1,102,815	-	-	-	1,102,815	-	-	1,102,815
Supplies and materials	68,198	122,845	395,007	634,953	731,545	12,094	1,964,642	81,958	119,417	2,166,017
Government relations	-	-	-	62,092	-	-	62,092	-	-	62,092
Postage and freight	4,777	1,870	70,578	1,837	1,627	17,770	98,459	2,966	84,793	186,218
Contracted services	255,928	67,821	344,444	855,664	1,198,515	60,688	2,783,060	171,163	302,749	3,256,972
Professional services	159,462	272,062	379,132	187,974	385,014	26,025	1,409,669	85,597	93,373	1,588,639
Honorariums	-	-	81,692	25	-	-	81,717	2,594	2,589	86,900
Rental expense	21,776	37,402	23,845	26,329	28,932	7,853	146,137	5,559	12,055	163,751
Utilities	13,147	18,483	239,627	28,419	26,655	2,776	329,107	17,180	15,505	361,792
Telecommunications	10,692	7,883	52,712	13,886	14,764	2,451	102,388	7,398	6,488	116,274
Travel/business	22,325	87,479	70,019	55,811	125,155	1,068	361,857	13,943	35,216	411,016
Training and development	8,045	13,226	71,183	25,433	11,454	1,861	131,202	9,118	6,409	146,729
Marketing/advertising	95	237	125,567	184	240	35,624	161,947	4,098	4,081	170,126
Repairs and maintenance	26,749	40,046	138,406	37,975	49,727	5,231	298,134	67,995	49,583	415,712
General insurance	19,580	38,303	230,882	37,859	49,405	5,752	381,781	25,771	22,090	429,642
Real estate taxes	84,107	6,019	82,901	5,950	7,764	904	187,645	8,152	8,445	204,242
Contributions/grants	-	-	5,438	-	46,364	-	51,802	2,095	500	54,397
Miscellaneous	93,299	10,159	233,158	9,389	11,724	1,365	359,094	14,860	53,421	427,375
Depreciation expense	83,861	164,038	359,882	162,145	211,722	24,639	1,006,287	40,000	-	1,046,287
Easement acquisition expense	-	-	-	-	-	-	-	-	-	-
Total expenses	<u>\$ 2,078,226</u>	<u>\$ 4,065,160</u>	<u>\$ 8,869,414</u>	<u>\$ 4,018,259</u>	<u>\$ 5,246,854</u>	<u>\$ 610,589</u>	<u>\$ 24,888,502</u>	<u>\$ 2,299,499</u>	<u>\$ 2,686,596</u>	<u>\$ 29,874,597</u>

See accompanying notes to financial statements.

WESTERN PENNSYLVANIA CONSERVANCY

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2023

	Program Expenses						Support Activities			
	Land Conservation and Stewardship	Heritage and Conservation Science	Fallingwater®	Government Relations & Community Greening	Watershed	Communications	Total Program Expenses	Management and General	Development	Total Expenses
Salaries	\$ 765,454	\$ 2,291,140	\$ 3,274,344	\$ 1,336,805	\$ 1,534,917	\$ 305,479	\$ 9,508,139	\$ 1,160,372	\$ 1,290,705	\$ 11,959,216
Fringe benefits	270,593	809,937	1,157,510	472,575	542,608	107,988	3,361,211	410,203	456,274	4,227,688
Cost of goods sold	-	-	1,108,287	-	-	-	1,108,287	-	-	1,108,287
Supplies and materials	47,975	112,455	382,139	583,774	780,045	6,185	1,912,573	65,945	112,612	2,091,130
Government relations	-	-	-	61,285	-	-	61,285	-	-	61,285
Postage and freight	2,960	1,329	65,626	828	822	17,429	88,994	2,587	87,721	179,302
Contracted services	315,400	79,419	267,720	756,556	1,460,342	52,043	2,931,480	151,815	284,526	3,367,821
Professional services	156,466	291,285	279,933	182,960	279,698	18,414	1,208,756	87,340	78,876	1,374,972
Honorariums	-	5,415	95,740	3,672	-	-	104,827	3,390	3,448	111,665
Rental expense	26,845	29,337	15,237	27,129	53,955	4,586	157,089	6,268	13,190	176,547
Utilities	10,302	16,626	207,368	34,669	28,178	2,496	299,639	15,927	14,349	329,915
Telecommunications	10,816	6,347	63,406	13,993	14,759	2,702	112,023	7,522	6,805	126,350
Travel/business	32,550	85,339	67,785	53,782	126,938	533	366,927	13,400	33,988	414,315
Training and development	7,967	8,220	58,212	17,278	10,657	1,452	103,786	9,316	7,444	120,546
Marketing/advertising	227	198	98,714	180	114	42,925	142,358	3,192	3,192	148,742
Repairs and maintenance	17,594	35,420	184,296	40,524	53,880	4,985	336,699	65,772	60,506	462,977
General insurance	15,950	33,142	198,633	31,554	50,774	4,991	335,044	22,975	19,648	377,667
Real estate taxes	74,295	5,574	77,825	5,307	8,539	839	172,379	7,592	7,802	187,773
Contributions/grants	-	8,900	3,013	-	959,800	-	971,713	2,173	-	973,886
Miscellaneous	42,334	8,844	283,812	8,517	12,796	1,215	357,518	15,223	59,084	431,825
Depreciation expense	81,456	169,032	349,584	160,905	262,260	25,445	1,048,682	40,000	-	1,088,682
Easement acquisition expense	40,629	-	-	-	-	-	40,629	-	-	40,629
Total expenses	<u>\$ 1,919,813</u>	<u>\$ 3,997,959</u>	<u>\$ 8,239,184</u>	<u>\$ 3,792,293</u>	<u>\$ 6,181,082</u>	<u>\$ 599,707</u>	<u>\$ 24,730,038</u>	<u>\$ 2,091,012</u>	<u>\$ 2,540,170</u>	<u>\$ 29,361,220</u>

See accompanying notes to financial statements.

WESTERN PENNSYLVANIA CONSERVANCY

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Cash Flows From Operating Activities:		
Change in net assets	\$ 10,447,358	\$ 14,704,069
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,046,287	1,088,682
Accretion of note payable	41,138	41,138
Contribution of property and equipment	-	(10,908)
Contribution of land conservation project	(75,000)	(3,600,000)
Accrued interest	7,500	-
Net realized and unrealized (gains) losses on long-term investments	(6,983,092)	(9,224,514)
Contributions restricted for long-term purposes	(2,332,540)	(2,900,738)
(Gain) loss on the conveyance of land	436,516	160,574
(Gain) loss on the disposal of other assets	(21,000)	(29,602)
Changes in assets and liabilities:		
Accounts and pledges receivable	249,554	(677,176)
Notes receivable	(602,541)	45,000
Museum shop inventories	(4,168)	35,584
Prepaid expenses and deposits	(8,029)	(166,722)
Land conservation projects	(7,183,944)	(1,204,277)
Charitable gift annuities	(16,183)	(65,332)
Charitable remainder trust annuities	326,402	-
Accounts payable and other liabilities	(337,977)	2,669,595
Net cash provided by (used in) operating activities	(5,009,719)	865,373
Cash Flows From Investing Activities:		
Purchase of property and equipment	(3,006,427)	(1,879,828)
Purchase of land and conservation projects	(1,673,577)	(630,209)
Purchase of investments	(26,651,520)	(4,106,855)
Proceeds from sale of investments	28,659,056	3,612,515
Net cash provided by (used in) investing activities	(2,672,468)	(3,004,377)
Cash Flows From Financing Activities:		
Collections of contributions for long-term purposes	2,343,596	2,642,863
(Payments on) proceeds from contributions for land acquisition	496,000	(646,924)
Proceeds from note payable	33,064	779,608
Repayment of note payable	(15,549)	(20,513)
Finance lease payments	(10,015)	(17,845)
Reimbursements for land conservation projects	6,277,500	1,225,212
Net cash provided by (used in) financing activities	9,124,596	3,962,401
Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash	1,442,409	1,823,397
Cash, Cash Equivalents, and Restricted Cash:		
Beginning of year	4,408,598	2,585,201
End of year	\$ 5,851,007	\$ 4,408,598
Supplemental Disclosure of Cash Flow Information:		
Reconciliation of cash, cash equivalents, and restricted cash to the statement of financial position:		
Cash and cash equivalents	\$ 5,349,057	\$ 4,402,648
Cash held for land acquisition	501,950	5,950
Total cash, cash equivalents, and restricted cash	\$ 5,851,007	\$ 4,408,598
Income tax paid	\$ 23,990	\$ 46,792
Supplemental Schedule of Noncash Investing and Financing Activities:		
Contribution of land conservation project - donated property	\$ 75,000	\$ 3,600,000
Finance lease payable	\$ 10,335	\$ 21,500

