

THREE RIVERS LAND TRUST, INC.

FINANCIAL STATEMENTS

December 31, 2024 and 2023

THREE RIVERS LAND TRUST, INC.

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EDDIE CARRICK, CPA, PC

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management
Three Rivers Land Trust, Inc.

Report on the Audit of the Financial Statements

Opinion

I have audited the accompanying financial statements of Three Rivers Land Trust, Inc. (a nonprofit organization), 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 my opinion, the financial statements present fairly, in all material respects, the financial position of Three Rivers Land Trust, Inc. 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

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Three Rivers Land Trust, Inc. and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Three Rivers Land Trust, Inc.'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

My 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 my 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*, I:

- 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 Three Rivers Land Trust, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Three Rivers Land Trust, Inc.'s ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Findings and Questioned Costs, Financial Statement Findings, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is 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 my opinion, the Schedule of Findings and Questioned Costs, Financial Statement Findings, and the schedule of expenditures of federal awards 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*, I have also issued my report dated May 19, 2025, on my consideration of Three Rivers Land Trust, Inc.'s internal control over financial reporting and on my 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 my 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 Three Rivers Land Trust, Inc.'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 Three Rivers Land Trust, Inc.'s internal control over financial reporting and compliance.



Eddie Carrick, CPA, PC
Lexington, North Carolina
May 19, 2025

THREE RIVERS LAND TRUST, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Assets		
Cash and cash equivalents	\$ 1,942,633	\$ 2,178,170
Investments	4,666,341	3,202,346
Grants and other receivables	5,061	5,721
Property and equipment, net	87,480	126,710
Land & mineral rights	32,453,176	27,617,542
Beneficial interest in assets held by others	65,600	61,383
	<u> </u>	<u> </u>
Total Assets	<u>\$ 39,220,291</u>	<u>\$ 33,191,872</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 8,498	\$ 4,992
Contributions payable	-	237,125
Grants payable	15,200	-
Total Liabilities	<u>23,698</u>	<u>242,117</u>
 Net Assets		
Without donor restrictions		
Board designated - Conservation/Stewardship funds	4,811,659	3,085,040
Undesignated	34,144,839	29,624,953
	<u>38,956,498</u>	<u>32,709,993</u>
With donor restrictions	240,095	239,762
Total Net Assets	<u>39,196,593</u>	<u>32,949,755</u>
	<u> </u>	<u> </u>
Total Liabilities and Net Assets	<u>\$ 39,220,291</u>	<u>\$ 33,191,872</u>

See accompanying notes and independent auditor's report.

THREE RIVERS LAND TRUST, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUES, AND GAINS			
Contributions and grants	\$ 11,774,195	\$ 333	\$ 11,774,528
Special events, net	104,098	-	104,098
Investment income (loss)	475,192	-	475,192
Land management income	63,598	-	63,598
Sale of land and easements, net			
Proceeds	807,000	-	807,000
Carrying values	(541,048)	-	(541,048)
Net assets released from restrictions	-	-	-
Total support, revenues and gains	12,683,035	333	12,683,368
EXPENSES, DISTRIBUTIONS, AND LOSSES			
Program services			
Land Conservation	5,969,082	-	5,969,082
Land protection transfers	-	-	-
	5,969,082	-	5,969,082
Supporting services			
Management and General	213,175	-	213,175
Fundraising services	254,273	-	254,273
Total expenses, distributions, and losses	6,436,530	-	6,436,530
Change in net assets	6,246,505	333	6,246,838
Net assets at beginning of year	32,709,993	239,762	32,949,755
Net assets at end of year	\$ 38,956,498	\$ 240,095	\$ 39,196,593

See accompanying notes and independent auditor's report.

THREE RIVERS LAND TRUST, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUES, AND GAINS			
Contributions and grants	\$ 5,554,556	\$ -	\$ 5,554,556
Special events, net	45,774	-	45,774
Investment income (loss)	338,123	-	338,123
Land management income	580,476	-	580,476
Sale of land and easements, net			
Proceeds	692,535	-	692,535
Carrying values	(472,983)	-	(472,983)
Net assets released from restrictions	497,173	(497,173)	-
Total support, revenues and gains	7,235,654	(497,173)	6,738,481
EXPENSES, DISTRIBUTIONS, AND LOSSES			
Program services			
Land Conservation	1,673,587	-	1,673,587
Land protection transfers	622,060	-	622,060
	2,295,647	-	2,295,647
Supporting services			
Management and General	203,288	-	203,288
Fundraising services	154,268	-	154,268
Total expenses, distributions, and losses	2,653,203	-	2,653,203
Change in net assets	4,582,451	(497,173)	4,085,278
Net assets at beginning of year	28,127,542	736,935	28,864,477
Net assets at end of year	\$ 32,709,993	\$ 239,762	\$ 32,949,755

See accompanying notes and independent auditor's report.

