

**BERKS NATURE
AND DISREGARDED ENTITY**

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023
AND

INDEPENDENT AUDITOR'S REPORT



McKONLY
& ASBURY

TAX
ASSURANCE
CONSULTING
ACCOUNTING

BERKS NATURE AND DISREGARDED ENTITY

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INDEPENDENT AUDITOR'S REPORT

Board of Directors of
Berks Nature

Opinion

We have audited the consolidated financial statements of Berks Nature and its disregarded entity, which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Berks Nature and its disregarded entity as of December 31, 2024 and 2023, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Berks Nature and its disregarded entity, 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Berks Nature and its disregarded entity's ability to continue as a going concern for one year after the date that the consolidated 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 consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Berks Nature and its disregarded entity'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Berks Nature and its disregarded entity'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.

McKonly & Asbury, LLP

Camp Hill, Pennsylvania
August 4, 2025

BERKS NATURE AND DISREGARDED ENTITY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2024 AND 2023

	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 476,723	\$ 700,909
Grants receivable	408,905	82,799
Inventory	23,920	34,419
Prepaid expenses and other current assets	26,284	24,749
Total current assets	<u>935,832</u>	<u>842,876</u>
Noncurrent assets		
Building, improvements, and equipment	9,683,670	9,661,523
Land held for conservation	4,587,993	4,548,393
Conservation easements held	27,262,810	24,307,022
Accumulated depreciation	(1,598,190)	(1,312,139)
Beneficial interest in assets held by Berks County Community Foundation	<u>4,383,806</u>	<u>3,958,730</u>
Total noncurrent assets	<u>44,320,089</u>	<u>41,163,529</u>
Total assets	<u>\$ 45,255,921</u>	<u>\$ 42,006,405</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 21,777	\$ 20,420
Accrued expenses	179	94,698
Refundable advances	229,802	224,927
Deferred revenue	22,421	34,897
Current portion of long-term debt	16,954	19,812
Total current liabilities	<u>291,133</u>	<u>394,754</u>
Long-term debt	<u>99,362</u>	<u>120,598</u>
Total liabilities	<u>390,495</u>	<u>515,352</u>
Net assets		
Without donor restrictions		
Undesignated	12,882,074	12,848,130
With donor restrictions	<u>31,983,352</u>	<u>28,642,923</u>
Total net assets	<u>44,865,426</u>	<u>41,491,053</u>
Total liabilities and net assets	<u>\$ 45,255,921</u>	<u>\$ 42,006,405</u>

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

BERKS NATURE AND DISREGARDED ENTITY

CONSOLIDATED STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Changes in net assets without donor restrictions		
Revenue and other support		
Contributions and grants	\$ 1,340,111	\$ 1,396,309
Contribution of land held for conservation	39,600	2,300,000
Tuition and fees, net	669,197	542,092
Store sales	17,973	23,538
Rental income	47,593	55,745
Bank interest income	36,143	18,002
Miscellaneous income	51,068	47,543
Net assets released from restrictions	1,263,163	1,390,038
Total revenue and other support	3,464,848	5,773,267
Expenses		
Program services	2,782,358	3,068,335
Fundraising	130,380	118,588
Management and general	518,166	472,805
Total expenses	3,430,904	3,659,728
Increase in net assets without donor restrictions	33,944	2,113,539
Changes in net assets with donor restrictions		
Contributions and grants	2,060,662	1,164,465
Investment income, net	499,362	395,636
Contributions of conservation easements	2,043,568	908,511
Net assets released from restrictions	(1,263,163)	(1,390,038)
Increase in net assets with donor restrictions	3,340,429	1,078,574
Change in net assets	3,374,373	3,192,113
Net assets at beginning of year	41,491,053	38,298,940
Net assets at end of year	\$ 44,865,426	\$ 41,491,053

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

BERKS NATURE AND DISREGARDED ENTITY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2024