See accompanying notes to financial statements.

WESTERN PENNSYLVANIA CONSERVANCY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

1. Organization and Summary of Significant Accounting Policies

Organization

The Western Pennsylvania Conservancy (Conservancy) is a public 501(c)(3) tax-exempt nonprofit organization that protects and restores exceptional places to provide our region with clean waters and healthy forest, wildlife, and natural areas for the benefit of present and future generations. The Conservancy creates green spaces and gardens, contributing to the vitality of our cities and towns, and preserves Fallingwater®, a symbol of people living in harmony with nature.

The Conservancy's support comes through membership revenues, grants, contracts, private and public donations, Fallingwater® admissions and sales, and investment income.

Basis of Accounting

The financial statements of the Conservancy have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. In preparing the financial statements, management is required to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates, and those differences could be material.

Measure of Operations

The Conservancy's change in net assets from operations include all operating revenues and expenses that are an integral part of its programs and supporting activities, net assets released from donor restrictions to support operating expenditures, and transfers from non-operating funds to support current operating activities. The measure of operations includes support for operating activities from both donor-restricted net assets and net assets without donor restrictions for long-term investment (the donor-restricted endowment and general invested assets) according to the Conservancy's spending policy, which is detailed in Note 11. The measure of operations excludes investment return, net, in excess of (less than) amounts made available for current operations, capital grants and expenditures, capital in-kind gifts,

WESTERN PENNSYLVANIA CONSERVANCY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

gains and losses on sale of land and other assets, and changes in fair value of charitable gift annuities.

Cash and Cash Equivalents

The Conservancy considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The majority of cash and cash equivalents are maintained in short-term, interest-bearing money market accounts. The Conservancy maintains cash at various financial institutions that may exceed federally insured amounts at times.

Accounts and Pledges Receivable

Accounts and pledges receivable consist of amounts due under government contracts, grants, and other contributions. Further discussion of these revenue streams and the related receivables are included in the contribution revenue and revenue recognition section of this footnote.

Receivables from contracts with customers, if they exist, would be reported as accounts receivable in the accompanying statements of financial position. There were no such receivables at December 31, 2024 and 2023. As discussed later in this footnote, contract liabilities are reported as deferred revenue in the accompanying statements of financial position.

Receivables related to pledges receivable and reimbursable federal/state grant contracts are discussed further in the contribution revenue and revenue recognition section.

Notes Receivable

Notes receivable consist of amounts due from a revolving loan fund maintained by Conservancy. The Conservancy grants loans to land trusts and other similar non-profit conservation organizations throughout Western Pennsylvania for the acquisition of interests or rights in Pennsylvania real property. The revolving loan fund is funded through a private foundation grant. The loans do not require periodic payments. The loan principal is required to be repaid in full by maturity and is interest free for 12-24 months, then increases ranging from 3.25% to 5% for the remainder of the loan term. Interest will accrue annually on the unpaid principal balance of the loan after 12 or 24 months. Notes receivable were \$887,541 and \$285,000 as of December 31, 2024 and 2023, respectively.

WESTERN PENNSYLVANIA CONSERVANCY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

The Conservancy's estimate that an allowance for uncollectible notes receivable is not necessary is based on historical collection experience, current and reasonable and supportable forecasted economic conditions, and a review of the collateral at time of awarding the loan. Decisions to charge off uncollectible notes receivable are based on management's judgement after consideration of facts and circumstances surrounding potential uncollectible accounts. It is reasonably possible that the Conservancy's estimate of an allowance for uncollectible notes receivable will change.

Inventory

The museum shop, operating in connection with Fallingwater®, maintains an inventory of gift items. The inventory is valued at the lower of cost and net realizable value, with cost determined using the specific identification method.

Investments

Investments are carried at fair value. Those investments received as gifts or donations are recorded at their fair value on the date received. Net appreciation in the fair value of investments, other than that restricted by donors, is reflected as revenues or gains in net assets without donor restrictions.

Gain on sale of investments is calculated on the specific identification method based on the original cost of the holding.

The Board of Directors (Board) of the Conservancy approves annual drawdowns from the investment portfolio during the budget process in accordance with the spending policy. During 2024 and 2023, a cash drawdown of \$2,963,405 and \$3,035,536, respectively, was made. This distribution is periodically transferred to the Conservancy's operating funds. The amount transferred is reflected in operating revenues and public support as investment return, net, appropriated for current operations. The difference between total investment income and the transfer is reflected in non-operating support and income and is retained to support operations of future years.

The income from certain donor-restricted endowment funds is restricted by the donors for specific programs. If program expenditures have equaled or exceeded the income generated by these funds, the amount of annual income from these funds is included in net assets without donor restrictions. If program expenditures have not exceeded the income generated by these funds, the amount of excess annual income from these funds is included in net assets with donor restrictions.

WESTERN PENNSYLVANIA CONSERVANCY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

Property and Equipment

Buildings and equipment acquired are recorded at cost. Depreciation is computed over the following estimated useful lives of the assets using the straight-line method:

<u>Description</u>	<u>Years</u>
Buildings	40
Renovations and improvements	10-15
Vehicles and equipment	5-10

Maintenance and repairs that are not considered to extend the useful lives of assets are charged to operations as incurred. Expenditures for additions and improvements are capitalized. Upon sale or retirement, the cost of assets and related allowances are removed from the accounts, and any resulting gains or losses are included in income (expense) for the year. There were no indicators of asset impairment during the years ended December 31, 2024 and 2023.

Leases

The Conservancy determines if an arrangement is or contains a lease at inception. All leases are recorded on the statements of financial position except for leases with an initial term less than 12 months, for which the Conservancy made the short-term lease election, and those that are clearly immaterial. Operating lease right-of-use assets (ROU) and lease liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term. ROU assets would also include adjustments related to lease payments made and lease incentives received at or before the commencement date. At lease commencement, lease liabilities are recognized based on the present value of the remaining lease payments and discounted using the rate stated for the lease or an acceptable alternative rate if the lease rate is not disclosed. Operating lease cost would be recognized on a straight-line basis over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Conservancy will exercise that option. The Conservancy had no material operating leases for the years ending December 31, 2024 and 2023.

The Conservancy owns and utilizes the majority of an office building. As the lessor for three operating leases for office space within the building, the Conservancy ensures they follow all guidance for proper disclosures, see Note 5.

For the years ended December 31, 2024 and 2023, the Conservancy had various immaterial finance leases, formerly known as a capital lease. Finance lease ROU assets continue to be

WESTERN PENNSYLVANIA CONSERVANCY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

included in Property, plant, and equipment, net, and the related liabilities are included within Notes payable and other obligations in the statements of financial position.

