

**SHERIDAN COMMUNITY
LAND TRUST**

FINANCIAL REPORT

JUNE 30, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Sheridan Community Land Trust
Sheridan, Wyoming

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Sheridan Community Land Trust, which comprise the statement of financial position as of June 30, 2025, the related statement of activities, and statement of functional expenses, statement of cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Sheridan Community Land Trust and affiliates as of June 30, 2025, and the changes in their net assets and their 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 (GAAS) [and if applicable, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States]. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Sheridan Community Land Trust 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.

Other Matters

Included in the audited financial statements of Sheridan Community Land Trust includes restated net assets due to the prior year June 30, 2024 review being done on the tax basis and not the full accrual basis as generally accepted by accounting principles in the United States of America. We draw your attention to Note 10 in the accompanying footnotes which describes the effect in change in basis further.

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 Sheridan Community Land Trust's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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



substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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 combined 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 Sheridan Community Land Trust'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Sheridan Community Land Trust'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.

We are required to be independent of Sheridan Community Land Trust and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Mountain States CPAs and Consultants, LLC

Mountain States CPAs and Consultants, LLC
Lander, Wyoming
January 16, 2026

Financial Statements

**SHERIDAN COMMUNITY LAND TRUST
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025**

ASSETS	<u>2025</u>
CURRENT ASSETS	
Cash and cash equivalents	\$ 261,712
Certificates of deposit	101,603
Investments	4,423,021
Receivables	
Grants receivable	21,315
Conservation easements	15
Total current assets	<u>4,807,666</u>
Property and equipment, net	<u>1,121,615</u>
Total Assets	<u>\$ 5,929,281</u>
 LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable and accrued expenses	<u>59,402</u>
Total Liabilities	<u>59,402</u>
 NET ASSETS	
Without donor restriction	3,706,373
With donor restriction	<u>2,163,506</u>
Total Net Assets	<u>5,869,879</u>
Total Liabilities and Net Assets	<u>\$ 5,929,281</u>

**SHERIDAN COMMUNITY LAND TRUST
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Public Support			
Federal Grants	\$ 77,024	\$ 0	\$ 77,024
Non Federal Grants	268,370	0	268,370
Contributions and Other	198,423	214,081	412,504
Non- cash contributions	3,143	0	3,143
In-Kind contributions	10,735	0	10,735
Revenues			
Investment revenue	158,908	96,934	255,842
Total Support and Revenue	<u>716,603</u>	<u>311,015</u>	<u>1,027,618</u>
NET ASSETS RELEASED FROM RESTRICTIONS			
Net assets released from restrictions	498,067	(498,067)	0
Total Net Assets Released from Restrictions	<u>498,067</u>	<u>(498,067)</u>	<u>0</u>
EXPENSES			
Program and Functional Expenses			
Program services			
Recreation	192,653	0	192,653
Conservation	369,720	0	369,720
History	170,896	0	170,896
General and administrative	47,148	0	47,148
Fundraising	33,436	0	33,436
Total Expenses	<u>813,853</u>	<u>0</u>	<u>813,853</u>
OTHER REVENUE (EXPENSE)			
Net unrealized gains and (losses) on investments	151,693	0	151,693
Change in Net Assets	<u>552,510</u>	<u>(187,052)</u>	<u>365,458</u>
Net Assets, Beginning of Year - as restated	<u>3,153,863</u>	<u>2,350,558</u>	<u>5,504,421</u>
Net Assets, End of Year	<u>\$ 3,706,373</u>	<u>\$ 2,163,506</u>	<u>\$ 5,869,879</u>