THREE RIVERS LAND TRUST, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2024

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Depreciation	\$ 29,423	\$ 9,808	\$ -	\$ 39,230
Dues and subscriptions	8,158	2,719	-	10,877
Insurance	28,593	9,531	-	38,124
Insurance - health	58,775	19,592	-	78,366
Land Stewardship				
Easement expenses	4,656,049	-	-	4,656,049
Land protection	61,572	-	-	61,572
Property taxes	18,127	-	-	18,127
Site assessments	18,750	-	-	18,750
Surveys and appraisals	204,902	-	-	204,902
Miscellaneous	16,721	5,574	-	22,295
Newsletters	31,846	-	-	31,846
Office supplies	30,982	10,327	-	41,309
Postage	8,708	2,903	-	11,611
Professional fees	96,529	32,176	-	128,705
Promotions and marketing	24,479	8,160	-	32,639
Rent	31,569	10,523	-	42,092
Retirement match	19,238	6,413	-	25,650
Salaries and payroll taxes	585,845	82,511	254,273	922,629
Telephone	5,881	1,960	-	7,841
Travel	32,440	10,813	-	43,253
Utilities	497	166	-	663
	<u>5,969,082</u>	<u>213,175</u>	<u>254,273</u>	<u>6,436,530</u>
Land protection transfers	-	-	-	-
	<u>\$ 5,969,082</u>	<u>\$ 213,175</u>	<u>\$ 254,273</u>	<u>\$ 6,436,530</u>

See accompanying notes and independent auditor's report.

THREE RIVERS LAND TRUST, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2023

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Depreciation	\$ 29,510	\$ 9,837	\$ -	\$ 39,347
Dues and subscriptions	6,589	2,196	-	8,785
Insurance	25,757	8,586	-	34,343
Insurance - health	42,822	14,274	-	57,096
Land Stewardship				
Easement expenses	500,041	-	-	500,041
Land protection	75,091	-	-	75,091
Property taxes	25,293	-	-	25,293
Surveys and appraisals	233,138	-	-	233,138
Miscellaneous	25,040	8,347	-	33,386
Newsletters	25,084	-	-	25,084
Office supplies	21,920	7,307	-	29,227
Postage	5,973	1,991	-	7,964
Professional fees	80,236	26,745	-	106,981
Promotions and marketing	13,967	4,656	-	18,623
Rent	26,687	8,896	-	35,582
Retirement match	13,555	4,518	-	18,073
Salaries and payroll taxes	481,304	92,076	154,268	727,648
Telephone	5,016	1,672	-	6,688
Travel	36,159	12,053	-	48,212
Utilities	406	135	-	541
	<u>1,673,587</u>	<u>203,288</u>	<u>154,268</u>	<u>2,031,143</u>
Land protection transfers	622,060	-	-	622,060
	<u>\$ 2,295,647</u>	<u>\$ 203,288</u>	<u>\$ 154,268</u>	<u>\$ 2,653,203</u>

See accompanying notes and independent auditor's report.

THREE RIVERS LAND TRUST, INC.

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 6,246,838	\$ 4,085,278
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	39,230	39,347
Land donations received	(2,214,000)	(100,600)
Land transferred to others	-	622,060
Land value reduction - easement issued	233,500	-
(Gain) loss on sale of land	(265,952)	(219,551)
(Gain) loss on investments	(330,356)	(267,346)
Beneficial interest in assets held by others	(4,217)	(5,394)
(Increase) decrease in operating assets:		
Grants and other receivables	660	(3,587)
Option to purchase real estate	-	20,000
Increase (decrease) in operating liabilities:		
Accounts payable	3,506	(6,311)
Contributions payable	(237,125)	(122,875)
Grants payable	15,200	-
Net cash provided (used) by operating activities	<u>3,487,284</u>	<u>4,041,021</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	1,124,769	1,438,084
Purchase of investments	(2,299,456)	(2,577,366)
Purchase of property and equipment	-	(77,451)
Proceeds from sale of land	807,000	692,535
Purchase of land and options	(3,355,134)	(3,751,304)
Net cash provided (used) by investing activities	<u>(3,722,821)</u>	<u>(4,275,502)</u>
Net increase (decrease) in cash	(235,537)	(234,481)
Cash and Cash Equivalents at beginning of year	<u>2,178,170</u>	<u>2,412,651</u>
Cash and Cash Equivalents at end of year	<u>\$ 1,942,633</u>	<u>\$ 2,178,170</u>

See accompanying notes and independent auditor's report.