Fallingwater® and the Fine Art Collection

Fallingwater® and the fine art collection include Fallingwater®, a home designed by Frank Lloyd Wright in Mill Run, Pennsylvania, and various works of art. Items purchased for Fallingwater® and the fine art collection are recorded at cost; items donated are recorded based on appraised values at the date of donation. Other donations of collectible items are recorded at fair value upon receipt of notification from the donor. In accordance with prevailing accounting practices, Fallingwater® and the fine art collection, whose useful lives are extraordinarily long, are presently not required to be, and therefore are not being, depreciated. Gains or losses from deaccessions, if any, of these items are reflected on the statements of activities. The proceeds from deaccession of collection items may be used for acquisitions of new collection items or the direct care of existing collections, including equipment or supplies to aid in that endeavor. The Conservancy considers direct care to specifically entail actions that enhance the life, usefulness, or quality of the collection items to ensure they will continue to benefit the public. The Conservancy's collection management policy includes the care of objects by means of conservation services, archival services, collections care investments identified through a conservation assessment and/or plan, and collection care training for staff and volunteers, as activities that are considered direct care of collection items. There were no material additions to the fine art collections during the years ended December 31, 2024 and 2023, respectively. There were no deaccessions in 2024 or 2023.

Land Conservation Projects and Easements

The Conservancy acquires, protects, and holds land for conservation purposes. Land is valued at cost or, in the case of donated land, at fair value on the date of the contribution. The Conservancy capitalizes certain costs incurred during the time the land is being acquired and protection activities are underway. These costs include due diligence, demolition of structures, legal fees, and miscellaneous other items to return the land to its natural state. Grants received as reimbursement for land costs on projects where the Conservancy does not intend to hold the land for the long-term, reduce the cost basis of the land.

The Conservancy holds certain conservation easements and deed restrictions (easements), each representing a legal interest in land owned by another person or entity. The easements grant the Conservancy the right to use, control, and/or protect the land for conservation purposes. Easements can be acquired by donations from landowners or by the sale of a piece of land owned by the Conservancy, where part of the agreement is that the Conservancy

WESTERN PENNSYLVANIA CONSERVANCY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

retains the easement on the land after sale. The Conservancy has also obtained easements from third parties under which a third party creates the easement at the time of its conveyance of the property. Easements acquired through donation, easements established by retention of rights, and easements created by third parties are not recorded in the financial statements. Additionally, the Conservancy obtains easements through purchases directly from owners. Purchased easements are recorded at cost and reduced to a carrying value of \$1 by the amount of any restricted grants received specifically for the easement purchases and by expensing the amount of the easement purchase funded by revenue without donor restrictions. Total acreage held as easements is disclosed in Note 7.

Land Escrows

Support received for specific acquisitions of land which the Conservancy intends to purchase are recorded as land escrows until the property is purchased, at which time revenue is recognized.

Contribution Revenue and Revenue Recognition

Contributions, including unconditional promises to give, are recognized when received. Unconditional promises to give that are expected to be collected within one year are recorded 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. All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the 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.

Conditional promises to give stipulate a measurable performance or other barrier and a right of return and are recognized only when the conditions on which they depend have been met. The Conservancy received a conditional promise to give during the year ended December 31, 2023. The memorandum of understanding outlined the goal and objectives that need to be met in order to receive and recognize an annual contribution of \$25,000 for the next four years through October 2027. The Conservancy met certain conditions related to the conditional promise to give and, as a result, \$23,500 of the contribution was recognized on the statement of activities for the year ended December 31, 2024. No conditions were met during 2023.

WESTERN PENNSYLVANIA CONSERVANCY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

The Conservancy reports gifts of land, buildings, and equipment as support without donor restriction unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets, are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Conservancy considers donor restrictions to have expired when the donated or acquired long-lived assets are placed in service.

A portion of the Conservancy's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Conservancy has incurred expenditures in compliance with specific contract or grant provisions. The Conservancy had remaining available award balances on federal and state grants and contracts for sponsored projects of \$15,661,875 and \$12,175,637 that have not been recognized at December 31, 2024 and 2023, respectively. These award balances will be recognized as revenue as the projects progress and conditions are met, generally as expenses are incurred. There were no amounts received prior to incurring qualifying expenditures.

Membership gifts, which are nonrefundable, are considered contributed support and are recognized when received. Membership gifts are payable on a voluntary, annual basis and initiated by donors throughout the year.

Revenue from admissions and merchandise sales is recognized at the point the admission access is granted or at the time of merchandise sale. January 1, 2024 and 2023 deferred admission revenue for advance ticket purchases was \$86,897 and \$67,306, respectively. End of year December 31, 2024 and 2023 deferred admission revenue for advance ticket purchases was \$132,817 and \$86,897, respectively. These amounts are included as part of Accounts payable and other liabilities on the Statements of Financial Position. There are no beginning of year or end of year contract assets related to admissions and merchandise sales and there are no beginning of year or end of year contract liabilities related to merchandise sales for the years ended December 31, 2024 and 2023. There are no significant judgments related to the amount and timing of revenue and there are no impairment losses recognized.

In May 2023, a government entity and a third party entered into a Consent Order and Agreement where \$1,500,000 was received by the Conservancy to be used towards the Aquatic Organism Passage Project. \$903,456 and \$1,469,413 were deferred as of the year ended 2024 and 2023, respectively, and included within accounts payable and other liabilities on the Statements of Financial Position as of December 31, 2024 and December 31, 2023.

WESTERN PENNSYLVANIA CONSERVANCY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

Concentration of Revenue

For the years ended December 31, 2024 and 2023, approximately 12% and 8% of total grant revenue was obtained from grants that were funded, either directly or indirectly, by the United States Federal Government. For the years ended December 31, 2024 and 2023, approximately 16% and 26% of total grant revenue was obtained from grants that were funded, either directly or indirectly, by the State of Pennsylvania.

Methods Used for Allocation of Expenses from Management and General Activities

The costs of program and supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Those expenses include depreciation, the President's office, information technology department, general overhead, and special initiatives. Depreciation is allocated based on proportionate share of expenses. The President's office is allocated based on estimates of time and effort. The information technology department is allocated based on the number of computers. General overhead is allocated based on number of employees by division. Special initiatives are allocated based on estimates of costs utilized by division.

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor- (or certain grantor-) imposed restrictions. The following net assets have been designated from net assets without donor restrictions by the governing board:

	2024	2023
Board Designated Funds:		
Stewardship projects	\$ 927,575	\$ 812,742
Legal defense fund	260,234	220,090
Land sale proceeds	-	184,118
Farmland access initiative excess rental revenues	23,151	47,566
Total Board Designated	<u>\$ 1,210,960</u>	<u>\$ 1,264,516</u>

WESTERN PENNSYLVANIA CONSERVANCY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Income Taxes

The Conservancy has been granted an exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service (IRS) has classified the Conservancy as other than a private foundation. The Conservancy is subject to income tax on certain income that is considered to be unrelated business income, if earned. The Conservancy annually files a Form 990 and, when required, a Form 990-T for unrelated business income.

Fair Value Measurement

The Conservancy has adopted the Fair Value Measurement topic of the Accounting Standards Codification (ASC), including all applicable updates, which established a framework for measuring fair value under accounting principles generally accepted in the United States of America and disclosures about fair value measurement (see Notes 2 and 3).

Liquidity and Availability

The following reflects the Conservancy's financial assets (cash and cash equivalents, accounts and pledges receivable, and investments) as of December 31 expected to be available within one year to meet the cash needs for general expenditures.