See Independent Auditor's Report and Notes to the Financial Statements

**SHERIDAN COMMUNITY LAND TRUST
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025**

	Recreation	Conservation	History	Total Program Services	General and Administrative	Fundraising	Total Expenses
Salaries	\$ 125,869	\$ 125,869	\$ 125,869	\$ 377,608	\$ 20,978	\$ 20,978	\$ 419,564
Employee benefits	14,573	14,573	14,573	43,720	2,429	2,429	48,578
Payroll taxes and associated	8,015	8,015	8,015	24,046	1,336	1,336	26,718
Land protection	0	187,483	0	187,483	0	0	187,483
Easements	0	11,341	0	11,341	0	0	11,341
Contract services	4,120	4,120	4,120	12,361	3,090	0	15,451
Dues and subscriptions	641	641	641	1,922	1,789	560	4,271
Office and administration	2,051	2,051	2,051	6,153	6,153	1,367	13,673
Program supplies	23,036	1,280	1,280	25,596	0	0	25,596
Rent	776	776	776	2,329	950	603	3,882
Maintenance	311	311	310	932	0	0	932
Marketing and promotion	1,100	1,100	1,100	3,300	0	952	4,252
Miscellaneous	215	215	215	646	185	92	923
Copying, postage, and mailing	3,938	3,938	3,938	11,815	3,376	1,688	16,879
Liscenses and permits	2,393	2,393	2,393	7,180	2,052	1,026	10,258
Travel and training	1,575	1,575	1,575	4,724	1,350	675	6,748
Total expenses before depreciation and amortization	188,615	365,683	166,858	721,156	43,686	31,706	796,548
Depreciation expense	4,038	4,038	4,038	12,113	3,461	1,731	17,305
Total Functional Expenses	\$ 192,653	\$ 369,720	\$ 170,896	\$ 733,269	\$ 47,148	\$ 33,436	\$ 813,853

See Independent Auditor's Report and Notes to the Financial Statements

**SHERIDAN COMMUNITY LAND TRUST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025**

INCREASE (DECREASE) IN CASH

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from operations	\$ 412,504
Cash received from grants	324,079
Cash received from investment activity	255,842
Cash payments for goods, services and programs	(249,674)
Cash paid to employees, benefits and taxes	<u>(488,482)</u>

Net Cash Provided by (Used in) Operating Activities	<u>254,269</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments	806,350
Sale of investments	(3,247)
Purchase of capital assets	<u>(1,103,156)</u>

Net Cash Used in Investing Activities	<u>(300,053)</u>
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NET CHANGE IN CASH	(45,784)
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CASH - BEGINNING OF YEAR	<u>409,099</u>
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CASH - END OF YEAR	<u><u>\$ 363,315</u></u>
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RECONCILIATION OF OPERATING INCOME TO NET
CASH USED IN OPERATING ACTIVITIES

Change in net assets (loss)	\$ 365,458
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Adjustments to reconcile operating income to net cash
used for operating activities

Depreciation	17,305
Unrealized gain or loss on investments	(151,693)
(Increase) decrease in grants receivable	(21,315)
Increase (decrease) in accounts payable and accrued expenses	<u>44,514</u>

Net Cash Used in Operating Activities	<u><u>\$ 254,269</u></u>
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Notes to the Financial Statements

**SHERIDAN COMMUNITY LAND TRUST
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies

Sheridan Community Land Trust (SCLT) is a Wyoming nonprofit land preservation and conservation organization dedicated to promoting agriculture landscapes, open spaces, wildlife habitat, recreation opportunities, and historic preservation for the benefit of current and future residents of Sheridan County. It achieves the long-term protection of land and structures by seeking, holding, and monitoring conservation easements and historic preservation easements and by generally supporting policies and projects that accomplish its mission. In addition, the Trust communicates its community-driven objectives through education and awareness events in the community. Its activities are accomplished in cooperation with a wide variety of partners at the federal, state and local level including other government entities, non-profits, businesses and individuals.

Programs

The programs administered by the Trust are centered around; Conservation, History and Recreation.

Conservation – SCLT works with private landowners to craft a voluntary conservation agreement, also known as a conservation easements, that permanently conserves land that are crucial wildlife habitats, protects rivers and streams, are in working agriculture, or contributes to the scenic quality of Sheridan County. SCLT believes that by maintaining the values that make Sheridan County unique and beautiful, we will make a positive impact on the local tourism economy and make sure that this is always a great place to live.

Historical – SCLT works to tell our local and regional history through the lens of our natural resources, landscapes, and diverse cultures. SCLT historic projects offer community members and visitors of Sheridan insight about local history of Sheridan County and the heritage of the Regional Plains Tribes.

