THE BELWIN CONSERVANCY

CONSOLIDATED FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

THE BELWIN CONSERVANCY

CONSOLIDATED FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

For the Years Ended December 31, 2019 and 2018

TABLE OF CONTENTS

Mahoney Ulbrich Christiansen Russ P.A.
CERTIFIED PUBLIC ACCOUNTANTS
10 River Park Plaza, Suite 800 | Saint Paul, MN 55107
Phone: 651.227.6695 Fax: 651.227.9796 | www.mucr.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Belwin Conservancy
Minneapolis, Minnesota

We have audited the accompanying consolidated financial statements of The Belwin Conservancy (a nonprofit organization) and its affiliate, the Belwin Supporting Fund (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(Continued)

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Belwin Conservancy and its affiliate, the Belwin Supporting Fund, as of December 31, 2019 and 2018, 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.

Adoption of New Accounting Standards

As discussed in Note 2 to the consolidated financial statements, The Belwin Conservancy and its affiliate, the Belwin Supporting Fund, has adopted Accounting Standards Update (ASU) No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and ASU No. 2018-08 *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to those matters.

Report on Supplementary Consolidating Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating information shown on pages 29 and 30 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and changes in net assets of the individual entities, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Mahoney Ulbrich Christiansen Russ P.A.

July 29, 2020

THE BELWIN CONSERVANCY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2019 and 2018

	2019	2018
ASSETS		
Cash	$ 261,640	$ 111,964
Cash - capital reserve for LWBAF	9,290	9,290
Contributions receivable	11,320	18,798
Grant receivable	-	13,861
Receivable from affiliate	5,122	4,624
Investments	13,962,476	12,204,420
Land and conservation easements	9,735,361	9,548,694
Buildings and improvements, land improvements, and equipment, net	1,235,144	1,200,244
Other assets	26,399	-
Endowment investments	174,284	146,920
	$ 25,421,036	$ 23,258,815
LIABILITIES AND NET ASSETS		
Accounts payable	$ 14,424	$ 15,990
Accrued payroll	34,000	27,126
Solar energy system acquisition obligation	51,776	55,141
Conditional contribution	1,499,973	1,499,973
Total liabilities	1,600,173	1,598,230
Net assets:		
Net assets without donor restrictions	12,119,557	10,250,797
Net assets with donor restrictions	11,701,306	11,409,788
Total net assets	23,820,863	21,660,585
	$ 25,421,036	$ 23,258,815

See accompanying notes to consolidated financial statements.

THE BELWIN CONSERVANCY

CONSOLIDATED STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2019 and 2018

	2019		
	Without donor restrictions	With donor restrictions	Total
Revenues and support:			
Contributions	$ 1,228,571	$ 366,773	$ 1,595,344
In-kind services	10,710	-	10,710
Government grants	48,582	-	48,582
Investment income	1,368,925	27,364	1,396,289
Gain on sale of land and equipment	135,347	-	135,347
Facility user fees and rent income	94,840	-	94,840
Miscellaneous income	24,616	-	24,616
Net assets released upon satisfaction of purpose restrictions	102,619	(102,619)	-
Total revenues and support	3,014,210	291,518	3,305,728
Expenses:			
Program services:			
Environmental	535,643	-	535,643
Art, science and nature	228,421	-	228,421
	764,064	-	764,064
Management and general	199,495	-	199,495
Fundraising	181,891	-	181,891
Total expenses	1,145,450	-	1,145,450
Change in net assets	1,868,760	291,518	2,160,278
Net assets, beginning of year	10,250,797	11,409,788	21,660,585
Net assets, end of year	$ 12,119,557	$ 11,701,306	$ 23,820,863

	2018		
Revenues and support:			
Contributions	$ 368,922	$ 100,106	$ 469,028
In-kind services	5,355	-	5,355
Government grants	74,048	-	74,048
Investment loss	(649,941)	(8,656)	(658,597)
Facility user fees and rent income	98,609	-	98,609
Miscellaneous income	18,942	-	18,942
Total revenues and support	(84,065)	91,450	7,385
Expenses:			
Program services:			
Environmental	513,479	-	513,479
Art, science and nature	203,356	-	203,356
	716,835	-	716,835
Management and general	184,415	-	184,415
Fundraising	183,205	-	183,205
Total expenses	1,084,455	-	1,084,455
Change in net assets	(1,168,520)	91,450	(1,077,070)
Net assets, beginning of year	11,419,317	11,318,338	22,737,655
Net assets, end of year	$ 10,250,797	$ 11,409,788	$ 21,660,585

See accompanying notes to consolidated financial statements.

