

**Fiorita Kornhaas
& Company, PC**

Certified Public Accountants and Advisors

STEEP ROCK ASSOCIATION, INC.

FINANCIAL STATEMENTS

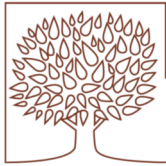
For the Years Ended
September 30, 2025 and 2024

With Independent Auditor's Report

STEEP ROCK ASSOCIATION, INC.

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Steep Rock Association, Inc.
Washington, Connecticut

Opinion

We have audited the accompanying financial statements of Steep Rock Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2025, and the related statements of activities, functional expenses and cash flows for the year 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 Steep Rock Association, Inc. as of September 30, 2025, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Steep Rock Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Steep Rock Association, 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

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

Report on Summarized Comparative Information

We have previously audited Steep Rock Association, Inc.'s 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 17, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Fiorita, Kornhaas & Company, PC

Fiorita, Kornhaas & Company, P.C.
Certified Public Accountants

Danbury, Connecticut
January 12, 2026

STEEP ROCK ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 737,819	\$ 731,879
Prepaid expense	7,929	9,821
<u>TOTAL CURRENT ASSETS</u>	745,748	741,700
Property and equipment, net	23,537,893	20,950,566
Investments, at fair value	8,120,030	7,183,763
<u>TOTAL ASSETS</u>	\$ 32,403,671	\$ 28,876,029
 <u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 38,406	\$ 144,163
Accrued expenses	71,355	59,630
<u>TOTAL CURRENT LIABILITIES</u>	109,761	203,793
 <u>NET ASSETS</u>		
Net assets without donor restrictions	31,613,464	27,765,443
Net assets with donor restrictions	680,446	906,793
<u>TOTAL NET ASSETS</u>	32,293,910	28,672,236
<u>TOTAL LIABILITIES AND NET ASSETS</u>	\$ 32,403,671	\$ 28,876,029

See independent auditor's report and accompanying notes.

STEEP ROCK ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025
(With Summarized Financial Information for 2024)

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>TOTALS</u>	
			<u>2025</u>	<u>2024</u>
<u>REVENUE</u>				
Contributions and grants				
Cash and other financial assets	\$ 1,742,347	\$ 464,316	\$ 2,206,663	\$ 2,456,768
Gifts in kind	2,118,921	-	2,118,921	445,940
Other revenue	14,402	-	14,402	15,888
Net special event loss	(82,548)	-	(82,548)	(81,918)
Investment income, net	705,693	-	705,693	1,082,339
<u>TOTAL REVENUE</u>	<u>4,498,815</u>	<u>464,316</u>	<u>4,963,131</u>	<u>3,919,017</u>
Net assets released from restrictions	<u>690,663</u>	<u>(690,663)</u>	<u>-</u>	<u>-</u>
Total revenue and net assets released	5,189,478	(226,347)	4,963,131	3,919,017
<u>EXPENSES</u>				
Program services	888,219	-	888,219	734,028
General and management	238,692	-	238,692	195,948
Fundraising	214,546	-	214,546	263,690
<u>TOTAL EXPENSES</u>	<u>1,341,457</u>	<u>-</u>	<u>1,341,457</u>	<u>1,193,666</u>
Increase (decrease) in net assets	3,848,021	(226,347)	3,621,674	2,725,351
Net assets, beginning of year	<u>27,765,443</u>	<u>906,793</u>	<u>28,672,236</u>	<u>25,946,885</u>
Net assets, end of year	<u>\$ 31,613,464</u>	<u>\$ 680,446</u>	<u>\$ 32,293,910</u>	<u>\$ 28,672,236</u>

See independent auditor's report and accompanying notes.