	2024	2023
Financial assets, at year-end	\$ 87,078,189	\$ 81,416,834
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	(23,057,829)	(22,608,627)
Assets to be held in perpetuity	(11,456,471)	(10,659,331)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 52,563,889</u>	<u>\$ 48,148,876</u>

The Conservancy is substantially supported by contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Conservancy

WESTERN PENNSYLVANIA CONSERVANCY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

must maintain sufficient resources to meet those responsibilities to its donors. Thus, some financial assets may not be available for general expenditure within one year. As part of the Conservancy's liquidity management, management structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Conservancy manages its liquid resources by focusing on fundraising and grant writing efforts to ensure the entity has adequate contributions and grants to cover the programs that are being conducted. The Conservancy prepares detailed budgets and remains active in fundraising and grant writing as well as cost management to ensure the entity maintains adequate liquidity.

Pending Accounting Standards Updates

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Updates (individually and collectively, ASU) that will become effective in future years as outlined below. Management has not yet determined the impact of these updates on the financial statements.

ASU 2022-03, *"Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions,"* is effective for fiscal years beginning after December 15, 2024. The amendments in this update clarify that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value.

ASU 2023-08 *"Intangibles – Goodwill and Other – Crypto Assets (Subtopic 350-60): Accounting for and Disclosure of Crypto Assets,"* is effective for fiscal years beginning after December 15, 2024. The amendments in this update require that an entity measure crypto assets at fair value in the statement of financial position each reporting period and recognize changes from remeasurement in net income.

ASU 2023-09 *"Income Taxes (Topic 740): Improvements to Income Tax Disclosures,"* is effective for fiscal years beginning after December 15, 2025 for entities other than public business entities. The amendments in this update improve tax related disclosures primarily related to the rate reconciliation and income taxes paid information.

Subsequent Events

Subsequent events have been evaluated through the Independent Auditor's Report date, which is the date the financial statements were available to be issued.

WESTERN PENNSYLVANIA CONSERVANCY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

2. Accounts and Pledges Receivable

Accounts and pledges receivable at December 31 consists of the following:

	2024	2023
Accounts receivable:		
Billed federal/state grants and contracts	\$ 4,203,137	\$ 3,224,646
Unbilled federal/state grants and contracts	228,296	214,028
Other	54,509	378,063
Total accounts receivable	<u>4,485,942</u>	<u>3,816,737</u>
Pledges receivable:		
Contributions without donor restriction	30,000	50,000
Contributions with donor restriction		
Time or purpose restrictions	159,769	1,061,768
Perpetual in nature	33,447	45,000
Gross pledges receivable	223,216	1,156,768
Less: unamortized discount	(3,227)	(6,964)
Total pledges receivable	<u>219,989</u>	<u>1,149,804</u>
Net accounts and pledges receivable	<u>\$ 4,705,931</u>	<u>\$ 4,966,541</u>

Pledges are recorded in the accompanying financial statements at net present value and are expected to be received as follows:

Years ending December 31,	Amount
2025	\$ 150,260
2026	53,350
2027	9,606
2028	5,000
2029	5,000
Thereafter	-
	<u>223,216</u>
Less - amount representing discount	<u>(3,227)</u>
	<u>\$ 219,989</u>

The Conservancy's estimate that an allowance for uncollectible pledges is not necessary is based on historical collection experience and a review of the current status of the pledges.

WESTERN PENNSYLVANIA CONSERVANCY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

Decisions to charge off uncollectible pledges are based on management's judgment after consideration of facts and circumstances surrounding potential uncollectible accounts. It is reasonably possible that the Conservancy's estimate of an allowance for uncollectible pledges will change.

The input used by the Conservancy to measure the value of noncurrent pledges receivable is the original pledge commitment discounted at two to five years based upon the original value less 3% per year until received.

3. Investments

Investment portfolios at December 31 consisted of the following:

	2024		2023	
	Amount	Percentage	Amount	Percentage
Limited partnerships	\$ 13,277,618	17%	\$ 12,972,669	18%
Fixed-income	14,961,982	20%	12,803,612	18%
Equity instruments	48,783,601	63%	46,271,364	64%
	<u>\$ 77,023,201</u>	<u>100%</u>	<u>\$ 72,047,645</u>	<u>100%</u>

The Conservancy had committed \$20,750,000 and \$18,500,000 in subscriptions to limited partnerships as of December 31, 2024 and 2023, respectively. At December 31, 2024 and 2023, the Conservancy had unfunded commitments to its limited partnerships of \$6,219,626 and \$4,814,598, respectively. The total funds invested, at fair value, were approximately \$13,278,000 and \$12,973,000 as of December 31, 2024 and 2023, respectively.

The above investments are being held by custodians and managed by professional investment advisors. Related management fees included in investment return amounted to approximately \$307,000 and \$217,000 in 2024 and 2023, respectively.

WESTERN PENNSYLVANIA CONSERVANCY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

Investments are included in net assets at December 31 as follows:

	2024	2023
Without donor restrictions	\$ 42,779,599	\$ 39,957,320
With donor restrictions:		
Purpose and time restrictions	22,899,533	21,551,573
Perpetual in nature (Notes 10 & 11)	11,344,069	10,538,752
	<u>\$ 77,023,201</u>	<u>\$ 72,047,645</u>

Income (loss) earned on investments at December 31 is as follows:

	2024	2023
Realized income:		
Interest and dividends, net	\$ 861,423	\$ 926,194
Gain (loss) on sale of investments	420,775	703,023
	1,282,198	1,629,217
Unrealized gains (losses)	6,562,317	8,521,491
Net investment gain (loss)	<u>\$ 7,844,515</u>	<u>\$ 10,150,708</u>

The investment income (loss) is reported net of investment expenses in the statements of activities for the years ended December 31 as follows:

	2024	2023
Investment return, net, appropriated by the governing board for current operations	\$ 2,963,405	\$ 3,035,536
Investment return, net, in excess of amounts appropriated for current operations	4,881,110	7,115,172
	<u>\$ 7,844,515</u>	<u>\$ 10,150,708</u>

Investments are exposed to various risks such as interest rate, market, and credit risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near-term and that such changes could materially affect the amounts reported in the statements of financial position.

The Fair Value Measurements topic (topic) of the ASC establishes a fair value hierarchy that prioritizes the inputs used to determine fair value and requires the Conservancy to classify

WESTERN PENNSYLVANIA CONSERVANCY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

assets and liabilities carried at fair value based on observability of these inputs. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of fair value hierarchy defined by the topic are:

Level 1: Quoted prices are available in active markets for identical assets or liabilities as of the reported date. Financial assets utilizing Level 1 inputs include active exchange-traded equity securities.

Level 2: Pricing inputs are other than the quoted prices in active markets, which are either directly or indirectly observable as of the reported date. The nature of these assets and liabilities includes items for which quoted prices are available but traded less frequently and items that are fair-valued using other financial instruments, the parameters of which can be directly observed.

Level 3: Assets and liabilities that have little to no pricing observability as of the reported date. These items do not have two-way markets and are measured using management's best estimate of fair value, where the inputs into the determination of fair value require significant management judgment or estimation. Level 3 inputs include all inputs that do not meet the requirements of Level 1 or Level 2.

Determination of Fair Value

The Conservancy measures fair value based upon market price, where available. For Level 2 items, fair value estimates include (1) the market approach, (2) the income approach, and (3) cost for a period of time after an acquisition. For Level 3 items, the Conservancy's valuation is determined by the market value of the underlying investments for interests in perpetual trusts provided by the trustee as they have no significant observable inputs. Under the trust agreement, the Conservancy is entitled to a 12.5% share of the value of the trust as of April 17, 2012 and is entitled to annual distributions of 12.5% of a stated 6% annual return on the investments held by the trust thereafter.