THE BELWIN CONSERVANCY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2019
(With Comparative Totals for 2018)

	2019						
	Program services						
	Environmental	Art, science and nature	Total	Management and general	Fundraising	Total	2018
Salaries	$ 186,228	$ 104,067	$ 290,295	$ 89,349	$ 96,158	$ 475,802	$ 338,195
Payroll tax	15,049	8,410	23,459	6,795	7,771	38,025	26,460
Employee benefits	17,982	9,726	27,708	7,910	9,046	44,664	38,768
	219,259	122,203	341,462	104,054	112,975	558,491	403,423
Office expenses	4,482	2,504	6,986	2,024	2,314	11,324	19,791
Occupancy	7,601	4,248	11,849	3,432	3,925	19,206	21,628
Telephone	7,399	4,135	11,534	3,341	3,820	18,695	24,869
Printing and publication	-	33,256	33,256	-	10,237	43,493	50,466
Insurance	14,110	7,886	21,996	6,371	7,286	35,653	43,602
Real estate taxes	4,276	2,389	6,665	1,930	2,208	10,803	22,210
Repairs and maintenance	128,031	-	128,031	-	-	128,031	142,151
Professional fees	81,300	1,816	83,116	12,058	13,913	109,087	131,627
Auto and truck expenses	26,965	-	26,965	-	-	26,965	21,743
Travel	-	400	400	3,018	382	3,800	2,727
Miscellaneous	505	480	985	3,113	150	4,248	10,193
Program activity expenses	-	27,333	27,333	-	4,565	31,898	20,471
Investment fees	-	-	-	42,562	-	42,562	43,193
Interest	2,756	-	2,756	-	-	2,756	2,761
Depreciation and amortization	38,959	21,771	60,730	17,592	20,116	98,438	123,600
	$ 535,643	$ 228,421	$ 764,064	$ 199,495	$ 181,891	$ 1,145,450	$ 1,084,455

See accompanying notes to consolidated financial statements.

THE BELWIN CONSERVANCY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2018

	Program services					
	Environmental	Art, science and nature	Total	Management and general	Fundraising	Total
Salaries	$ 133,028	$ 81,844	$ 214,872	$ 38,250	$ 85,073	$ 338,195
Payroll tax	10,621	6,287	16,908	2,966	6,586	26,460
Employee benefits	15,503	9,241	24,744	3,890	10,134	38,768
	159,152	97,372	256,524	45,106	101,793	403,423
Office expenses	7,833	4,377	12,210	3,537	4,044	19,791
Occupancy	8,560	4,783	13,343	3,865	4,420	21,628
Telephone	9,843	5,500	15,343	4,444	5,082	24,869
Printing and publication	-	36,161	36,161	-	14,305	50,466
Insurance	21,893	7,990	29,883	6,646	7,073	43,602
Real estate taxes	8,790	4,912	13,702	3,969	4,539	22,210
Repairs and maintenance	142,151	-	142,151	-	-	142,151
Professional fees	77,800	-	77,800	47,022	6,805	131,627
Auto and truck expenses	21,743	-	21,743	-	-	21,743
Travel	-	-	-	2,727		2,727
Miscellaneous	4,035	2,255	6,290	1,819	2,084	10,193
Program activity expenses	-	12,670	12,670	-	7,801	20,471
Investment fees	-	-	-	43,193	-	43,193
Interest	2,761	-	2,761	-	-	2,761
Depreciation and amortization	48,918	27,336	76,254	22,087	25,259	123,600
	$ 513,479	$ 203,356	$ 716,835	$ 184,415	$ 183,205	$ 1,084,455

See accompanying notes to consolidated financial statements.