Recreation- SCLT works to create new recreation opportunities in Sheridan County for public benefit. Access to abundant recreation opportunities is critical to cultivating healthy communities. Whether it be hiking, mountain biking, boating, birding, or just having access to a beautiful and safe place to spend time with your family outside, new recreation opportunities will always positively impact residents and visitors. Making it easy for families to get outside and recreate also connects the next generation with the outdoors and makes Sheridan County a more desirable place to live.

Basis of Accounting

The accompanying financial statements have been prepared on the full accrual basis of accounting, which is a basis of accounting generally accepted in the United States of America.

Significant Accounting Policies

The accompanying consolidated financial statements were prepared on the accrual basis of accounting using the following accounting policies:

Income Taxes

The Trust is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Trust's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Trust qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as a Trust other than a private foundation under Section 509(a)(2).

**SHERIDAN COMMUNITY LAND TRUST
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies (cont.)

Income Taxes (cont.)

Management evaluated the SCLT's tax positions and concluded that the SCLT had taken no uncertain tax positions that require disclosures in the financial statements. With few exceptions, SCLT is no longer subject to income tax examinations by the U.S. Federal, State, or Local tax authorities except for the last three years filed.

Cash and Cash Equivalents

For purposes of reporting cash flows, the SCLT considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Cash and cash equivalents consist of cash on hand, certificates of deposit, and cash held in investment accounts. Balances in bank accounts are adjusted for reconciling items that may exist as of June 30, 2025.

Grants Receivables

Grants receivables represent amounts expended and earned under a reimbursement type grants that have not been received under grant agreements. SCLT considers grants and receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made. SCLT has grants receivable for reimbursement of expenses totaling \$21,315 as of June 30, 2025.

Prepaid Expenses

Prepaid expenses arise from time to time and would consist of miscellaneous expenses related to the subsequent operating period that have been paid in advance.

Property and Equipment

SCLT follows the practice of capitalizing all major expenditures for organization costs and property and equipment with a cost or value of \$5,000 or more and an expected life greater than or equal to one year. Acquisitions of property and equipment are reflected at cost or, if donated, at fair market value at the time of donation. Property and equipment are depreciated by the straight-line method and organization and software costs are amortized over the estimated useful lives.

Personal Leave

Included in accrued expenses is accrued personal leave, which represents the Organization's liability for the cost of unused employee personal leave payable in the event of employee resignation. Upon termination employees are not compensated for the accrued vacation in accordance with SCLT's policy. Employees accrue vacation according to the following schedule below and are unable to carry any unused personal leave to the following year in excess of 120 hours.

- Employees earn 12 days of paid personal leave (96 hours) in the first year of employment.
- Employees earn 16 days of paid personal leave (128 hours) in the second year of employment through the 4th year of employment.
- Employees earn 22 days of paid personal leave (176 hours) in the fifth year of employment.

As of June 30, 2025, SCLT has recognized a personal leave liability of \$13,998.

**SHERIDAN COMMUNITY LAND TRUST
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies (cont.)

Net Assets

For financial reporting purposes, net assets are reported in various classes, depending on the nature of any donor-imposed restrictions limiting the Trust's ability to use or dispose of specific contributed assets or the economic benefits embodied in those assets. The classes of net assets used by the Trust are as follows:

Net Assets Without Donor Restrictions – Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Trust, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets With Donor Restrictions – Some donor-imposed restrictions are temporary 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.

SCLT's unspent contributions are reported in net assets with donor restrictions if the donor limited their use, as are promised contributions that are not yet received. Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

SCLT's donor-restricted endowment funds, including the unspent appreciation of the endowment fund and the portion of the Trust's donor-restricted endowment funds that the Trust is committed to maintaining in perpetuity are classified in net assets with donor restrictions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Revenue Recognition

Revenue with and without Donor Restrictions – Contributions received are recorded as increases in net assets without donor restrictions and net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Grant revenue is recognized in two different ways. When an unrestricted grant is received with no qualifying factors to receive the funds, revenue is recognized when the funds are received. Certain grants are cost reimbursement grants where SCLT needs to spend the Trust's money for a specific purpose and is then reimbursed. Revenue for these grants is recognized as well as a receivable when the funds are spent on the specific purpose as required by the grant.