	Program Services	Fundraising	Management and General	Total
Salaries and employee benefits	\$ 1,476,913	\$ 76,097	\$ 397,946	\$ 1,950,956
Professional fees	135,957	4,921	23,374	164,252
Travel	7,580	219	66	7,865
Meals and related supplies	15,712	1,166	1,719	18,597
Postage	8,687	718	570	9,975
Advertising and promotions	9,902	134	-	10,036
Contractor fees	338,759	2,537	12,052	353,348
Printing	54,403	1,242	31	55,676
Registration and licenses	2,069	41	194	2,304
Equipment leases	8,022	283	1,343	9,648
Office supplies	49,648	5,294	11,577	66,519
Online store goods	9,639	-	-	9,639
Repairs and maintenance	70,433	3,801	18,053	92,287
Information technology	14,887	959	4,554	20,400
Supplies	89,700	13,267	1,717	104,684
Interest expense	3,212	229	1,089	4,530
Meeting expenses	4,482	500	-	4,982
Dues and subscriptions	6,495	1,382	402	8,279
Insurance	82,619	3,555	16,886	103,060
Utilities/recycle	28,159	1,597	7,585	37,341
Equipment maintenance	1,142	2	7	1,151
Depreciation expense	260,021	11,430	14,600	286,051
Easement acquisition cost	22,550	-	-	22,550
Property management	4,459	-	-	4,459
Bank fees	21,517	268	1,275	23,060
Receptions	31,544	-	-	31,544
Miscellaneous expense	23,847	738	3,126	27,711
Total consolidated functional expenses	\$ 2,782,358	\$ 130,380	\$ 518,166	\$ 3,430,904

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

BERKS NATURE AND DISREGARDED ENTITY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2023

	Program Services	Fundraising	Management and General	Total
Salaries and employee benefits	\$ 1,378,671	\$ 66,694	\$ 362,421	\$ 1,807,786
Professional fees	272,769	4,681	23,715	301,165
Travel	13,606	221	246	14,073
Meals and related supplies	14,259	556	1,270	16,085
Postage	5,527	1,242	1,098	7,867
Advertising and promotions	10,261	2,476	-	12,737
Contractor fees	574,421	441	2,395	577,257
Printing	28,542	11,585	110	40,237
Registration and licenses	1,862	139	212	2,213
Equipment leases	7,552	334	1,813	9,699
Office supplies	53,820	5,615	13,717	73,152
Online store goods	14,279	-	-	14,279
Repairs and maintenance	51,382	3,243	17,623	72,248
Information technology	13,556	790	4,293	18,639
Supplies	107,088	2,152	826	110,066
Interest expense	6,865	440	2,393	9,698
Meeting expenses	7,477	103	451	8,031
Dues and subscriptions	6,732	1,771	458	8,961
Insurance	68,206	2,558	13,900	84,664
Utilities/recycle	25,136	1,307	7,101	33,544
Equipment maintenance	2,045	119	648	2,812
Depreciation expense	261,048	11,476	14,659	287,183
Easement acquisition cost	85,273	27	148	85,448
Property management	4,491	-	-	4,491
Bank fees	18,914	292	1,538	20,744
Receptions	10,331	-	-	10,331
Miscellaneous expense	24,222	326	1,770	26,318
Total consolidated functional expenses	\$ 3,068,335	\$ 118,588	\$ 472,805	\$ 3,659,728

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

BERKS NATURE AND DISREGARDED ENTITY

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Cash flows from operating activities		
Change in net assets	\$ 3,374,373	\$ 3,192,113
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities		
Depreciation	286,051	287,183
Investment (income) loss, net	(499,362)	(395,636)
Contributions of land held for conservation and conservation easements held	(2,083,168)	(3,208,511)
(Increase) decrease in assets		
Grants receivable	(326,106)	172,845
Inventory	10,499	2,728
Prepaid expenses and other current assets	(1,535)	(7,749)
Increase (decrease) in liabilities		
Accounts payable	1,357	(62,144)
Accrued expenses	(94,519)	61,871
Refundable advances	4,875	52,074
Deferred revenue	(12,476)	10,256
	659,989	105,030
Cash flows from investing activities		
Cash paid for building, improvements, and equipment, land held for conservation, and conservation easements held	(934,367)	(65,126)
Additions to beneficial interest in assets held by Berks County Community Foundation	(79,114)	(316,010)
Distributions of beneficial interest in assets held by Berks County Community Foundation	153,400	138,900
	(860,081)	(242,236)
Cash flows from financing activities		
Principal payments on long-term debt	(24,094)	(152,751)
	(24,094)	(152,751)
Net decrease in cash and cash equivalents	(224,186)	(289,957)
Cash and cash equivalents at beginning of year	700,909	990,866
Cash and cash equivalents at end of year	\$ 476,723	\$ 700,909
Supplemental disclosures of cash flow information		
Cash payments for interest	\$ 4,530	\$ 9,698
Total additions to building, improvements, and equipment, land held for conservation, and conservation easements held	\$ 3,017,535	\$ 3,273,637
Less: Contributions of land held for conservation and conservation easements held	(2,083,168)	(3,208,511)
Cash paid for building, improvements, and equipment, land held for conservation, and conservation easements held	\$ 934,367	\$ 65,126