THE BELWIN CONSERVANCY

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	$ 2,160,278	$ (1,077,070)
Adjustments to reconcile the change in net assets to net cash from operating activities:		
Depreciation and amortization	98,438	123,600
Realized/unrealized (gain) loss on investments, net	(705,148)	1,382,451
Contributions restricted for land purchases	(276,773)	(90,106)
Changes in operating assets and liabilities:		
Contributions receivable	7,478	89,262
Grant receivable	13,861	19,814
Receivable from affiliate	(498)	(311)
Accounts payable and accrued expenses	5,308	(5,189)
Net cash from operating activities	1,302,944	442,451
Cash flows from investing activities:		
Payments for buildings and equipment	(133,338)	(8,037)
Payments for land	(186,667)	-
Other assets held at title company	(26,399)	-
Reinvested investment income	(308,330)	(368,225)
Sale of investments	982,458	233,258
Purchase of investments	(1,754,400)	(350,998)
Net cash from investing activities	(1,426,676)	(494,002)
Cash flows from financing activities:		
Contributions restricted for land purchases	276,773	90,106
Payments for solar energy system	(3,365)	(2,934)
Net cash from financing activities	273,408	87,172
Net increase in cash, cash equivalents, and restricted cash	149,676	35,621
Cash, cash equivalents, and restricted cash - beginning of year	121,254	85,633
Cash, cash equivalents, and restricted cash - end of year	$ 270,930	$ 121,254
Reconcilation to the balance sheets:		
Cash	$ 261,640	$ 111,964
Cash - capital reserve for LWBAF	9,290	9,290
Total cash, cash equivalents, and restricted cash	$ 270,930	$ 121,254

See accompanying notes to consolidated financial statements.

1. **ORGANIZATION**

The Belwin Conservancy (the Conservancy) is a nonprofit organization that is dedicated to preservation, restoration and appreciation of our natural world. It owns approximately 1,500 acres of land in Afton, West Lakeland Township and Lakeland, Minnesota. The Conservancy comprises one of the largest private nonprofit owned nature preserves in the Twin Cities region with a focus on connecting people and the natural world.

During 2011, the Belwin Conservancy established the Belwin Supporting Fund (the Supporting Fund), a Minnesota nonprofit corporation. The Supporting Fund, affiliated with the Belwin Conservancy through common control, was formed for the purpose of holding, managing and making distributions to the Belwin Conservancy of cash and investment holdings contributed to Belwin by any descendants of James Ford Bell. The Supporting Fund uses up to 4.5% of the rolling three-year average value of its net assets to provide support for the Conservancy to cover costs within the annual budget.

Belwin does its work in a number of ways including:

Environmental -

Ecological Restoration: The Conservancy has a very active program of ecological restoration dating back to the early 1970's when it was a pioneer in prairie restoration. Its activities have expanded to restoration of many different types of habitats and species over the years. It has major investments in equipment allowing it to engage in large scale restoration efforts.

Environmental Education: The Conservancy's primary focus in Environmental Education is through a cooperative program with the St. Paul Public School District where it provides and maintains 225 acres with trails and buildings to support a program that is designed and run by the District. The program focus is on 3rd and 5th grade students from the District although the facilities are also used on a limited basis by other schools and ages. This successful program began in 1971.

Bison: The Conservancy has approximately 160 acres of its restored prairie in fenced pasture for bison and provides observation overlooks as well as close up tours of the herd to the public. Since the Conservancy is located just 15 miles from downtown St. Paul, this allows a very unique experience to an urban population. It also monitors the prairie utilized by the bison and compares it to prairie not grazed to understand the impact this native but extirpated species has on its environment.

Ecological Research: The Conservancy makes its property available for ecological research which has taken many forms over the years. Studying bison grazing behavior, the discovery of a species of cranefly new to science, and migrating bird censuses have all benefited from the use of The Conservancy's property for research. Because the Conservancy is a private nonprofit organization, it can often accommodate research requests not possible on public land. Additionally, its unique natural attributes and proximity to the Twin Cities make it convenient for researchers to access.

(Continued)

1. ORGANIZATION (Continued)

Land Acquisition: The Conservancy has had a very active land acquisition program since 1986 when it owned just 225 acres. While it has acquired the majority of available property in its area that is undeveloped, it continues to look at opportunities on its borders that would benefit from protection resulting from fee or conservation easement acquisition.