THREE RIVERS LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

Note 1 – Organization and Nature of Business

The Three Rivers Land Trust, Inc (the Organization) was established in 1995 to preserve the rural landscapes of South-Central Piedmont (consists of ten contiguous counties) by working with private and public landowners to fund and preserve the agricultural and natural lands, historic sites and open space that define the region's character. The Organization is supported primarily through contributions from individuals, corporations and foundations and grants. On July 12, 2019, Sandhills Area Land Trust, Inc. merged with the Organization which expanded the organization's outreach to six additional counties in the Sandhills region of North Carolina.

Note 2 – Significant Accounting Policies

Basis of Accounting and Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. The Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Codification of Financial Accounting Standards ASC 958, as amended by ASU 2016-14. Under ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Cash and Cash Equivalents

For the purposes of the Statements of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of twelve months or less to be cash equivalents, unless the investments are held for meeting restrictions for purchases of property and equipment, payment of long-term debt, or endowment.

Concentration of Contributions or Grants

Approximately 68% of the Organization's contributions and grants support were concentrated among one donor and four government grants for the year ended December 31, 2024.

Approximately 65% of the Organization's contributions and grants support were concentrated among one donor and three government grants for the year ended December 31, 2023.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 2 – Significant Accounting Policies (continued)

Conservation Easements (“Zero Value” Assets)

The Organization receives donations of conservation easements from landowners. Occasionally the easements received may be partially or entirely paid for by the Land Trust. Conservation easements typically assign the development rights of land to the Land Trust, thereby protecting it from development by current or future landowners. Although the removal of development rights of land has a measurable devaluation to the landowner (who surrenders its rights), they have no attainable value to the Land Trust. There is no market or market value for the easements in the hands of the Land Trust and the easements in fact impose a financial burden on the Organization. Easement donors, while helping the Land Trust satisfy conservation objectives, actually impose financial responsibilities on the Organization through their ongoing monitoring requirements. Therefore, easements acquired by the Land Trust (whether purchased or donated) are accounted as “zero value” assets and are, therefore, not reflected in the Organization’s financial statements.

Donated Property and Equipment

Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Donated Services

A substantial number of people have contributed significant amounts of time to the activities of the Organization without compensation. The financial statements do not reflect the value of those contributed services because, although clearly substantial, no reliable basis exists for determining an appropriate amount.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 2 – Significant Accounting Policies (Continued)

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b) (1) (A) and has been classified as an organization other than a private foundation under Section 509(a) (2).

Investments

The Organization accounts for investments in accordance with FASB ASC 958-320. Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the Statements of Financial Position. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in the Statement of Activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Property and Equipment

Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Expenditures on maintenance, repairs and minor renewals are charged to expenses as incurred. All acquisitions of property and equipment in excess of \$5,000 and all expenditures for major renewals and betterments are capitalized. Depreciation is provided on the straight-line method over the following estimated useful lives:

Office Furniture and Equipment	5 to 7 years
Vehicles	5 years

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Salary Deferral Plan

The Organization sponsors a Section 403(b) salary reduction plan (the Plan) covering all full-time employees with at least 6 months of service who agree to make contributions to the Plan. In 2022, the Organization started matching employee contributions. The Organization matches up to 4% of the participating employee's contributions. Matching expenses for the year totaled \$25,650.

Note 3 – Concentration of Credit Risk

The Organization maintains its cash and cash equivalents at several financial institutions. Accounts at each financial institution are insured for up to \$250,000. At December 31, 2024, and 2023, the Organization's cash balances exceeded federally insured limits by \$343,250 and \$1,004,741, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 4 – Investments

Investments consisted of the following as of December 31:

	<u>2024</u>	<u>2023</u>
Fixed Income - US Treasuries	\$ -	\$ 1,480,478
Exchange-Traded funds	<u>4,666,341</u>	<u>1,721,868</u>
	<u>\$ 4,666,341</u>	<u>\$ 3,202,346</u>

Note 5 – Fair Value Of Financial Instruments

The following are the assets measured at fair value as of December 31, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash	\$ 1,942,633	\$ -	\$ -	\$ 1,942,633
Exchange-Traded Funds	<u>4,666,341</u>	<u>-</u>	<u>\$ -</u>	<u>4,666,341</u>
Total assets	<u>\$ 6,608,974</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,608,974</u>

The framework for measuring fair value provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Corporation has the ability to access.