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

BERKS NATURE AND DISREGARDED ENTITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION

Organization

Berks Nature and its disregarded entity, Berks Nature Educational Program LLC (collectively the Organization), are nonprofit entities organized under the laws of the Commonwealth of Pennsylvania and are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC).

In 2019, Berks Nature created a new entity, Berks Nature Educational Programs LLC (BNEP LLC). The purpose of BNEP LLC is to operate a nature preschool and a seasonal nature day camp. BNEP LLC is a single member LLC of which Berks Nature is the sole member and; therefore, is viewed as a disregarded entity for federal tax purposes. BNEP LLC is operated exclusively as a charitable business set forth in article 501(c)(3) of the IRC of 1986 and is managed by a Board of Managers appointed by Berks Nature.

In 2021, the Board of Directors voted to dissolve Berks County Conservancy Properties, Inc. as a nonprofit organization. This entity was originally created to hold fee simple property as a risk mitigation strategy. The Organization has determined different risk management strategies for their fee simple owned properties. Its net assets were transferred to Berks Nature in 2022 and the dissolution has occurred in 2024.

Berks Nature believes that nature is essential to quality of life and is the leading agent for the conservation of the environment in Berks County. The Organization accomplishes its conservation efforts by providing the following program services:

Land Conservation Programs

The Organization works as a land trust to protect valuable undeveloped land in Berks County, Pennsylvania, and surrounding counties. Lands selected for protection are natural spaces for future agricultural, scenic, and recreational uses. Special attention is given to maintaining important greenway corridors to support the biodiversity and natural habitats of our community and forested lands important to the quality and preservation of our drinking water supply. This land conservation is accomplished through the acquisition of conservation easements, restricting future development, or through outright fee simple acquisitions of land. In 2023, the Organization took ownership of a new 320-acre preserve known as the Dent-Gundry Wildlife Preserve. In 2024, Berks Nature took ownership of the Buttonwood Street Garden at 0.12 acres, and permanently protected 1,124.37 acres by conservation easement.

Watershed Restoration and Protection Programs

The Organization strives to protect water, habitat, and the natural environment by implementing restoration practices on numerous creeks or streams throughout Berks County. The Organization works with many farmers to implement best management practices on agricultural lands and farms throughout the community and works with drinking water companies to implement source water

BERKS NATURE AND DISREGARDED ENTITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

protection plans. The Organization manages four watershed associations of volunteers who complete citizen science, education, and community outreach.

Trails and Greenways

The Organization creates, promotes, and maintains a trail system throughout Greater Reading and works with partners to provide important connections for recreation and transportation. In 2023 and 2024, the major focus was on extending the Angelica Creek Trail.

Urban Revitalization

The Organization supports the revitalization of cities and older communities through its Berks Urban Greening Community Gardening Program. This program transforms vacant, blighted lots into healthy green community spaces and community gardens. These gardens provide opportunities for local residents to grow their own vegetables, herbs, and flowers which engenders economic self-sufficiency, health and nutritional benefits, resident cooperation, community spirit, and is an attractive green space in urban areas. The Organization supports the principles of smart growth.

Environmental and Conservation Education

The Organization provides numerous environmental and conservation education programs to children, families, adults, municipal leaders, and partners throughout the community. Through its State of the Environment Program, critical indicators for the health of the community are reported annually. In addition, the Organization manages The Nature Place at Angelica Park with summer Eco-Camps and programs with school groups throughout the year. Programs for municipal leaders, newsletters, e-news, communications, and programs that connect people with nature round out its offerings.