**SHERIDAN COMMUNITY LAND TRUST
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies (cont.)

Revenue Recognition (cont.)

Contributions received are recorded as increases in net assets without donor restrictions, or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. When restrictions expire (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. Restricted contributions whose restrictions are met in the same reporting period are shown as support without donor restrictions. In the absence of donor restrictions to the contrary, restrictions on contributions of property or equipment or on assets restricted to acquiring property or equipment expire when the property or equipment is placed in service.

Contributions of investments are recorded at their fair values at the date of the donation. The Trust recognizes contributed nonfinancial assets within revenue, including contributed services, supplies, land, and miscellaneous items. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Contributed nonfinancial assets without donor restrictions recognized within the statement of revenues, expenses and other changes in net assets – income tax basis consisted of the following for the year ended June 30, 2025:

	<u>2025</u>
Conservation easements	\$ 0
Services	13,878
Supplies	<u>3,096</u>
	<u>\$ 16,974</u>

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain 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 amounts could differ from those estimates.

Functional Allocation of Expenses

The costs of providing programs and supporting services have been summarized on a functional basis in the Statement of Activities. Directly identifiable expenses are charged to program services and fundraising. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Accordingly, certain costs have been allocated among the programs and supporting services benefited that are not directly identifiable.

Marketing and Promotional

The Organizations follow the policy of charging the costs of advertising to expense as incurred. SCLT incurred marketing and promotional costs of \$4,252 for the year ended June 30, 2025.

**SHERIDAN COMMUNITY LAND TRUST
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies (cont.)

New Accounting Pronouncements

On April 22, 2024, the Office of Management and Budget issued revisions to the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The government-wide effective date of the revisions is October 1, 2024; however, federal agencies may elect to implement the revisions as early as June 21, 2024. The increase in the audit threshold from \$750,000 to \$1,000,000 is effective for auditee fiscal years beginning on or after October 1, 2024.

Update No. 2023-01, *Leases (Topic 842): Common Control Arrangements*, is effective for fiscal years beginning after December 15, 2023. This Update responds to issues related to applying Topic 842 to related party arrangements between entities under common control.

Update No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, is effective for entities other than public business entities, including not-for-profit entities, for fiscal years beginning after December 15, 2025. This Update enhances the transparency and decision usefulness of income tax disclosures.

Management, is evaluating the effects of these new pronouncements on the organizations financial statements.

Note 2 - Liquidity and Availability of Financial Assets

The amounts below reflect SCLT's financial assets available to meet cash needs for general expenditures within one year, as of the statement of financial position date. Financial assets are reduced by amounts that are not available for general use due to donor-imposed restrictions or board designations within one year of the statement of financial position date. Total restrictions are shown below to present a conservative amount available for the following years expenditures.

The following represent the organization's financial assets:

Financial assets at yearend:	2025
Cash	\$ 261,712
Investments -	4,423,021
Accounts and grants receivable	21,315
Accounts payable and accrued expenses	<u>(59,402)</u>
Total financial assets	<u>4,646,646</u>
Less amounts unavailable for general expenditures due to:	
Restricted by donor with time or purpose restrictions	<u>(2,163,506)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 2,483,140</u></u>

**SHERIDAN COMMUNITY LAND TRUST
NOTES TO FINANCIAL STATEMENTS**

Note 3 - Investments

Investments in marketable equity securities with readily determinable fair values are stated at fair value. Real estate investments and equity securities without readily determinable fair values are stated at cost.

Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs are unobservable and have the lowest priority. The three levels of the fair value hierarchy are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation 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's 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 used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Fair Values of assets measured on a nonrecurring basis as of June 30, 2025 are as follows:

<u>Investment Type</u>	<u>Amount</u>	<u>Classification</u>
Mutual Funds	\$ 1,518,473	Type I
Equities	766,958	Type I
Exchange - traded funds	2,105,617	Type I
Cash equivalents	31,973	NA
Total	<u>\$ 4,423,021</u>	

SCLT also holds a certificate of deposit as of June 30, 2025 with terms described below.