Investments in Limited Partnerships are valued at net asset value per share as a practical expedient. The practical expedient allows net asset value per share to represent fair value for reporting purposes when the criteria for using the method are met. The net asset values are determined by the funds and provided by the portfolio manager. Valuations are generally based on the compilation of prices from each fund's underlying company or fund administrator. Upon completion of the fund valuations, the Conservancy's individual quarterly investor valuations are based upon their ownership share of each pool. Generally, the Conservancy may not transfer, or withdraw, its investment prior to the limited

WESTERN PENNSYLVANIA CONSERVANCY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

partnership termination. All investment funds have an original term of ten to twelve years, with the right to extend the term of the fund for one to two years.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of the future fair values. Furthermore, although the Conservancy believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following represents the fair value hierarchy of the Conservancy's financial assets, other than pledges receivable, described in Note 2, that were recognized at fair value on a recurring basis as of December 31, 2024:

	Level 1	Level 2	Level 3	Total
<u>Fixed-income obligations:</u>				
U.S. Corporate	\$ 14,902,715	\$ -	\$ -	\$ 14,902,715
Foreign Corporate	37,012	-	-	37,012
	<u>14,939,727</u>	<u>-</u>	<u>-</u>	<u>14,939,727</u>
<u>Equity instruments:</u>				
U.S. Corporate	28,588,345	-	-	28,588,345
Foreign Corporate	20,136,803	-	-	20,136,803
	<u>48,725,148</u>	<u>-</u>	<u>-</u>	<u>48,725,148</u>
<u>Perpetual Trust:</u>				
Equity U.S. Corporate	-	-	45,413	45,413
Equity Foreign Corporate	-	-	13,040	13,040
Fixed Income U.S. Corporate	-	-	1,394	1,394
Fixed Foreign Corporate	-	-	20,861	20,861
	<u>-</u>	<u>-</u>	<u>80,708</u>	<u>80,708</u>
Total assets in fair value hierarchy	<u>\$ 63,664,875</u>	<u>\$ -</u>	<u>\$ 80,708</u>	<u>63,745,583</u>
<u>Limited partnerships:</u>				
U.S. Corporate				10,550,223
Foreign Corporate				<u>2,727,395</u>
Investments measured at net asset value *				<u>13,277,618</u>
Investments at fair value				<u>\$ 77,023,201</u>

WESTERN PENNSYLVANIA CONSERVANCY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

The following represents the fair value hierarchy of the Conservancy's financial assets that were recognized at fair value on a recurring basis as of December 31, 2023:

	Level 1	Level 2	Level 3	Total
<u>Fixed-income obligations:</u>				
U.S. Corporate	\$ 12,745,986	\$ -	\$ -	\$ 12,745,986
Foreign Corporate	37,012	-	-	37,012
	<u>12,782,998</u>	<u>-</u>	<u>-</u>	<u>12,782,998</u>
<u>Equity instruments:</u>				
U.S. Corporate	25,758,057	-	-	25,758,057
Foreign Corporate	20,456,091	-	-	20,456,091
	<u>46,214,148</u>	<u>-</u>	<u>-</u>	<u>46,214,148</u>
<u>Perpetual Trust:</u>				
Equity U.S. Corporate	-	-	44,319	44,319
Equity Foreign Corporate	-	-	12,897	12,897
Fixed Income U.S. Corporate	-	-	735	735
Fixed Foreign Corporate	-	-	19,879	19,879
	<u>-</u>	<u>-</u>	<u>77,830</u>	<u>77,830</u>
Total assets in fair value hierarchy	<u>\$ 58,997,146</u>	<u>\$ -</u>	<u>\$ 77,830</u>	<u>59,074,976</u>
<u>Limited partnerships:</u>				
U.S. Corporate				8,011,081
Foreign Corporate				<u>4,961,588</u>
Investments measured at net asset value *				<u>12,972,669</u>
Investments at fair value				<u>\$ 72,047,645</u>

* In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of financial position.

There were no purchases or issues of Level 3 investments and there were no transfers into or out of Level 3 of the fair value hierarchy during 2024 or 2023.

WESTERN PENNSYLVANIA CONSERVANCY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

4. Property and Equipment

Property and equipment at December 31 consisted of:

	2024	2023
Land	\$ 685,000	\$ 685,000
Building and building improvements	14,726,648	14,707,265
Equipment	3,682,440	3,393,851
Ground improvements	8,038,585	8,038,585
Construction in progress	4,451,568	1,812,417
	<u>31,584,241</u>	<u>28,637,118</u>
Less: accumulated depreciation	<u>(16,627,689)</u>	<u>(15,672,041)</u>
	<u>\$ 14,956,552</u>	<u>\$ 12,965,077</u>

In 2000, the Conservancy granted a preservation easement to the Pennsylvania Historical and Museum Commission for the Conservancy's commitment for ongoing preservation and maintenance of Fallingwater®. The term of the easement is 50 years from the completion of the Fallingwater® restoration. No cost was assigned to the easement granted.

Significant construction in progress at December 31, 2024 relates to the Fallingwater® preservation project.

5. Leases

The Conservancy is the lessor of three leases for office space. The terms of the leases end August 31, 2025, September 30, 2026, and September 30, 2029, respectively. Total rental payments received for 2024 and 2023 under these leases were approximately \$335,000 and \$329,000, respectively.

Minimum lease payments to be received under the office leases are:

2025	\$ 305,859
2026	219,985
2027	140,109
2028	143,713
2029	<u>107,785</u>
	<u>\$ 917,451</u>

WESTERN PENNSYLVANIA CONSERVANCY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

6. Land Conservation Projects

The Conservancy receives reimbursements from public and private sources for land acquisitions. The change in land conservation projects at December 31 consisted of the following:

	2024	2023
Balance as of January 1	\$ 26,735,848	\$ 22,687,148
Additions and acquisitions	8,932,521	5,475,115
Conveyances	(436,516)	(201,203)
Reimbursements	(6,277,500)	(1,225,212)
Balance as of December 31	<u>\$ 28,954,353</u>	<u>\$ 26,735,848</u>

7. Conservation Easements

The Conservancy holds certain conservation easements throughout Western Pennsylvania. These easements include development rights, scenic preservation, and other privileges related to natural resource conservation. Easements are received by gift, by reservation of certain rights upon sale of land, or by purchase. The Conservancy held 61,198 and 41,220 acres as easements as of December 31, 2024 and 2023, respectively.

8. Charitable Gift Annuities and Other Obligations

Charitable Gift Annuities

Donors have established charitable gift annuities with the Conservancy and are to receive distributions ranging from 4.3% to 9.5% of the fair value, discounted at 4.75% in 2024 and 4% in 2023, of the contributions over the designated beneficiaries' lifetime. The present values of these obligations approximate \$369,000 and \$385,000 at December 31, 2024 and 2023, respectively, and are recorded on the Statements of Financial Position as part of notes payable and other obligations.

Charitable Remainder Annuity Trust

During 2024, a donor established a charitable remainder annuity trust with the Conservancy and the beneficiary is to receive distributions of 5% of the fair value, discounted at 4.75% in 2024 of the contributions over the designated beneficiaries' lifetime. The present value of

WESTERN PENNSYLVANIA CONSERVANCY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

this obligation is approximately \$326,000 at December 31, 2024 and is recorded on the Statements of Financial Position as part of notes payable and other obligations.