Nature Preschool and Berks Nature Educational Programs LLC

In 2018, the Organization opened the area's first "Nature Preschool" in response to the growing deficit of time spent outside by young children. The Nature Preschool is designed to help grow the next generation of conservationists. The students spend 75% of their time outside. The Nature Preschool activities and Eco-Camp activities sit within Berks Nature Educational Program LLC. The summer camp was fully subscribed in 2023 and 2024. The Nature Preschool had 82 unique preschoolers enrolled in 2024.

The Nature Place and The Rookery

In 2021, the Organization began construction on a phase 2 expansion of their LEED Gold certified nature center, The Nature Place. The Rookery rooftop deck and classroom opened in March 2022. This space enables the Organization to accommodate larger groups of up to 150 people which include field trips, recognition events and rentals. The Organization had nearly 13,000 visitors to The Nature Place in 2024.

BERKS NATURE AND DISREGARDED ENTITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization prepares its consolidated financial statements using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Principles of Consolidation

The consolidated financial statements include the accounts of Berks Nature and its disregarded entity, Berks Nature Educational Programs LLC. All significant inter-organization transactions have been eliminated.

Basis of Presentation

The Organization's consolidated financial statement presentation follows the reporting provisions applicable to nonprofit entities. Under these provisions, 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. Net assets are classified as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for particular purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties. At December 31, 2024 and 2023, there were no board-designated net assets.

Net Assets With Donor 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. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. See Note 8.

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

BERKS NATURE AND DISREGARDED ENTITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Use of Estimates

The preparation of consolidated 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 consolidated financial statements, and the reported amounts of revenues and expenses including functional allocations, during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Organization considers all unrestricted cash, which is not subject to withdrawal restrictions or penalties, and all highly-liquid debt instruments purchased with a maturity of three months or less, to be cash and cash equivalents on the accompanying consolidated statements of financial position. There were no cash equivalents at December 31, 2024 and 2023.

The Organization maintains cash accounts with several financial institutions. Deposits at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to applicable FDIC limits.

Inventory

Inventory consists of nature supplies held for resale. Inventory is determined by physical count and is stated at the lower of cost or net realizable value. Cost is determined by the first-in, first-out method.

Building, Improvements, and Equipment

Expenditures for the acquisition of building, improvements, and equipment are capitalized at cost. Depreciation is computed using the straight-line method over the following useful lives:

Building and improvements	40 years
Equipment	3-7 years

Maintenance and repairs of building, improvements, and equipment are charged to operations and major improvements are capitalized. Upon retirement sale, or other disposition of building, improvements, and equipment, the cost and accumulated depreciation are eliminated from the accounts, and gain or loss is included in operations.

The Organization's policy is to capitalize building, improvements, and equipment expenditures of \$5,000 or more.

BERKS NATURE AND DISREGARDED ENTITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount of the assets may not be recoverable. An asset is considered to be impaired when the undiscounted estimated net cash flows to be generated by the asset are less than the carrying amount. The impairment recognized is the amount by which the carrying amount exceeds the fair value of the impaired asset. Fair value estimates are based on assumptions concerning the amount and timing of the estimated future cash flows and the discounted rates reflecting varying degrees of perceived risk. Management has concluded that no impairment adjustments were required during the years ended December 31, 2024 and 2023.

Refundable Advances

Funds received for grants in advance of program activities or performance of services are accounted for as refundable advances.

Revenue Recognition

Contributions and Contributions of Easements

Contributions of land and easements are recorded and reflected in the accompanying consolidated statements of activities at their fair values based on the appraisal value of the land at the dates of receipt.

Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Unconditional contributions, which are expected to be collected within one year, are recorded at net realizable value. Unconditional contributions that are expected to be collected over periods in excess of one year are recorded at the present value of the estimated cash flows beyond one year. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

Conditional contributions are not included as support until the conditions are substantially met. When collected prior to satisfaction of donor restrictions, amounts are reported as refundable advances.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Grants

The Organization records grant revenue when all conditions stipulated by the grant have been substantially met.