<u>Investment Type</u>	<u>Amount</u>	<u>Maturity</u>	<u>Rating</u>
Certificate of Deposit	\$ 101,603	12 Months	None

Investment income for the year consisted of interest, dividends and realized capital gains of \$255,942 as of June 30, 2025.

**SHERIDAN COMMUNITY LAND TRUST
NOTES TO FINANCIAL STATEMENTS**

Note 4 - Grants and Contracts Receivable

Receivables at June 30, 2025, consisted of grants receivable. No allowance has been recorded on receivables, as all amounts are considered fully collectible.

	<u>2025</u>	<u>2024</u>
Total grant receivables	\$ 21,315	\$ 0
Total accounts receivables	0	0
Allowance for bad debts	<u>0</u>	<u>0</u>
Total receivables	<u>\$ 21,315</u>	<u>\$ 0</u>

Note 5 - Conservation Easements

As of June 30, 2025, the Trust held 15 conservation and 2 historic preservation easements. The Trust only holds conservation easements placed on properties acceptable to the land trust.

SCLT does not believe that conservation easements meet the definition of an asset as defined in Concepts Statement No. 8 – Chapter 4 of the Financial Accounting Standards Board (FASB), the easements are recorded at a nominal value of \$1. These easements may be acquired through a donation or by purchase. If acquired by donation, the easement is recorded at the nominal \$1 value, and the donation amount is recorded as a non-cash contribution. If acquired by purchase, the difference between the \$1 nominal value and the purchase price is recorded as a program (Land Protection) expense. The Trust also holds historic preservation easements placed on structures acceptable to the Trust. As of June 30, 2025, 2 such easements having a 50-year life span were held. Historic preservation easements are not booked as an asset but are listed in the notes to the financial statements with the years they remain in effect noted.

Projects – Projects consist of land purchases, conservation easements and/or historic preservation activities during the year ending June 30, 2025 and also include a to-date listing of existing fee title land holdings or easements held by the Trust. Total amounts paid by the Trust during the years ended June 30, 2025 for the acquisition of the conservation easements was \$0.

Conservation Easements held in perpetuity include:

- VOA – Little Goose Creek Acreage, 9.4 Acres since December 17, 2007.
- John and Vanessa Buyok – Buyok Ranch, 844 Acres since September 14, 2010.
- Charles Hart – McCormick Creek Headwaters, 244 Acres since December 14, 2011
- ERA Carroll Realty Inc. – Soldier Ridge Acreage, 632 Acres since March 9, 2012
- ERA Carroll Realty Inc. – Soldier Hills Acreage, 522 Acres since March 9, 2012
- McMeans – Tongue River, 80 Acres since November 22, 2013
- Legacy Land and Cattle – 528 Acres since June 23, 2015
- Community Impact LLC – North Gateway, 31 Acres since December 17, 2016
- Deer Haven 1 – 97.5 Acres since January 2, 2019
- Deer Haven 2 – 15.5 Acres since January 2, 2019
- Sheridan Heights Ranch – 476 Acres since October 19, 2019
- 2M Farms, LLC – 420 Acres since November 4, 2021
- River Road Ranch – 8 Acres since July 24, 2023
- Stelindo Ranch – 739 Acres since November 16, 2023
- Ingwersen – 360 Acres since February 15, 2024

Historical Conservation Easements:

Historic Sheridan Inn – Structure and elements, December 11, 2008. *Term – 50 Years*
Doc Huson Homestead – Stonework, Exterior, June 23, 2015. *Term – 50 Years*

**SHERIDAN COMMUNITY LAND TRUST
NOTES TO FINANCIAL STATEMENTS**

Note 5 - Property and Equipment

A summary of property and equipment at June 30, 2025, is as follows:

	<u>Balance June 30, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>adjustments</u>	<u>Balance June 30, 2025</u>
Nondepreciable Capital Assets					
Land	\$ 0	\$ 855,362	\$ 0	\$ 0	\$ 855,362
Construction in process	0	0	0	0	0
Total Nondepreciable Capital Assets	0	855,362	0	0	855,362
Depreciable Capital Assets					
Buildings and improvements	0	247,793	0	0	247,793
Vehicles	32,195	0	0	0	32,195
Furniture and equipment	71,913	0	0	0	71,913
Total Depreciable Capital Assets	\$ 104,108	\$ 247,793	\$ 0	\$ 0	\$ 351,901
Less Accumulated Depreciation					
Buildings and improvements	0	4,543	0	0	4,543
Vehicles	12,878	6,439	0	0	19,317
Furniture and equipment	55,465	6,323	0	0	61,788
Total Accumulated Depreciation	\$ 68,343	\$ 17,305	\$ 0	\$ 0	\$ 85,648
Total Depreciable Capital Assets, Net	<u>\$ 35,765</u>	<u>\$ 1,085,850</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,121,615</u>

Depreciation expense included in operating expenses totaled \$17,305 as noted in the table above. Also noted in the table above is an increase land and building and improvements related to the purchase of SCLT's headquarters.

Note 6 - Net Assets

Net Assets with Donor Restrictions - The Organization has recorded in this classification the remaining balance of grant awards from its various grantors to be expended on future program activities which were awarded for specific purposes.

Restricted net assets consist of the following at June 30, 2025:

	<u>2025</u>
Operating endowment	\$ 2,000,000
Conservation development	43,667
Red grade trails	30,000
Recreation development	16,000
Historical	4,500
BGNA	1,300
Other purposes	68,039
Total	<u>\$ 2,163,506</u>

**SHERIDAN COMMUNITY LAND TRUST
NOTES TO FINANCIAL STATEMENTS**

Note 6 - Net Assets (cont.)

Net assets released from restrictions for the year ending June 30, 2025 are as follows:

	<u>2025</u>
Operating endowment	\$ 2,000,000
Conservation development	43,667
Red grade trails	30,000
Recreation development	16,000
Historical	4,500
BGNA	1,300
Other purposes	<u>68,039</u>
Total	<u>\$ 2,163,506</u>

Note 7 - Endowment Funds

SCLT's endowment consists of a fund established for the operations of the Trust. Its endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Board Designated Endowment

As of June 30, 2025 the Board of Directors had designated \$140,726 of net assets without donor restrictions as a stewardship endowment fund to support the mission of SCLT. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions.

SCLT's Finance Committee will review the operating funds of SCLT and distribute a discretionary amount of income to SCLT as needed. The remaining income is reinvested.

In establishing this policy, SCLT considered the long-term expected investment return on its endowment. Accordingly, over the long term, SCLT expects the current spending policy to allow its general endowment fund to grow at an average of 5% per annum net of fees plus the long-term inflation rate as determined by the Consumer Price Index. This is consistent with SCLT's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

To achieve that objective, SCLT has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution, while growing the fund. Accordingly, SCLT expects its endowment assets, over time, to produce an average rate of return of approximately 5% per annum net of fees plus the long-term inflation rate as determined by the Consumer Price Index. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

**SHERIDAN COMMUNITY LAND TRUST
NOTES TO FINANCIAL STATEMENTS**

Note 7 - Endowment Funds (cont.)

Donor Restricted Endowments

Absent explicit donor stipulations to the contrary, the Board of Directors of SCLT has interpreted the Wyoming Prudent Management of Institutional Funds Ad (WYPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. As a result of this interpretation, SCLT retains in perpetuity and classifies as net assets with donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity are subject to appropriation for expenditure by the Trust in a manner consistent with the standard of prudence prescribed by WYPMIFA. In accordance with WYPMIFA, SCLT considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of the inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of SCLT, and (7) SCLT's investment policies.

Investment Return Objectives, Risk Parameters and Strategies

SCLT has adopted investment and spending policies, approved by the Board of Directors, for endowment assets. Those policies attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities. SCLT expects its endowment assets, over time, to produce an average rate of return of approximately 5% per annum net of fees plus the long-term inflation rate as determined by the Consumer Price Index. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to prevent exposing the fund to unacceptable levels of risk.