Level 2 – Inputs to the valuation methodology include:

Quoted prices for similar assets or liabilities in active markets.

Quoted prices for identical or similar assets or liabilities in inactive markets.

Inputs other than quoted prices that are observable for asset or liability.

Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual term, level 2 input must be observable for substantially the full term of the asset or liability.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 5 – Fair Value Of Financial Instruments (continued)

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Fair value for Level 1 includes cash, cash equivalents, certificates of deposits and exchange-traded funds because their account balances are quoted market prices.

Fair value for Level 2 includes the derivative interest rate swap agreement based on the present value of expected future cash flows using discount rates appropriate with risks involved and adjusted for audit.

Fair value for Level 3 is based on unobservable values. There were no Level 3 values

The Corporation recognizes transfers of assets into and out of levels as of the date an event or change of circumstances cause the transfer. There were no transfers during the year.

Note 6 - Beneficial Interest in Assets Held by Others

On August 28, 2001, the Organization made an irrevocable contribution to the Cumberland Community Foundation, Inc. in exchange for future distributions of income and principal. This fund is for the benefit of the Organization and is restricted for various purposes. The Foundation has authority and discretion as to the investment and distribution of the assets of the fund. Distributions are made yearly on the recommendations of the Board of Directors of the Organization and are subject to final approval by the Board of Directors of the Foundation. Based on criteria established in ASC 958-205, the fund represents a beneficial interest in the assets held by the Foundation. As of December 31, 2024, and 2023, the total of the Organization's beneficial interest in investments held by the Foundation was \$65,600 and \$61,383 respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 7 – Property and Equipment

Property and equipment consisted of the following as of December 31:

	<u>2024</u>	<u>2023</u>
Vehicles	\$ 145,133	\$ 145,133
Equipment	88,792	88,792
Office furniture and equipment	<u>47,463</u>	<u>47,463</u>
	281,388	281,388
Less accumulated depreciation	<u>(193,908)</u>	<u>(154,678)</u>
	87,480	126,710
Land & mineral rights	<u>32,453,176</u>	<u>27,617,542</u>
	<u><u>\$ 32,540,656</u></u>	<u><u>\$ 27,744,252</u></u>

Depreciation expense at December 31, 2024, and 2023 was \$39,230 and \$39,347, respectively.

Note 8 – Land protection transfers

Periodically the Organization identifies key governmental agencies or other non-profit organizations and transfers restricted cash and land ownership to them to continue the long-term preservation of certain properties. In 2022, restricted cash of \$684,000 was transferred. In 2023, land containing conservation easement having a carrying value of \$622,060 was transferred. In 2024, there were no cash or land transfers.

Note 9 – Net Assets - With Donor Restrictions and Board Designations

Net Assets – With donor restrictions and board designations at December 31 consisted of the following:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 394,708	\$ 593,404
Investments	<u>4,657,046</u>	<u>2,731,398</u>
	<u><u>\$ 5,051,754</u></u>	<u><u>\$ 3,324,802</u></u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 9 – Net Assets - With Donor Restrictions and Board Designations (continued)

Net Assets – With donor restrictions and board designations at December 31 were for the following uses:

	2024	2023
ACUB	\$ 240,095	\$ 239,762
Restricted net assets	<u>240,095</u>	<u>\$ 239,762</u>
Conservation fund	2,375,694	1,099,425
Stewardship fund	<u>2,435,965</u>	<u>1,985,615</u>
Board designated assets	<u>4,811,659</u>	<u>3,085,040</u>
	<u>\$ 5,051,754</u>	<u>\$ 3,324,802</u>

Note 10 – Leases

The Organization has monthly operating leases for two office spaces. Rent expense for office leases totaled \$38,313 and \$32,016 for the years ended December 31, 2024, and 2023. In addition, the Organization rents storage space which totaled \$3,779 and \$3,566 for the years ended December 31, 2024, and 2023.