Tuition and Fees

The Organization operates the Berks Nature Preschool from September through May and Eco-Camp from June through August. Tuition and fees are recognized as an exchange transaction. Revenue is recognized at the time service is provided. If resources are provided in advance of the transfer of commensurate value, it is reflected as deferred revenue in the consolidated statements of financial position.

As of January 1, 2023, deferred revenue arising from tuition and fees amounted to \$24,641.

Donated Services and Goods

A substantial number of volunteers have donated significant hours to the Organization's program services and other activities; however, these donated services are not reflected in the consolidated financial statements since the services do not require specialized skills.

Functional Allocation of Expenses

The costs of providing program services, fundraising, and other activities have been summarized on a functional basis in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the program services, fundraising and management and general, activities benefited.

<u>Expense</u>	<u>Allocation Method</u>
Salaries and employee benefits	Time and effort
Professional fees	Direct and location
Contractor fees	Direct and location
Supplies	Direct and location
Depreciation expense	Square footage and location

Income Taxes

Berks Nature and Berks County Conservancy Properties, Inc. are nonprofit corporations and Berks Nature Educational Program LLC is a disregarded entity that is included with Berks Nature in filing annual federal nonprofit returns with the Internal Revenue Service. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Management believes it is no longer subject to income tax examinations for years prior to 2021.

Reclassifications

Certain amounts in the 2023 consolidated financial statements have been reclassified to conform to the presentation of the 2024 consolidated financial statements.

Subsequent Events

Management evaluated subsequent events through August 4, 2025, the date the consolidated financial statements were available to be issued.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position dates, comprise the following at December 31:

	<u>2024</u>	<u>2023</u>
Financial Assets:		
Cash and cash equivalents	\$ 476,723	\$ 700,909
Grants receivable	<u>408,905</u>	<u>82,799</u>
Financial assets available to meet general expenditures within one year	<u>\$ 885,628</u>	<u>\$ 783,708</u>

The Organization manages its liquidity and cash reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

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. To help manage unanticipated liquidity needs, the Organization has available a line of credit, which it could draw upon as further disclosed in Note 6.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value 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 under FASB Accounting Standard Codification (ASC) 820, *Fair Value Measurements and Disclosures*, 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 Plan 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 the 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, the level 2 input must be observable for substantially the full term of the asset or liability.

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. There have been no changes in the methodologies used at December 31, 2024 and 2023.

Beneficial Interest in Assets Held by Berks County Community Foundation Agency Account: Valued at the net asset value of the underlying investments held by and as reported to the Organization by Berks County Community Foundation.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore while the Organization 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 table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as December 31, 2024 and 2023.

Assets at fair value as of December 31, 2024:

	Level 1	Level 2	Level 3	Total
Beneficial Interest in Assets Held by Berks County Community Foundation Agency Account	\$ -	\$ -	\$ 4,383,806	\$ 4,383,806
	\$ -	\$ -	\$ 4,383,806	\$ 4,383,806

Assets at fair value as of December 31, 2023:

	Level 1	Level 2	Level 3	Total
Beneficial Interest in Assets Held by Berks County Community Foundation Agency Account	\$ -	\$ -	\$ 3,958,730	\$ 3,958,730
	\$ -	\$ -	\$ 3,958,730	\$ 3,958,730

BERKS NATURE AND DISREGARDED ENTITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A reconciliation of changes in Level 3 assets is as follows for the year ended December 31:

	<u>2024</u>	<u>2023</u>
Beginning balance	\$ 3,958,730	\$ 3,385,984
Contributions	79,114	316,010
Investment income, net of fees	499,362	395,636
Distributions	<u>(153,400)</u>	<u>(138,900)</u>
Ending balance	<u>\$ 4,383,806</u>	<u>\$ 3,958,730</u>

Investment income is comprised of the following for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Dividends and interest, net of fees	\$ 53,212	\$ 45,478
Net realized gains	219,362	241,580
Net unrealized gains	<u>226,788</u>	<u>108,578</u>
	<u>\$ 499,362</u>	<u>\$ 395,636</u>

5. BUILDING, IMPROVEMENTS, AND EQUIPMENT

A summary of building, improvements, and equipment is as follows at December 31:

	<u>2024</u>	<u>2023</u>
Building and improvements	\$ 8,951,783	\$ 8,929,636
Equipment	<u>731,887</u>	<u>731,887</u>
	9,683,670	9,661,523
Accumulated depreciation	<u>(1,598,190)</u>	<u>(1,312,139)</u>
	<u>\$ 8,085,480</u>	<u>\$ 8,349,384</u>

BERKS NATURE AND DISREGARDED ENTITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. LINE OF CREDIT

The Organization has a \$250,000 line of credit with Tompkins Bank. The outstanding balance on the line of credit is collateralized by assets of the Organization. All amounts borrowed are payable on demand and bear interest at the Wall Street Journal prime rate minus 0.25% with a floor of 3%. The interest rate on the line was 7.25% and 8.25% at December 31, 2024 and 2023.

As of December 31, 2024 and 2023, there was no outstanding balance on the line of credit.

7. LONG-TERM DEBT

Long-term debt consists of the following at December 31:

	2024	2023
Note payable to Berks County Community Foundation’s sustainable energy fund for the construction of The Nature Place. Monthly payments of \$1,266, including interest at 1.75% are required and the note is secured by real estate. The note was repaid in full in March 2024.	\$ -	\$ 3,788
Note payable to Tompkins Bank for a mortgage on an acquired property added to the Neversink Mountain Community Forest and Preserve. Monthly payments of principal and interest of \$2,067, beginning in February 2022, and a final balloon principal and interest payment on January 1, 2027. Interest accrues at 3.50%.	116,316	136,622
	116,316	140,410
Current portion of long-term debt	(16,954)	(19,812)
	\$ 99,362	\$ 120,598

BERKS NATURE AND DISREGARDED ENTITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Aggregate annual maturities required on long-term debt at December 31, 2024, are due as follows:

2025	\$	16,594
2026		17,184
2027		82,538
		<hr/>
	\$	116,316
		<hr/> <hr/>

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes at December 31:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for specified purpose or period:		
Land conservation programs	\$ 2,974,457	\$ 2,611,993
Watershed restoration and protection programs	19,688	19,610
Urban revitalization	100,396	93,007
Environmental and conservation education	168,432	153,722
	<hr/>	<hr/>
	3,262,973	2,878,332
Restricted in perpetuity:		
Land and easements	27,490,379	24,534,591
Endowment funds held for environmental/ conservation education	1,230,000	1,230,000
	<hr/>	<hr/>
	28,720,379	25,764,591
	<hr/>	<hr/>
	\$ 31,983,352	\$ 28,642,923
	<hr/> <hr/>	<hr/> <hr/>

9. NET ASSETS IN ENDOWMENT FUNDS

The Organization's endowment consisted of funds restricted by donors to be held in perpetuity, the income from which is expendable to support the Organization's services. As required by generally accepted accounting principles, net assets associated with the endowment funds, including funds restricted by donors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

BERKS NATURE AND DISREGARDED ENTITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In accordance with donor direction and the provisions of applicable the Pennsylvania statute, the Organization classified amounts in its donor-restricted endowment funds as net assets with donor restrictions, because those net assets were time restricted until the Board appropriated such amounts for expenditure. Most of those net assets also were subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Board has interpreted the Pennsylvania statute as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organization 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 Organization has interpreted the Pennsylvania statute to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- A. The duration and preservation of the fund.
- B. The purposes of the Organization and the donor-restricted endowment fund.
- C. General economic conditions.
- D. The possible effect of inflation and deflation.
- E. The expected total return from income and the appreciation of investments.
- F. Other resources of the Organization.
- G. The investment policies of the Organization.

On December 28, 2021, the Organization's endowment totaling \$3,000,000 was transferred to Berks County Community Foundation. The endowments transferred to the Foundation are held in accounts for the same restricted purposes under the Organization. The Organization receives annual distributions from the Foundation from the endowment funds. The Organization granted complete variance power over the investments, and administration of the funds to the Foundation. The Organization receives earnings and income generated under the endowment in accordance with Foundation agreements. The investments are presented as a beneficial interest in assets held by Berks County Community Foundation, on the consolidated statements of financial position. See Note 12, for additional endowments held by the Foundation.