STEEP ROCK ASSOCIATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

	2025									
	Program Services									
	Communication & Outreach	Preservation	Stewardship	Special Projects	Total Program Services	General and Management	Fundraising	Cost of Direct Benefits to Donors	Total	
EXPENSES:										
Payroll, taxes & benefits	\$ 122,483	\$ 48,321	\$ 331,224	\$ -	\$ 502,028	\$ 88,046	\$ 135,756	\$ -	\$ 725,830	
Contract services and professional fees	14,106	4,385	136,058	4,903	159,452	78,937	10,997	-	249,386	
Depreciation	5,167	2,036	84,346	-	91,549	3,708	5,532	-	100,789	
Facilities and occupancy costs	7,291	6,247	19,674	-	33,212	5,220	8,068	-	46,500	
Insurance expense	8,047	3,190	21,712	-	32,949	7,608	8,903	-	49,460	
Maintenance, repair and minor equipment	-	-	7,783	152	7,935	4,725	-	-	12,660	
Professional development & training	400	159	1,080	-	1,639	285	444	-	2,368	
Supplies & other operating expenses	31,238	-	22,839	5,378	59,455	50,163	44,846	96,896	251,360	
TOTAL EXPENSES BY FUNCTION	<u>188,732</u>	<u>64,338</u>	<u>624,716</u>	<u>10,433</u>	<u>888,219</u>	<u>238,692</u>	<u>214,546</u>	<u>96,896</u>	<u>1,438,353</u>	
Less expenses included with revenues on the statements of activities:										
Cost of direct benefits to donors	-	-	-	-	-	-	-	(96,896)	(96,896)	
TOTAL EXPENSES	<u>\$ 188,732</u>	<u>\$ 64,338</u>	<u>\$ 624,716</u>	<u>\$ 10,433</u>	<u>\$ 888,219</u>	<u>\$ 238,692</u>	<u>\$ 214,546</u>	<u>\$ -</u>	<u>\$ 1,341,457</u>	
	2024									
	Program Services									
	Communication & Outreach	Preservation	Stewardship	Special Projects	Total Program Services	General and Management	Fundraising	Cost of Direct Benefits to Donors	Total	
EXPENSES:										
Payroll, taxes & benefits	\$ 95,449	\$ 46,822	\$ 287,361	\$ -	\$ 429,632	\$ 81,694	\$ 143,259	\$ -	\$ 654,585	
Contract services and professional fees	8,781	3,318	78,600	1,735	92,434	65,150	22,961	-	180,545	
Depreciation	3,749	1,849	83,358	-	88,956	3,184	5,623	-	97,763	
Facilities and occupancy costs	4,069	7,920	12,251	-	24,240	3,843	6,107	-	34,190	
Insurance expense	7,248	3,556	21,822	-	32,626	5,802	10,878	-	49,306	
Maintenance, repair and minor equipment	-	-	7,123	2,674	9,797	4,435	-	-	14,232	
Professional development & training	880	432	2,648	-	3,960	752	1,321	-	6,033	
Supplies & other operating expenses	26,749	95	21,667	3,872	52,383	31,088	73,541	81,918	238,930	
TOTAL EXPENSES BY FUNCTION	<u>146,925</u>	<u>63,992</u>	<u>514,830</u>	<u>8,281</u>	<u>734,028</u>	<u>195,948</u>	<u>263,690</u>	<u>81,918</u>	<u>1,275,584</u>	
Less expenses included with revenues on the statements of activities:										
Cost of direct benefits to donors	-	-	-	-	-	-	-	(81,918)	(81,918)	
TOTAL EXPENSES	<u>\$ 146,925</u>	<u>\$ 63,992</u>	<u>\$ 514,830</u>	<u>\$ 8,281</u>	<u>\$ 734,028</u>	<u>\$ 195,948</u>	<u>\$ 263,690</u>	<u>\$ -</u>	<u>\$ 1,193,666</u>	

See independent auditor's report and accompanying notes.