Observatory: The Conservancy has partnered with the Minnesota Astronomical Society in creating the Joseph J. Casby Observatory located next to The Belwin Outdoor Science Education Center. The observatory permanently houses an eight foot long 10" TMB Apochromatic Refracting Telescope - one of the finest in the state. Programs using the observatory are run by the Astronomical Society.

Recreation: The Conservancy offers the community two types of recreational facilities:

The Lucy Winton Bell Athletic Fields (LWBAF) with soccer, baseball and football fields covers 50 acres. It is operated primarily for children participating in the programs run by the St. Croix Soccer Club and St. Croix Valley Athletic Association. The high quality fields were opened in 1999 after local community leaders asked the Conservancy to participate in providing facilities that were not otherwise available in the community.

Passive hiking trails are available to the public and maintained by the Conservancy in numerous places on its property including adjacent to the Lucy Winton Bell Athletic Fields.

Art, (Science) and Nature - The Conservancy provides high quality, diverse art (and science) programming, both participatory and observatory that will in all cases include an environmental message that leaves participants delighted with the experience and enlightened to environmental issues.

The primary funding sources for the Conservancy's programs are private contributions, government grants, user fees and investment income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation - The consolidated financial statements include the accounts of The Belwin Conservancy and its affiliated supporting organization, The Belwin Supporting Fund, collectively called Belwin. The Conservancy is the operating entity while the Supporting Fund is the investment entity. Inter-entity transactions and balances have been eliminated in consolidation.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Accounting Standards Adopted - In 2019, the Conservancy adopted Accounting Standards Update (ASU) 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash* using the full retrospective approach. This ASU was issued to address diversity in reporting restricted cash on the statement of cash flows, largely due to the lack of guidance. After the adoption of ASU 2016-18, restricted cash and cash equivalents must be included with the beginning and ending cash and cash equivalents shown on the statement of cash flows. Before the change, restricted cash and cash equivalents were excluded. The change increased 2018 beginning of year cash, cash equivalents, and restricted cash reported on the consolidated statement of cash flows by $16,775.

In 2019, the Conservancy adopted ASU 2018-18, *Not-for-Profit-Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* using the full retrospective approach. The ASU provides guidance on distinguishing between contributions and exchange transactions and clarifies whether contributions are conditional. The adoption of this ASU had no effect on the consolidated financial statements.

In 2019, the Conservancy adopted ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* using the full retrospective approach. The ASU clarifies the accounting for revenue arising from contracts with customers and specifies disclosures that an entity should include in the consolidated financial statements. The adoption of this ASU had no effect on the consolidated financial statements.

Use of Estimates - The preparation of consolidated financial statements in conformity with generally accepted accounting principles 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.

Financial Statement Presentation - Belwin reports information regarding its financial position and activities according to two classes of net assets:

- Net assets without donor restrictions are not restricted by donors or the donor-imposed restrictions have expired. Net assets without donor restrictions are available for programs and supporting services at the discretion of management and the board of directors. The board of directors has designated a portion of these net assets as a board designated endowment.
- Net assets with donor restrictions are contributions restricted by donors or grantors for specific purposes or time periods. When donor restrictions expire, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions on the statement of activities.

(Continued)

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Contributions and Government Grants - Contributions and government grants are recognized when the donor or grantor makes an unconditional promise to give to Belwin. Contributions that are restricted by the donor or grantor are reported as increases in net assets without restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other contributions restricted by donors or grantors are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires or is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions. Conditional contributions are recorded when the conditions have been met and the conditional commitment becomes unconditional.

Contributions of cash that must be used for property and equipment are reported as net assets with donor restrictions. Belwin reports expiration of donor restrictions when the acquired assets are placed in service, unless the donor has specified the length of time the item must be used.

The conditional contribution further discussed in Note 11 was recorded as a liability upon collection and is recognized as revenue when the conditions have been satisfied.

Facility User Fees - Facility user fees are received annually from two nonprofit sports organizations for use of the Lucy Winton Bell Athletic Fields and are recognized evenly over the year to which they relate. See Note 16.