Line of Credit

The Conservancy has a line of credit with a bank providing for total borrowing up to \$5,000,000. The line is secured by general investments without donor restriction and is intended to be used for short-term financing for land acquisition projects. Interest is payable in the sum of the daily Secured Overnight Financing Rate (SOFR) rate plus 1.5%. As of December 31, 2024 and 2023, there were no balances due on the line of credit. The line of credit expires on August 31, 2025.

Program-Related Investment

During 2023, the Conservancy entered into an agreement with a private foundation for a Program-Related Investment (PRI) in the amount of \$750,000 to support land protection in the French Creek Watershed. The agreement does not require periodic payments. The loan principal is required to be repaid in full by September 15, 2029 and interest of 1.0% will accrue annually on the unpaid principal balance of the loan. The note was measured at fair value at inception in the amount of \$503,000. The difference between fair value and stated amount of the loan was recognized as a contribution. Interest expense of \$49,000 and \$41,000 were recognized during 2024 and 2023, respectively. The balance on this note payable at December 31, 2024 and 2023, was \$593,000 and \$544,000, respectively.

WESTERN PENNSYLVANIA CONSERVANCY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

9. Contributed Nonfinancial Assets

The Conservancy received the following contributions of nonfinancial assets (referred to as “in-kind contributions” on the statements of activities) for the years ended December 31, 2024 and 2023:

	2024	2023
Supplies	\$ 18,373	\$ 12,394
Services	48,759	59,475
Miscellaneous	400	5,400
Total Operating In-Kind	67,532	77,269
Services	-	10,908
Land	75,000	3,600,000
Total Capital In-Kind	75,000	3,610,908
Total Contributed Nonfinancial Assets	\$ 142,532	\$ 3,688,177

Contributed supplies and miscellaneous items are valued using estimated U.S. wholesale prices (principal market) of identical or similar products using pricing data under a “like-kind” methodology considering the goods’ condition and utility for use at the time of the contribution. All contributed supplies and miscellaneous items are utilized by the Conservancy’s programs and supporting services.

Contributed services include cleaning, landscape services, and tree planting preparation and delivery. These services are recognized at fair value based on current rates of similar services. All contributed services are utilized by the Conservancy’s programs and supporting services.

During the year ended December 31, 2024, the Conservancy purchased one piece of land at a price less than fair market value to be used for conservation purposes. The difference between fair market value and purchase price is recognized as donated land. During the year-ended December 31, 2023, the Conservancy received one donated piece of land to be used for conservation purposes. Land is valued at fair value on the date of the contribution. The donated land is included in land conservation projects on the Statement of Financial Position.

The contributed nonfinancial assets did not have donor-imposed restrictions.

WESTERN PENNSYLVANIA CONSERVANCY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

10. Net Assets

Certain restricted contributions and grants received are to be expended for specific purposes and/or when a stipulated time restriction ends. Contributions reflected as with donor restrictions in the statements of activities are as follows for the years ended December 31:

	2024	2023
Subject to expenditure for a specified purpose (or purpose and time):		
Land Conservation and Stewardship	\$ 1,861,498	\$ 2,836,741
Fallingwater®	492,192	533,000
Heritage and Conservation Science	154,312	23,156
Community Greening	1,381,538	1,231,349
Watershed	663,332	904,803
Capital	1,538,278	2,628,020
Other	44,045	87,066
Total subject to purpose and time restrictions	6,135,195	8,244,135
Subject to the Conservancy's spending policy and appropriation:		
Contributions in perpetuity	794,262	272,718
Total contributions with donor restrictions	\$ 6,929,457	\$ 8,516,853

Net assets released from donor restrictions as reflected in the statement of activities are as follows for the years ended December 31:

	2024	2023
Subject to expenditure for a specified purpose (or purpose and time):		
Land Conservation and Stewardship	\$ 1,762,746	\$ 1,415,731
Fallingwater®	752,170	235,819
Heritage and Conservation Science	244,281	237,463
Community Greening	1,348,319	1,476,332
Watershed	633,212	850,235
Capital	1,976,637	2,225,863
Other	173,737	211,774
Total subject to purpose and time restrictions	6,891,102	6,653,217
Subject to the Conservancy's spending policy and appropriation:		
Amount appropriated for expenditures	753,231	715,796
Total net assets released from restrictions	\$ 7,644,333	\$ 7,369,013

WESTERN PENNSYLVANIA CONSERVANCY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

Net assets with donor restrictions as of December 31 are restricted for the following purpose or periods:

	2024	2023
Subject to expenditure for a specified purpose (or purpose and time):		
Land Conservation and Stewardship	\$ 7,709,182	\$ 7,238,590
Fallingwater®	229,797	549,776
Community Greening	996,525	1,079,874
Heritage and Conservation Science	212,974	267,943
Watershed	1,315,759	1,394,285
Other	286,870	733,756
Capital items	3,215,996	3,729,725
	<u>13,967,103</u>	<u>14,993,949</u>
Subject to the passage of time:		
Term endowment, income only to be used until 2038	100,000	100,000
Charitable gift annuities and annuity trusts	285,861	74,922
For periods after December 31	83,790	23,790
	<u>469,651</u>	<u>198,712</u>
Subject to the Conservancy's spending policy and appropriation:		
Endowment income restricted to specific programs	8,621,075	7,415,966
Endowment investments in perpetuity and endowment pledges, the income from which is expendable to support:		
Land Conservation and Stewardship	3,366,636	2,875,874
Fallingwater®	2,465,610	2,465,610
Community Greening	3,107,958	3,057,708
Beechwood Farm Sanctuary	50,000	50,000
General Purposes	1,854,369	1,850,741
Heritage and Conservation Science	279,398	279,398
Watershed	332,500	80,000
	<u>11,456,471</u>	<u>10,659,331</u>
Not subject to appropriation or expenditure:		
Land required to be held in perpetuity	1,169,260	1,169,260
Land, proceeds from the sale of which are required to be reinvested in land upon divestment	1,942,636	1,942,636
Fallingwater®	600,000	600,000
Fine art collection (at values assigned at acquisition)	2,029,498	2,029,498
	<u>5,741,394</u>	<u>5,741,394</u>
Total net assets with donor restrictions	<u>\$ 40,255,694</u>	<u>\$ 39,009,352</u>

WESTERN PENNSYLVANIA CONSERVANCY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

11. Endowment

The Conservancy's endowment consists of various investment funds established primarily for the financial needs of the organization and its purpose. The endowment includes only donor-restricted endowment funds and accumulated income thereon. Certain endowment earnings are donor-restricted for a particular program. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Conservancy does not have a Board-designated endowment.

Interpretation of Relevant Law

The Board has elected to apply the Commonwealth of Pennsylvania's Act 141 of 1998 (Act 141). Act 141 permits utilization of a total return policy that allows a nonprofit to choose to treat a percentage of the average market value of the endowment's investments as income each year. However, the long-term preservation of the real value of the assets must be taken into consideration when the Board elects the amount. In accordance with Act 141, on an annual basis, the Board, in writing, must elect a spending rate of between 2% and 7%.

The Conservancy classifies as net assets with donor restrictions the original fair value of gifts donated to the donor-restricted endowment and the original fair value of subsequent gifts to the donor-restricted endowment. The undistributed amounts earned are included in net assets with donor restrictions because those net assets are time restricted until the Board appropriates such amounts for expenditure. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. In accordance with Act 141, the Conservancy has adopted a written investment policy, of which a section specifically relates to the endowment fund. On an annual basis, the Board also sets a spending rate.

The Conservancy considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Conservancy has interpreted Act 141 to permit spending from underwater funds in accordance with the prudent measures required under the law.