Note 11 – Special events - net

Special events net income (loss), excluding event sponsorships reported as contributions of \$7,000 and \$15,000 for December 31, 2024, and 2023 respectively, consisted of the following for the years ended December 31:

	2024	2023
Income	\$ 164,869	\$ 206,601
Expenses	<u>(60,771)</u>	<u>(160,827)</u>
Total Restricted Net Assets	<u>\$ 104,098</u>	<u>\$ 45,774</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 12 – Availability of Financial Assets

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Financial assets, at year-end	\$ 6,614,035
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions on:	
Restricted by donor with purpose restrictions	<u>(240,095)</u>
Financial assets available to meet cash needs for general expenditures within one year.	<u>\$ 6,373,940</u>

A portion of the Organization's support comes from restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In the event of an unanticipated liquidity need, the Organization relies on its ability to finance liquidity needs through financing of local banks as well as draws upon available lines of credit.

Note 13 – Subsequent events

Subsequent events occurring after the statement of financial position date have been evaluated through May 19, 2025, which is the date the financial statements were available to be issued.

EDDIE CARRICK, CPA, PC

Certified Public Accountant

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

To the Board of Directors and Management
Three Rivers Land Trust, Inc.

I 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 Three Rivers Land Trust, Inc.(a nonprofit organization), which comprise the statements of financial position as of December 31, 2024, and the related statements of activities and functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated May 19, 2025

Report on Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered Three Rivers Land Trust, Inc.'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 my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Three Rivers Land Trust, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of Three Rivers Land Trust, Inc.'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 entity'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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Three Rivers Land Trust, Inc.'s financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "E. C. CPA". The signature is written in a cursive, flowing style.

Lexington, North Carolina
May 19, 2025

EDDIE CARRICK, CPA, PC
Certified Public Accountant

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors and Management
Three Rivers Land Trust, Inc.

Report on Compliance for Each Major federal and State Program

Opinion on Each Major federal and State Program

I have audited Three Rivers Land Trust Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and state compliance supplement that could have a direct and material effect on each of Three Rivers Land Trust Inc.'s major federal and state programs for the year ended December 31, 2024. Three Rivers Land Trust Inc.'s major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In my opinion, Three Rivers Land Trust, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2024.

Basis for Opinion on Each Major federal and State Program

I conducted my 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 State Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for State Awards* (Uniform Guidance) and the State Single Audit Act. My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of Three Rivers Land Trust, Inc. and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal and state program. My audit does not provide a legal determination of Three Rivers Land Trust, Inc.'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 Three Rivers Land Trust, Inc.'s federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

My 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 Three Rivers Land Trust Inc.'s compliance based on my 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 Three Rivers Land Trust, Inc.'s compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, I:

- 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 Three Rivers Land Trust, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- Obtain an understanding of Three Rivers Land Trust, Inc.'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 Three Rivers Land Trust, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

I am 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 I 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 state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state 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 and state 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.

My 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 my audit I did not identify any deficiencies in internal control over compliance that I 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.

My 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 my 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.



Lexington, North Carolina
May 19, 2025

I. Summary of Auditor's Results

Three Rivers Land Trust, Inc.
Financial Statement Findings
For the Year Ended December 31, 2024

II Financial Statement Findings

Material weakness

None reported

III Federal Award Findings and Questioned Costs

None reported

IV State Award Findings and Questioned Costs

None reported

Three Rivers Land Trust Inc.
Schedule of Federal and State Financial Assistance
For the year ended December 31, 2024

<u>GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>FEDERAL ASSISTANCE LISTING NUMBER</u>	<u>STATE GRANTOR'S NUMBER</u>	<u>FEDERAL (DIRECT) PASS THROUGH EXPENDITURES</u>	<u>STATE (DIRECT) PASS THROUGH EXPENDITURES</u>
<u>Federal grants</u>				
<u>US DEPARTMENT OF AGRICULTURE</u>				
Conservation Stewardship Program	10.924		\$ 2,294,000 **	
Agricultural Conservation Easement Program	10.931		73,071	
<u>US DEPARTMENT OF DEFENSE</u>				
Army Compatible Use Buffer program	12.021		2,676,060 **	
<u>State Grants</u>				
<u>NC DEPARTMENT OF AGRICULTURE</u>				
ADFPTF				** \$ 1,002,799
<u>NC DEPARTMENT OF NATURAL AND CULTURAL RESOURCES</u>				
NC Land and Water Fund				647,626
<u>NC ATTORNEY GENERAL</u>				
				37,500
<u>FORRESTRY ENDOWMENT</u>				
				37,500
			<u>\$ 5,043,131</u>	<u>\$ 1,725,425</u>

** Major programs

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

- A The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of the Three Rivers Land Trust, Inc. and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)*, Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.