Cash and Cash Equivalents - For purposes of the consolidated statements of cash flows, the Conservancy considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Concentration of Credit Risk – Belwin maintains several bank accounts at one financial institution which are insured by the Federal Deposit Insurance Corporation. Although at times the amount on deposit in these accounts may exceed the federally insured limit, the Organization has never experienced any losses.

Functional Expenses - The costs of providing various program and supporting activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present expenses by function and natural classification. Expenses directly attributed to a specific functional area of the Conservancy are reported as expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated among the various functional areas based on the full-time employee equivalent method of allocation.

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments - Investments are recorded at their fair values. Investment earnings and unrealized gains and losses are included in the change in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Except for investments in Partnerships and LLC's for which any gain/loss is included in interest and dividend income (Note 5), when investments are sold, cost is determined using specific identification. Marketable securities contributed by donors are recorded at fair value at the time of the contribution.

Buildings and Improvements, Land Improvements, and Equipment - Buildings and equipment are carried at cost and depreciated over the estimated useful lives of the assets using the straight-line method. Expenditures in excess of $5,000 are capitalized. Buildings are depreciated over 40 years, building improvements are depreciated over 5 - 40 years, land improvements are depreciated over 10 - 25 years, and equipment is depreciated over 3 - 7 years. Significant improvements and betterments that extend the life of the asset are capitalized. Beginning in 2018, land restoration costs are expensed. Maintenance and repairs are expensed as incurred.

Land - Belwin purchases land with the intention of holding it to prevent development, restoring the land, and providing a venue for research and education. Land is recorded at fair value, if known; otherwise it is recorded at cost. Belwin uses land options to set the purchase price of land it is interested in purchasing in the future. Land options are recorded at cost. If an option is exercised, the cost of the option is added to the purchase price of the land.

Conservation Easements - Belwin believes it is most appropriate to account for the conservation easements as a collection. The conservation easements are recorded at a nominal value of $1 each on the statement of financial position. Conservation easements acquired are reported as expenses on the statement of activities at appraised fair market value. Any difference between the appraised value and cost is recorded as an in-kind contribution. No conservation easements were purchased in 2019 and 2018.

In-kind Materials and Services - Donated materials are recorded as contributions at their estimated fair market value in the period received. Donated services are recorded as contributions at their estimated fair value only if the services create or enhance a nonfinancial asset or if the services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Belwin received $10,710 and $5,355 of contributed marketing and consulting services in 2019 and 2018.

Income Taxes - Belwin is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and applicable Minnesota Statutes, except to the extent it has taxable income from activities that are not related to its exempt purpose. Belwin did not have any unrelated business income in 2019 or 2018. Belwin believes that it has appropriate support for any tax positions taken, and accordingly, does not have any uncertain tax positions that are material to the financial statements.

(Continued)

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

Belwin's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, are as follows:

	2019	2018
Cash	$ 261,640	$ 111,964
Contributions receivable	11,320	18,798
Grant receivable	-	13,861
Annual budgeted appropriation from Supporting Fund	452,318	433,100
	$ 725,278	$ 577,723

As part of Belwin'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.

Belwin has conditional promises to give in the form of grants from government agencies. Since these grants are conditional, they will not be recognized until the conditions have been met. Belwin has unearned conditional contributions of $180,067 and $59,999 as of December 31, 2019 and 2018, respectively. Conditional contributions are expected to be collected in 2020 through 2022.

Belwin has a second operating cash account that is typically used for athletic fields and capital expenditures but can be used for general expenditures if needed. The balance in this account was $9,290 as of December 31, 2019 and 2018.

Belwin adopts an annual budget and anticipates collecting sufficient revenue to fund general expenditures. Budget to actual results are monitored each month. As part of Belwin's annual budget, an annual appropriation is anticipated to be made from the Supporting Fund.

4. CONTRIBUTIONS RECEIVABLE

Contributions receivable are due within one year.