STEEP ROCK ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Change in net assets	\$ 3,621,674	\$ 2,725,351
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	100,789	97,763
Donated land	(2,025,000)	(340,000)
Donated assets	(72,373)	(103,940)
Realized gain on sale of investments	(102,749)	(125,469)
Unrealized loss (gain) on investments	498,868	(310,099)
Changes in:		
Promises to give	-	28,667
Prepaid expenses	1,892	(402)
Accounts payable	(105,757)	119,275
Accrued expenses	11,725	6,894
Net cash provided by operating activities	<u>1,929,069</u>	<u>2,098,040</u>
Cash flows from investing activities		
Capital expenditures	(590,743)	(962,177)
Net purchases of investments	<u>(1,332,386)</u>	<u>(1,278,559)</u>
Net cash used in investing activities	<u>(1,923,129)</u>	<u>(2,240,736)</u>
Net increase (decrease) in cash and cash equivalents	5,940	(142,696)
Cash and cash equivalents, beginning of year	<u>731,879</u>	<u>874,575</u>
Cash and cash equivalents, end of year	<u>\$ 737,819</u>	<u>\$ 731,879</u>
 <u>Supplemental Disclosures of Cash Flow Information:</u>		
Noncash activity:		
Donated land and assets	<u>\$ 2,097,373</u>	<u>\$ 443,940</u>
Cash activity for the year:		
Interest paid	<u>\$ -</u>	<u>\$ -</u>
Income taxes	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report and accompanying notes.

Note 1: NATURE OF ACTIVITIES

Steep Rock Association, Inc. ("Association") is a 501(c)(3) not-for-profit corporation organized under the laws of the State of Connecticut. Its primary mission is to conserve ecologically and historically significant landscapes and riparian corridors in and around Washington, CT, and to enhance the community's connection to nature through outreach, education, and passive recreation. The Association is accredited by the Land Trust Alliance and thus follows its standards and practices.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The accompanying financial statements of the Association have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America and, accordingly, recognizes revenue when earned and expenses when incurred and reflects all significant receivables, payables and other liabilities.

(b) Basis of Presentation

The financial statements of the Association have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP) which requires reporting of information regarding financial position and activities according to the following net asset classifications:

Net assets without donor restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Association. These net assets may be used at the discretion of management and the Board of Trustees.

Net assets with donor restrictions

Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

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

(c) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

See independent auditor's report.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Revenue and Revenue Recognition

The Association recognizes revenue when the performance obligations of transferring the products and providing the services are met. Grant revenue is recognized when there is reasonable assurance that the grant will be received and when the Association has complied with the conditions of the grant. Other income is recognized when received.

Revenue from contributions is recognized when cash, securities or other assets or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

(e) Cash and Cash Equivalents

The Association considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

(f) Concentration of Credit Risk

The Association maintains deposits in federally insured institutions which, at times, can be in excess of the federally insured limit of \$250,000. Management, however, believes the Association is not exposed to significant credit risk due to the financial position of the depository institutions in which those deposits were held.

(g) Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promise are received. Discount amortization is included in contribution revenue. Conditional promise to give are not included as support until conditions are met.

As of September 30, 2025 and 2024 there were no promises to give.

(h) Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment income in the statements of activities.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

See independent auditor's report.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Fair Value

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. Accounting principals generally accepted in the United States of America establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs).

Level 1 - quoted prices in active markets for identical assets or liabilities

Level 2 - quoted prices for similar assets and liabilities in active markets or inputs that are observable

Level 3 - inputs that are unobservable and significant to the fair value measurement

(j) Property and Equipment

Acquisitions of property, equipment, and improvements in excess of \$2,500 are capitalized. Land, land improvements and equipment are recorded at cost if purchased or fair value if donated. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets which range from 7 to 30 years.

Expenses for land maintenance and repairs are expensed as incurred.

(k) Conservation Easements

Conservation easements are perpetual agreements between the Association and private landowners through which the landowners agree to abide by certain restrictions designed to preserve the open space or conservation value of their land. Conservation easements are real property rights but possess no market value due to a resale market that is limited to the owner of the fee title of the restricted property. Because of this limited market and obligations in easement ownership, conservation easements are not reflected in the accompanying financial statements.

(l) Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded as fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

See independent auditor's report.

STEEP ROCK ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Contributed Services

The Association receives a substantial amount of services donated by volunteers. Only contributed services that create or enhance non-financial assets or require specialized skills that would otherwise be purchased by the Association are recognized as revenue on the financial statements.