BERKS NATURE AND DISREGARDED ENTITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

2024	Restricted for Specified Purpose	Restricted in Perpetuity	Total
Endowment net assets at beginning of year	\$ 2,728,730	\$ 1,230,000	\$ 3,958,730
Investment income net of fees	499,362	-	499,362
Contributions	79,114	-	79,114
Appropriations of endowment assets for expenditures	<u>(153,400)</u>	<u>-</u>	<u>(153,400)</u>
Endowment net assets at end of year	<u>\$ 3,153,806</u>	<u>\$ 1,230,000</u>	<u>\$ 4,383,806</u>
2023	Restricted for Specified Purpose	Restricted in Perpetuity	Total
Endowment net assets at beginning of year	\$ 2,155,984	\$ 1,230,000	\$ 3,385,984
Investment income net of fees	395,636	-	395,636
Contributions	316,010	-	316,010
Appropriations of endowment assets for expenditures	<u>(138,900)</u>	<u>-</u>	<u>(138,900)</u>
Endowment net assets at end of year	<u>\$ 2,728,730</u>	<u>\$ 1,230,000</u>	<u>\$ 3,958,730</u>

BERKS NATURE AND DISREGARDED ENTITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. TAX DEFERRED ANNUITY PLAN

The Organization has a defined contribution 401(k) plan for employees. Effective January 1, 2023, the Organization began to provide a safe harbor matching contribution equal to 100% of employee contributions up to a maximum of 3% of eligible compensation plus 50% of employee contributions between 3% and 5% of eligible compensation. Employer's safe harbor matching contributions totaled \$53,103 and \$43,213 for the years ended December 31, 2024 and 2023, respectively.

11. RELATED PARTY TRANSACTIONS

Transactions with Board of Directors

The Organization has had and may be expected to have in the future transactions in the ordinary course of business with directors and organizations with which they are associated on substantially the same terms as those prevailing at the time for comparable transactions with others. The aggregate amounts of these transactions are not significant to the consolidated financial statements.

12. BERKS COUNTY COMMUNITY FOUNDATION HELD ENDOWMENTS

In June of 2021, the Berks County Community Foundation received a donation to establish "The Berks Nature Endowment Fund" at the Foundation. The purpose of the fund, which is to be held in perpetuity, is to provide annual operating support to the Organization. Two other endowments are held by the Foundation. The Foundation retains variance power over the funds and may modify the interests in the funds under certain circumstances. Thus, the assets of the funds are not reported on the Organization's consolidated financial statements.

The Foundation held endowments for the Organization as follows at December 31:

	2024	2023
Berks Nature Endowment Fund	\$ 24,165,594	\$ 22,428,705
Conservation Equity Fund	60,652	61,455
Fund for Stream and Wetland Preservation	27,167	24,364
	<u>\$ 24,253,413</u>	<u>\$ 22,514,524</u>

As described in Note 9, the Foundation holds agency funds that were established by the Organization. These funds are recorded as the beneficial interest in assets held by Berks County Community Foundation, on the consolidated statements of financial position.

BERKS NATURE AND DISREGARDED ENTITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Foundation held agency fund endowments for the Organization are as follows at December 31:

	<u>2024</u>	<u>2023</u>
Berks Nature Endowment Fund	\$ 98,856	\$ 91,471
Community Gardens Fund	100,396	93,007
Conservation Easement Stewardship Fund	1,223,078	1,054,285
Golden Meadows Management Fund	167,866	155,397
Land Protection Bridge Fund	506,748	469,265
Wetland Management Fund	19,934	18,436
Nature Preservation and Trail Management Fund	1,893,555	1,731,182
Endowment Fund for Education at Berks Nature	332,474	307,811
Education Endowment Fund	40,899	37,876
	<u>\$ 4,383,806</u>	<u>\$ 3,958,730</u>

13. CONCENTRATIONS

For the year ended December 31, 2024, contributions from two donors accounted for 43% of the contributions. For the year ended December 31, 2023, contributions from two donors accounted for 58% of the contributions. These contributions consist mostly of land and easement contributions.



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