(Continued)

5. INVESTMENTS

Investments consisted of the following as of December 31:

	2019	2018
Certificates of deposit:	$ 2,702,767	$ 1,587,691
Mutual funds:		
U.S. government money market funds	1,374,174	2,131,302
Prime money market	50,807	49,742
Intermediate - term bond	829,537	786,174
Diversified emerging markets	936,566	670,782
Foreign large blend	47,781	39,309
Large blend	75,696	57,869
	3,314,561	3,735,178
Exchange traded funds:		
Foreign large blend	707,543	598,267
Common and collective trust funds:		
Large cap index	860,389	742,464
Large cap	2,689,395	2,293,387
Small cap value	187,427	234,888
Small cap growth	192,578	229,933
	3,929,789	3,500,672
Partnerships and LLC's:		
Small business venture capital	641,857	497,675
Distressed companies	629,641	531,913
Emerging growth	394,434	373,330
Real estate	640,573	503,872
Multi-sector credit-related assets	106,315	91,438
Healthcare industry	125,505	151,797
Diversifying strategies	729,034	626,735
Energy sector MLP's	214,741	152,772
	3,482,100	2,929,532
Total investments	14,136,760	12,351,340
Endowment investments	(174,284)	(146,920)
	$ 13,962,476	$ 12,204,420

(Continued)

5. **INVESTMENTS (Continued)**

Investment income (loss) is summarized as follows:

	2019	2018
Interest and dividend income*	$ 691,141	$ 772,956
Net realized and unrealized gains (losses), net	705,148	(1,431,553)
	$ 1,396,289	$ (658,597)

*Interest and dividend income includes the return of investments in Partnerships and LLC's because the portion received representing the return of investments has not been determined.

6. **FAIR VALUE MEASUREMENTS**

Belwin's investments are reported at fair value in the accompanying consolidated statements of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although Belwin 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 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; Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liabilities, either directly or indirectly, through corroboration with observable market data; and Level 3 inputs have the lowest priority. Belwin uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, Belwin measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

The fair value of mutual and exchange traded funds is based on quoted net asset values of the shares held by Belwin at year end as reported by the corresponding active exchange.

As a practical expedient, the fair value of common and collective trust funds is based on the net asset value of units held by Belwin at year end, as determined by the trustee based on the underlying investments, including guaranteed investment contracts and security-backed contracts which are valued by discounting the related cash flows based on current yields of similar instruments. Redemptions are permitted at unit value at the end of each month.

(Continued)

6. FAIR VALUE MEASUREMENTS (Continued)

The investment manager seeks to maximize after-tax returns with US equity index exposure and active tax management. Their strategy is to provide a similar pre-tax return to the chosen equities indices - US Large and Mid Cap (Russell 1000 Index); US Small Cap Value (Russell 2000 Value Index); and US Small Cap Growth (Russell 2000 Growth Index). They maximize long term after-tax total returns through active tax management, capital gain or loss realization, aggressive transaction cost management, risk management, and very low management fees.

As a practical expedient, the fair value of investments in partnerships and LLC's is based on the respective net asset value reported by management of each partnership and LLC. Net asset values are determined using valuation methodologies that consider a range of factors in estimating the exit price from the perspective of market participants, including but not limited to the price at which each investment was acquired, the nature of the investment, local market conditions, trading values on public exchanges for comparable securities, current and projected operating performance, financial condition, and financing transactions subsequent to the acquisition of the investment.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The following is a summary of the inputs used to value Belwin's investments as of December 31, 2019 and 2018:

		Fair Value Measurements at Reporting Date Using:		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2019				
Certificates of deposit	$ 2,702,767	$ -	$ 2,702,767	$ -
Mutual and exchange traded funds	4,022,104	$ 4,022,104	$ -	$ -
Investments measured at net asset value*	7,411,889			
Total	$ 14,136,760			

6. **FAIR VALUE MEASUREMENTS (Continued)**

		Fair Value Measurements at Reporting Date Using:		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2018				
Certificates of deposit	$ 1,587,691	$ -	$ 1,587,691	$ -
Mutual and exchange traded funds	4,333,445	$ 4,333,445	$ -	$ -
Investments measured at net asset value*	6,430,204			
Total	$ 12,351,340			

*Investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented on the Consolidated Statement of Financial Position.

There have been no changes in valuation techniques and related inputs from 2018 to 2019.