WESTERN PENNSYLVANIA CONSERVANCY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

Donor-restricted endowment funds by type of fund as of December 31 are composed of the following net assets:

	2024	2023
	With Donor Restrictions	With Donor Restrictions
Donor-restricted endowment funds:		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 11,456,471	\$ 10,659,331
Endowment income restricted to specific programs	8,621,075	7,415,966
Total	<u>\$ 20,077,546</u>	<u>\$ 18,075,297</u>

Changes in donor-restricted endowment funds by net asset type for the years ended December 31 are as follows:

	2024	2023
	With Donor Restrictions	With Donor Restrictions
Endowment net assets, beginning of year	\$ 18,075,297	\$ 16,006,830
Investment return, net	1,961,218	2,511,545
Contributions	794,262	272,718
Appropriation of endowment assets for expenditure	<u>(753,231)</u>	<u>(715,796)</u>
Endowment net assets, end of year	<u>\$ 20,077,546</u>	<u>\$ 18,075,297</u>

In addition to the investments above, as described in Note 10, the Conservancy maintained other net assets with donor restrictions, not subject to appropriation or expenditure, approximating \$5,741,000 at December 31, 2024 and 2023. These assets included land, buildings, and fine art.

Underwater Endowment Funds

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or Act 141 requires the Conservancy to retain as a fund of perpetual duration.

WESTERN PENNSYLVANIA CONSERVANCY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

As of December 31, 2024, there are no donor-restricted endowments underwater. As of December 31, 2023, one donor-restricted endowment fund had an aggregated original value totaling \$1,300,001, current fair value totaling \$1,265,481, and deficiency totaling \$34,520. This deficiency resulted from unfavorable market fluctuations that occurred shortly after the investment of the new contribution for donor-restricted endowment funds and continued appropriation for certain programs that were deemed prudent by management.

Endowment Investment Objective

The primary objective of endowment fund (Fund) investments is to, as closely as possible, achieve a rate of return in excess of the rate of inflation plus spending over the long term, not necessarily year-by-year, in order to preserve the purchasing power of endowed assets while providing a relatively predictable and growing stream of distributions in support of the Conservancy's operations.

The Board believes that a long-term growth-oriented approach is appropriate, given that annual distributions from the Fund represent approximately 14% of the Conservancy's operating budget.

To satisfy its long-term investment objectives, the Conservancy maintains a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Therefore, the Conservancy targets a diversified asset allocation that places greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk parameters.

The Conservancy has chosen not to manage its underlying assets directly, but to utilize independent investment managers. To maintain prudent diversification and to avoid undue risk, the Conservancy's portfolio is divided among approximately 13 managers.

The Conservancy recognizes the difficulty of achieving the Fund's investment objectives in light of the uncertainties and complexities of the investment markets. The Conservancy further recognizes that risk (i.e., the uncertainty of future events) and volatility (i.e., the potential for variability of asset values and the possibility of loss in purchasing power due to inflation) are present to varying degrees in all types of investment vehicles. Several factors suggest collectively that the Fund can tolerate some interim fluctuations in market value and rates of return in order to achieve long-term objectives.

WESTERN PENNSYLVANIA CONSERVANCY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

12. Retirement and Other Employee Benefit Plans

The Conservancy maintains defined contribution retirement plans for all eligible employees. The plans provide for an employer contribution based on a percentage of employees' gross wages and based on a percentage of voluntary contributions by employees. Pension contributions charged to expense amounted to approximately \$1,265,000 and \$1,170,000 in 2024 and 2023, respectively.

The Conservancy provides a 457(b) private salary deferral plan under the IRC, which allows for certain corporate officers to defer a portion of their compensation, up to a limit determined under the IRC, for retirement. As of December 31, 2024 and 2023, \$723,000 and \$720,000, respectively, are included on the statements of financial position as prepaid expenses and deposits with an offsetting liability. There are no employer contributions under the plan.

As of January 1, 2023, the Conservancy became a member of a self-insured medical benefits program with stop loss and aggregate reimbursement arrangement in place to limit the liability of its members. The policies limit the Conservancy's loss to \$85,000 per individual member claim. The Conservancy's expenses under the self-insured medical plan were \$1,930,427 and \$1,754,053 for the years ended December 31, 2024 and 2023, which includes claim fund, stop loss premiums, and management expenses.

13. Commitments and Contingencies

In 2023, the Conservancy began a project to repair a sinkhole on part of one of the Conservancy's properties. Construction related to the project has been budgeted for \$642,950. The Conservancy anticipates construction to begin in Summer 2025.

The Conservancy has construction commitments of \$3,633,057 for the Fallingwater® preservation project as of December 31, 2024. The Conservancy has secured grant funding for this construction project.

SUPPLEMENTARY INFORMATION

WESTERN PENNSYLVANIA CONSERVANCY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Federal ALN	Grantor Number or Pass-Through Grantor Number	Amounts Passed Through to Subrecipients	Total Federal Expenditures
US Department of the Interior:				
NFWF-USFWS Conservation Partnership	15.663	0407.21.072642	\$ -	\$ 45,566
NFWF-USFWS Conservation Partnership	15.663	0407.23.077099	-	70,281
NFWF-USFWS Conservation Partnership	15.663	0407.23.077418	-	20,595
NFWF-USFWS Conservation Partnership	15.663	0407.22.073598	-	109,429
Total 15.663			-	245,871
Passed through US Fish and Wildlife Service:				
Fish and Aquatic Conservation - Aquatic Invasive Species	15.608	400024185	-	7,525
Passed through Pennsylvania Game Commission:				
Fish and Wildlife Cluster				
Wildlife Restoration and Basic Hunter Education and Safety	15.611	400022663	-	8,486
Total Fish and Wildlife Cluster/Total 15.611			-	8,486
Passed through Pennsylvania Fish and Boat Commission:				
State Wildlife Grants	15.634	PFBC 2022-0818.01	-	109,824
State Wildlife Grants	15.634	PFBC 2020-0624.02	-	110,224
State Wildlife Grants	15.634	PFBC 2022-0817.01	-	99,692
State Wildlife Grants	15.634	PFBC-2021-0624.01	-	109,479
State Wildlife Grants	15.634	PFBC 2020-0807.03	-	1,650
Total 15.634			-	430,869
Endangered Species Recovery Implementation	15.657	F23AP00842-00	-	4,414
Great Lakes Restoration	15.662	S003381-USFWS	-	9,270
Great Lakes Restoration	15.662	S003973-USFWS	-	43,076
Great Lakes Restoration	15.662	S003974-USFWS	-	140,243
Total 15.662			-	192,589
Adaptive Science	15.670	0603.22.074954	-	68,761
Adaptive Science	15.670	0603.23.079939	-	50,739
Adaptive Science	15.670	0603.22.075387	-	285,888
Total 15.670			-	405,388
Subtotal Passed through US Fish and Wildlife Service			-	1,049,271
Passed through Ducks Unlimited:				
North American Wetlands Conservation Fund	15.623	F24AP00959	-	250,000
Passed through National Park Service:				
Cooperative Research and Training Programs – Resources of the National Park System	15.945	P24AC02550	-	3,803
Cooperative Research and Training Programs – Resources of the National Park System	15.945	P23AC01628-00	-	18,407
Total 15.945			-	22,210
US Geological Survey/Research and Data Collection	15.808	14-0G0122P0032	-	2,894
Passed through Office of Surface Mining:				
Not-for-Profit AMD Reclamation	15.253	S22AC00026-0001	-	30,389
Not-for-Profit AMD Reclamation	15.253	S22AC00026-0002	-	79,421
Total 15.253			-	109,810
Total - US Department of the Interior			-	1,680,056
US Environmental Protection Agency				
Passed through National Fish and Wildlife Foundation:				
Water Quality Management Planning	66.454	4100098566	-	1,177
Nonpoint Source Implementation Grants	66.460	C990002336	-	24,707
Geographic Programs - Chesapeake Bay Program	66.466	0602.20.067475	-	2,331
Geographic Programs - Chesapeake Bay Program	66.466	0602.24.078413	-	80,201
Geographic Programs - Chesapeake Bay Program	66.466	0603.21.072377	-	7,019
Total 66.466			-	89,551
Total US Environmental Protection Agency			-	115,435

(Continued)

See accompanying notes to schedule of expenditures of federal awards.