(n) Tax Exempt Status

The Association is currently exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal and state income taxes is presented in these financial statements. The Association has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Association has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

(o) Prior Year Summarized Financial Information

The financial statements include prior year summarized financial information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Association's audited financial statements as of the year ended September 30, 2024, from which the summarized information was derived.

(p) Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among program and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Payroll, taxes, & benefits	Estimated time and effort

For the years ended September 30, 2025 and 2024 the following costs which were not related to specific activities, were allocated by salary per functional expense to total salaries:

- Depreciation
- Facilities and occupancy costs
- Insurance expense
- Maintenance, repair and minor equipment
- Professional development & training
- Supplies & other operating expenses

See independent auditor's report.

STEEP ROCK ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Subsequent Events

Management has evaluated subsequent events through January 12, 2026, the date the financial statements were available to be issued. Through that date, there were no material events that would require recognition or additional disclosure in the financial statements.

Note 3: AVAILABILITY AND LIQUIDITY

The following represents the Association's financial assets as of September 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 737,819	\$ 731,879
Investments, at fair value	8,120,030	7,183,763
Total financial assets	<u>8,857,849</u>	<u>7,915,642</u>
Less amounts not available to be used for general expenditures:		
Investments designated for long-term use	5,303,536	4,734,071
Net assets with donor restrictions	680,446	906,793
	<u>5,983,982</u>	<u>5,640,864</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 2,873,867</u>	<u>\$ 2,274,778</u>

The Association's goal is generally to maintain liquid financial assets to meet at least six months of operating expenses. The Association prepares an annual budget which is approved by the Board of Trustees. The budget is based on income projected to be received from the annual appeal. In addition the investments designated for long-term use could be made available to meet current operating expenses if needed.

Note 4: PROPERTY AND EQUIPMENT

Property and equipment, net consists of the following as of September 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Preservation land	\$ 20,374,552	\$ 18,343,779
Land, other	161,614	161,614
Land improvements	1,120,471	1,120,471
Buildings	2,295,108	1,541,469
Equipment	230,446	230,446
Cost of acquisitions in process	31,413	-
Construction in progress	131,211	258,920
	<u>24,344,815</u>	<u>21,656,699</u>
Less: Accumulated depreciation	(806,922)	(706,133)
	<u>\$ 23,537,893</u>	<u>\$ 20,950,566</u>

See independent auditor's report.

STEEP ROCK ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

Note 4: PROPERTY AND EQUIPMENT (continued)

Cost of acquisitions in process represent legal and other costs for preservation land in the process of being acquired. Depreciation is not recorded on preservation or other land, including the related cost of acquisition. Depreciation is not recorded on construction in progress until the project is completed and put into service. For the years ended September 30, 2025 and 2024, depreciation expense was \$100,789 and \$97,763 respectively.

Note 5: COMMITMENTS

The Association has received Federal and State grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditures disallowed under terms of the grant. Based on prior experience, the Association's management believes such disallowances, if any, will not be material to the financial statements.

Note 6: INVESTMENTS

The following is a summary of investments as of September 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 36,307	\$ 94,336
Exchange traded funds	8,083,723	7,089,427
Total investments at fair value	<u>\$ 8,120,030</u>	<u>\$ 7,183,763</u>

As of September 30, 2025 and 2024, all investments were considered Level 1 investments.

All investment income was classified as without donor restriction on the statements of activities. The following schedule summarizes investment returns:

	<u>2025</u>	<u>2024</u>
Interest and dividends	\$ 246,923	\$ 223,588
Realized gain on investments	127,162	24,413
Unrealized gain on investments	356,493	855,361
Investment fees	(24,885)	(21,023)
	<u>\$ 705,693</u>	<u>\$ 1,082,339</u>

See independent auditor's report.

STEEP ROCK ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

Note 7: IN-KIND CONTRIBUTIONS

The Association recognized the following in-kind contributions for the years ended September 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
<u>Property</u>		
Land	\$ 2,025,000	\$ 340,000
Architect services	22,715	48,465
Contractor services	48,204	-
Framing	1,454	-
<u>Stewardship Expense</u>		
Arbor services	2,000	2,000
Miscellaneous	-	400
Furniture and equipment	3,500	-
<u>General and Management</u>		
Tech support	2,025	-
Furniture and equipment	7,500	-
<u>Fundraising Expense</u>		
Auction items	-	55,075
Event food and rentals	6,523	-
	<u>\$ 2,118,921</u>	<u>\$ 445,940</u>

Land donated was valued by a professional appraisal and is used for conservation.