Spending Policy

On December 12, 2022, SCLT adopted a policy for distribution each year. Following the endowment reaching \$2,000,000 the distribution shall be no more than 5% of the endowment fund's three-year rolling average as of June 30th. Distributions will cease if the corpus falls below \$2,000,000 on the three-year rolling average. In establishing this policy, SCLT considered the long-term expected return on its investment assets, the nature and duration of the endowment fund, which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. SCLT expects the current spending policy to allow its endowment funds to grow at an average rate of 5% per annum net of fees plus the long-term inflation rate as determined by the Consumer Price Index. This is consistent with the SCLT's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

**SHERIDAN COMMUNITY LAND TRUST
NOTES TO FINANCIAL STATEMENTS**

Note 7 - Endowment Funds (cont.)

Endowment net asset composition by type of fund as of June 30, 2025 are as follows:

Endowments	Without Donor Restriction	With Donor Restriction	Total Endowment Net Assets
Operating endowment fund	\$ 704,623	\$ 2,000,000	\$ 2,704,623
Stewardship endowment fund	599,262	0	599,262
Total	\$ 1,303,885	\$ 2,000,000	\$ 3,303,885

Changes in endowment net assets for the year ended June 30, 2025 are as follows:

	Without Donor Restriction	With Donor Restriction	Total Endowment Net Assets
Endowment net assets, July 1, 2024	\$ 600,625	\$ 2,000,000	\$ 2,600,625
Investment income, net of fees	67,398	0	67,398
Sales	(35,198)	0	(35,198)
Transfers	0	0	0
Net change in value	71,798	0	71,798
Endowment net assets, June 30, 2025	\$ 704,323	\$ 2,000,000	\$ 2,704,623

Note 8 - Board Designated Net Assets

The Trust's Board of Directors has chosen to place the following limitations on net assets without donor restrictions:

Board Designated Net Assets	2025
Stewardship endowment fund	\$ 140,726
Conservation fund	964,463
Operating endowment fund	704,623
Total	\$ 1,809,812

Note 8 - Retirement Plan

The Trust provides a SIMPLE IRA Plan covering all employees who received at least \$5,000 in compensation from SCLT during any two preceding calendar years (whether or not consecutive) and who are reasonably expected to receive at least \$5,000 in compensation during the calendar year qualify for the SCLT retirement plan. The Plan allows participants to make elective deferrals and the Trust will match up to three percent of the amount qualified employees elect to defer. The amount of the match may be adjusted by the Board of Directors at any time. Under the Trust's SIMPLE plan, retirement plan expense for the years ended June 30, 2025 was \$9,278.

**SHERIDAN COMMUNITY LAND TRUST
NOTES TO FINANCIAL STATEMENTS**

Note 9 - Concentrations and Contingencies

Concentration

SCLT had approximately 89% of cash balances in one financial institution as of June 30, 2025.

Custodial Credit Risk

At points in time during the normal course of business, SCLT may have cash deposits held that are above the Federal Deposit Insurance Limit. SCLT has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. SCLT's income and operating cash flows are substantially independent of changes in market interest rates. SCLT's management monitors the interest rate fluctuations on a continuous basis and seeks to minimize this risk through short term investments that allow SCLT to take advantage of favorable changes in the market.

Grants

SCLT received financial assistance from state and local government agencies in the form of grants and contributions. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of SCLT. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of SCLT at June 30, 2025.

Litigation

SCLT is contingently liable in respect to lawsuits and claims in the ordinary course of its operations. Should any additional claims prove to be a detriment to SCLT, they will be recorded as expenditure in the period in which a liability is realized.

Property and Liability Risk Management

Real and personal property owned and leased by SCLT is subject to loss from natural disasters and actions of others. In addition, SCLT has the potential to be named as a responsible party in liability claims. SCLT purchases commercial insurance packages to offset such losses, should they occur.

Note 10 - Restatement

Management of SCLT elected to present the audited financial statements on the full accrual basis of accounting. As a result of this change in basis of accounting, beginning net assets were adjusted for the effects of prior year accruals totaling (\$42,058) as of June 30, 2025.

Note 11 - Subsequent Events

Sheridan Community Lands, LLC is a new entity that was formed at the end of the fiscal year. The primary purpose of the new entity is to own land that intersects with the mission of the primary entity Sheridan Community Land Trust. The new entity is governed by the executive board of Sheridan Community Land Trust. Management has evaluated subsequent events through January 16, 2026, the date the financial statements were available for issue.