WESTERN PENNSYLVANIA CONSERVANCY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Federal ALN	Grantor Number or Pass-Through Grantor Number	Amounts Passed Through to Subrecipients	Total Federal Expenditures
<u>US Department of Agriculture:</u>				
<u>Passed through US Forest Service:</u>				
Cooperative Forestry Assistance	10.664	20-SA-11091900-007	-	33,861
Cooperative Forestry Assistance	10.664	23-PA-11091900-020	-	87,254
Cooperative Forestry Assistance	10.664	21-DG-11094200-031	-	3,317
Cooperative Forestry Assistance	10.664	22-CS-11091900-008	-	18,620
Total 10.664			-	143,052
<u>Forest Service Schools and Road Cluster</u>				
Schools and Roads - Grants to States	10.665	21-DG-11091900-007	-	2,446
Total Forest Service Schools and Road Cluster/Total 10.665			-	2,446
Urban and Community Forestry Program	10.675	21-DG-11094200-165	-	82,032
Urban and Community Forestry Program	10.675	23-DG-11094200-145	-	113,937
Total 10.675			-	195,969
Forest Stewardship Program	10.678	23-DG-11094200-176	-	1,932
Inflation Reduction Act Urban & Community Forestry Program	10.727	24-DG-11094200-027	-	105,402
Soil and Water Conservation	10.902	0407.19.066242	-	30,844
Subtotal Passed through US Forest Service			-	479,645
Total US Department of Agriculture			-	479,645
<u>Institute of Museum and Library Services:</u>				
Museums for America	45.301	MA-25 1964-OMS-22	-	40,760
Total Institute of Museum and Library Services			-	40,760
Total Expenditures of Federal Awards			\$ -	\$ 2,315,896

(Concluded)

See accompanying notes to schedule of expenditures of federal awards.

WESTERN PENNSYLVANIA CONSERVANCY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2024

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the Western Pennsylvania Conservancy (Conservancy) 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 Conservancy, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Conservancy.

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 allowed or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. Indirect Cost Rate

The Conservancy has elected to not use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

WESTERN PENNSYLVANIA CONSERVANCY

SCHEDULE OF OPERATING REVENUES AND PUBLIC SUPPORT WITHOUT DONOR RESTRICTIONS

YEARS ENDED DECEMBER 31, 2024 AND 2023

	Amount		Percent of Total Operating Revenues and Public Support Without Donor Restrictions	
	2024	2023	2024	2023
Contributions, Grants, and Memberships, Including Restrictions Met in Current Year:				
Individuals	\$ 6,241,203	\$ 2,952,464	19%	10%
Foundations	3,333,400	3,632,933	10%	12%
Business community	769,935	686,293	3%	3%
Government	10,760,755	10,367,221	33%	35%
	<u>21,105,293</u>	<u>17,638,911</u>	<u>65%</u>	<u>60%</u>
Earned Income:				
Fallingwater® admissions	5,226,234	5,102,799	15%	18%
Sales from Fallingwater® museum shop and café	2,802,992	2,686,911	9%	9%
Rents, royalties, and miscellaneous	768,471	844,007	2%	3%
	<u>8,797,697</u>	<u>8,633,717</u>	<u>26%</u>	<u>30%</u>
Internal Income:				
Investment return designated for current operations	<u>2,963,405</u>	<u>3,035,536</u>	<u>9%</u>	<u>10%</u>
 Total operating revenues and public support without donor restrictions	<u>\$ 32,866,395</u>	<u>\$ 29,308,164</u>	<u>100%</u>	<u>100%</u>

WESTERN PENNSYLVANIA CONSERVANCY

SCHEDULE OF STEWARDSHIP NET ASSETS

YEARS ENDED DECEMBER 31, 2024 AND 2023

	Amount	
	2024	2023
Stewardship Funds		
Without Donor Restrictions:		
Without donor restrictions:		
Stewardship Legal Defense	\$ 4,404	\$ 4,404
Board-designated:		
Stewardship Legal Defense	260,234	220,090
Ben Holland Stewardship Fund	927,575	812,742
Total without donor restrictions	<u>1,192,213</u>	<u>1,037,236</u>
With Donor Restrictions:		
Purpose and time restrictions:		
Stewardship Legal Defense	168,194	155,418
Ben Holland Stewardship Fund	574,110	542,035
Perpetual in nature:		
Ben Holland Stewardship Fund	<u>1,008,058</u>	<u>803,567</u>
Total with donor restrictions	<u>1,750,362</u>	<u>1,501,020</u>
 Total Stewardship Net Assets	 <u><u>\$ 2,942,575</u></u>	 <u><u>\$ 2,538,256</u></u>

Western Pennsylvania Conservancy

Independent Auditor's Reports
Required by the Uniform Guidance

Year Ended December 31, 2024

**Independent Auditor's 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**

**Board of Directors
Western Pennsylvania Conservancy**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Western Pennsylvania Conservancy (Conservancy), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 23, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Conservancy'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Conservancy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Conservancy'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 Conservancy'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.

Board of Directors
Western Pennsylvania Conservancy
Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Conservancy'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 entity'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 Conservancy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maher Duessel

Pittsburgh, Pennsylvania
May 23, 2025

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

**Board of Directors
Western Pennsylvania Conservancy**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Western Pennsylvania Conservancy's (Conservancy) 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 the Conservancy's major federal programs for the year ended December 31, 2024. The Conservancy's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Conservancy complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Conservancy 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 Conservancy'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 Conservancy's federal programs.

Auditor's 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 Conservancy'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 generally accepted auditing standards, *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 Conservancy's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Conservancy'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 Conservancy'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 Conservancy'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*

Board of Directors
Western Pennsylvania Conservancy
Independent Auditor's Report on Compliance for Each Major
Program and on Internal Control over Compliance

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 Auditor's 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.

Maher Duessel

Pittsburgh, Pennsylvania
May 23, 2025

WESTERN PENNSYLVANIA CONSERVANCY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2024

I. Summary of Audit Results

1. Type of auditor's report issued: Unmodified, prepared in accordance with Generally Accepted Accounting Principles

2. Internal control over financial reporting:

Material weakness(es) identified? ☐ yes ☒ no

Significant deficiencies identified that are not considered to be material weakness(es)?

☐ yes ☒ none reported

3. Noncompliance material to financial statements noted? ☐ yes ☒ no

4. Internal control over major programs:

Material weakness(es) identified? ☐ yes ☒ no

Significant deficiencies identified that are not considered to be material weakness(es)?

☐ yes ☒ none reported

5. Type of auditor's report issued on compliance for major programs: Unmodified

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? ☐ yes ☒ no

7. Major Program:

ALN(s)

15.623

15.634

Name of Federal Program or Cluster

North American Wetlands Conservation Fund

State Wildlife Grants

8. Dollar threshold used to distinguish between type A and type B programs: \$750,000

9. Auditee qualified as low-risk auditee? ☒ yes ☐ no

II. Findings related to the financial statements which are required to be reported in accordance with GAGAS.

No matters were reported.

III. Findings and questioned costs for federal awards.

No matters were reported.

WESTERN PENNSYLVANIA CONSERVANCY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED DECEMBER 31, 2024

NONE