Architectural services in connection with Steep Rock Association, Inc.'s Macricostas Preserve Master Plan and campus improvements. Value is derived from a tally of pro bono hours at standard hourly rates. In-kind donation made from related party. See Note 13.

Contractor services were valued at the customary hourly rate and fee, plus the cost of materials needed to carry out those services. The services were in connection with Steep Rock Association, Inc.'s Macricostas Preserve Master Plan and campus improvements. In-kind donation made from related party. See Note 13.

Framing of museum photographs and information for the Camp House. The services were valued at the standard rates less a 20% discount.

Arbor services were valued at the customary hourly rate and used for tree work at the Christian Street location.

Miscellaneous stewardship donations included plants, seeds, and other items that go toward stewardship and valued at the market value of the goods and services.

See independent auditor's report.

STEEP ROCK ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

Note 7: IN-KIND CONTRIBUTIONS (continued)

Furniture and equipment comprised of a utility vehicle, bench, armchairs, a sofa, and tables valued at the market value of the furniture.

Tech support for Camp House Museum included a site survey, consultation for equipment purchase, and equipment installation and testing. Valued at the standard hourly rate.

Auction items were valued at market value of the goods and services donated and auctioned off to the highest bidder during fundraising events.

Event food and rentals valued at the cost of food, servers, and chef.

Note 8: NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions as of September 30, 2025 and 2024, were available for the following purposes as approved by the Association's Board of Trustees:

	<u>2025</u>	<u>2024</u>
Capital improvements	\$ 100,500	\$ 100,500
Stewardship/legal defense fund	621,203	611,180
Undesignated long-term purposes	<u>4,581,833</u>	<u>4,022,391</u>
Board designated net assets	5,303,536	4,734,071
Invested in property and equipment	23,537,893	20,950,566
Available for operations	<u>2,772,035</u>	<u>2,080,806</u>
	<u>\$ 31,613,464</u>	<u>\$ 27,765,443</u>

The stewardship/legal defense fund includes donations received from the donors of new easements, based on the number of acres in the easement and a board approved formula. The funds are to be used to off-set monitoring costs and legal expenses associated with maintaining and/or defending conservation easements held in perpetuity by the Association.

See independent auditor's report.

STEEP ROCK ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

Note 9: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of September 30, 2025 and 2024, were available for the following purposes:

	<u>2025</u>	<u>2024</u>
<u>To be released for specific purpose</u>		
Bee Brook bridge	\$ -	\$ 35,915
Camp House	64,303	120,408
Campus Paver project	-	87,801
Coleman Stewardship Fund	188,927	232,921
Conservation education	44,356	-
Hidden Valley Preserve Expansion	50,696	61,851
Hillside Farm	136,716	136,716
Johnson Farm	-	7,950
Judea Garden	47,441	77,988
Land acquisition	35,296	33,019
Macricostas parking lot	995	-
Popple Swamp	6,000	-
Scout Culvert	8,235	10,355
Steep Rock Center for Conservation	90,580	96,696
Stewardship	6,901	1,900
Macricostas Trails	-	3,273
	<u>\$ 680,446</u>	<u>\$ 906,793</u>

Bee Brook bridge funds may be used towards the replacement of the Bee Brook bridge.

Camp House funds may be used to renovate the existing building on the Macricostas preserve.

Campus Paver project funds are to be used in the construction of the outdoor learning center pavilion and terrace on the Steep Rock Campus.

Coleman Stewardship Funds are to be used for stewardship projects, special projects, and internships.

Conservation education funds are to be used for conservation education programming and community science initiatives.

Hidden Valley Preserve Expansion funds may be used to acquire or steward properties adjacent to the Hidden Valley Preserve.

Hillside Farm funds may be used for infrastructure development on the property.

Johnson Farm funds are to be used for stewardship projects at Johnson Farm.

See independent auditor's report.

STEEP ROCK ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

Note 9: NET ASSETS WITH DONOR RESTRICTIONS (continued)

Judea Garden contributions have been restricted to be used to support the Judea Garden.

Land acquisition funds may be used to purchase land to support the Association's mission.

Macricostas parking lot funds used to create ancillary parking along Route 202 at the site of the plaque.

Popple Swamp funds are reserved for a 40-acre land acquisition.

Scout Culvert funds are to be used to replace the Scout culvert in Steep Rock Preserve.

Steep Rock Center for Conservation funds are to be used as part of the Center for Conservation at Macricostas Preserve.

Stewardship funds may be used for trail maintenance and expansion.

Macricostas Trails funds may be used to construct a trail on the Macricostas Preserve.

Note 10: PENSION PLAN

The Association is the sponsor of a defined contribution pension plan. Employees earning over \$5,000 in compensation with one year of service are eligible to participate. Eligible employees can contribute a percentage of their compensation, not to exceed the annual limit set by the Internal Revenue Code. The Association makes matching contributions of 100% of the employees' contribution, not to exceed 3% of compensation. Pension expense for the years ending September 30, 2025 and 2024 was \$17,178 and \$14,217, respectively.

Note 11: LEASE COMMITMENTS

The Association determines if an arrangement is a lease at inception of the contract. The right to use assets represent the Association's right to use the underlying assets for the lease term and the lease liabilities represent the obligation to make lease payments arising from the lease. Right to use assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term.

The Association leases a storage barn and a copier. The lease for the barn is a one year lease that the Association renews annually. The current lease expires in November 2025. Lease payments for the years ended September 30, 2025 and 2024 were \$3,000 each year. The lease for the copier expires in August 2030. Lease payments for the years ended September 20, 2025 and 2024 were \$1,492 and \$1,402, respectively. The Association has not recorded a right of use asset for these leases due to the determination that the present value of the lease payments is not material to the financial statements.

See independent auditor's report.

STEEP ROCK ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

Note 11: LEASE COMMITMENTS (continued)

Future minimum lease payments are as follows:

2026	\$	2,686
2027		2,436
2028		2,436
2029		2,436
2030		2,233
Total	\$	<u>12,227</u>

The Association, as lessor, also has an agricultural lease allowing for farming of preservation land owned by the Association for \$1 per year.

Note 12: SPECIAL EVENTS

Special event revenue (loss) is reported net of costs of direct benefits to donors and consists of the following amounts for the year ended September 30, 2025:

		Cost of Direct		
	<u>Revenue</u>	<u>Benefits to Donors</u>		<u>Net</u>
Dinner for donors	\$ -	\$ 78,928	\$	(78,928)
Concert	14,348	17,968		(3,620)
	<u>\$ 14,348</u>	<u>\$ 96,896</u>	<u>\$</u>	<u>(82,548)</u>

Special event revenue (loss) is reported net of costs of direct benefits to donors and consists of the following amounts for the year ended September 30, 2024:

		Cost of Direct		
	<u>Revenue</u>	<u>Benefits to Donors</u>		<u>Net</u>
Dinner for donors	\$ -	\$ 81,918	\$	(81,918)

Contributions received from tickets, auctions, and event underwriting were \$100,173 and \$84,833 for the years ended September 30, 2025 and 2024.

Note 13: RELATED PARTY TRANSACTIONS

The following related party transactions were noted between the Association and companies where board members have an ownership interest:

		<u>2025</u>		<u>2024</u>
Bookkeeping services	\$	7,520	\$	7,830
Contractor services		272,583		72,754
Architectural services		47,658		88,981

In 2025, contractor services consist of \$224,379 paid for service and \$48,204 of in-kind donation. Architectural services consist of \$24,943 paid for service and \$22,715 of in-kind donation. In 2024, architectural services consist of \$40,516 paid for service and \$48,465 of in-kind donation. See footnote 7.

See independent auditor's report.