6. **FAIR VALUE MEASUREMENTS (Continued)**

The following is a summary of investments in partnerships and LLC's as of December 31, 2019 and 2018, with unfunded commitments at December 31, 2019:

	2019	2018	Unfunded Commitments
Small Business Venture Capital:			
European Secondary Opportunities Fund I LP	$ 86,998	$ 85,675	$ -
GCM Grosvener Co-Investment Opportunity Fund, L.P.	325,726	339,922	-
FEG Private Opportunities Fund III, L.P. (Series B)	145,449	66,798	77,595
FEG Private Opportunities Fund IV, L.P.	83,684	5,280	463,439
Distressed Companies:			
Wayzata Opportunity Fund II, L.P.	5,780	11,052	-
Fundamental Partners III LP	358,901	306,755	96,004
Fundamental Partners Municipal Trust	81,190	111,185	-
FEG Private Opportunities Fund III, L.P. (Series D)	183,770	102,921	104,494
Emerging Growth:			
Westly Capital Partners, L.P. (Fund I)	17,414	32,920	-
Westly Capital Partners II	188,164	167,317	-
Pine Bridge Structured Capital Partners II, L.P.	177,142	173,093	-
Highclere International Emerging Markets	11,714	-	
Real Estate:			
JP Morgan US Real Estate Income and Growth Fund	286,510	213,666	-
Harrison Street Real Estate Partners III, L.P.	6,301	37,321	32,109
International Farmland Trust	249,438	252,885	-
Iron Point	6,544	-	88,210
Map Renewable Energy 2018	77,160	-	34,833
Ridgewood Water & Strategic Infrastructure	14,620	-	79,133
Multi-sector Credit-Related Assets:			
Special Credit Opportunities (Offshore), L.P.	88,216	91,438	-
Special Credit Opportunities, L.P.	18,099	-	-
Healthcare Industry:			
Sightline Healthcare Opportunity Fund II, L.P.	125,505	151,797	-
Diversifying Strategies:			
BlackRock Appreciation Fund IV, Ltd	350,936	381,334	-
BlackRock Appreciation Strategy Fund IV, LLC	72,929	-	-
FEG Absolute Access Fund I LLC	305,169	245,401	-

(Continued)

6. **FAIR VALUE MEASUREMENTS (Continued)**

	2019	2018	Unfunded Commitments
Energy Sector Master Limited Partnerships:			
Harvest MLP Income Fund LLC	214,741	152,772	-
End of year fair value	$ 3,482,100	$ 2,929,532	$ 975,817

European Secondary Opportunities Fund I LP was formed to acquire existing participations in private equity funds operating in the European lower mid-market buy-out, development capital and turnaround sectors and to take advantage of the fact that certain limited partners are under pressure and are cash constrained and desire to sell their positions. The opportunity is enhanced due to the lack of realizations in existing funds and the continuing decline in valuations as a result of the uncertain economic and financial outlook in Europe. Redemptions are not permitted during the life of the fund. When the assets are sold, the proceeds, less any incentives due to the fund sponsor, will be distributed to the investors. The Fund expects to sell all of its underlying assets in April 2022.

GCM Grosvener Co-Investment Opportunity Fund, L.P. invests directly and indirectly in private companies by making investments alongside select middle-market private equity funds on a co-investment basis. The Fund focuses on North America and Western Europe and opportunistically seeks exposure to other geographies. Redemptions are not permitted during the life of the fund. When the assets are sold, the proceeds, less any incentives due to the fund sponsor, will be distributed to the investors. The Fund expects to sell all of its underlying assets in April 2026.

FEG Private Opportunities Fund III, L.P. (Series B) invests in start-up companies that reflect a high risk/high return profile and are uniquely exposed to new market opportunities. The fund also invests in companies that benefit from corporate events, industry consolidation, or growth often through operational improvements, acquisitions, new leadership and/or new strategic direction, seeking enhanced returns through new market opportunities. When the assets are sold, the proceeds, less any incentives due to the fund sponsor, will be distributed to the investors. The Fund expects to sell all of its underlying assets in 2027.

FEG Private Opportunities Fund IV, L.P. invests primarily in small and lower middle-market companies that experience less competition, are less leveraged and whose drivers of return emphasize operations and earnings growth. The fund also focuses on smaller, opportunistic private real estate funds who seek to allocate capital to managers targeting unique or niche strategies or property types with compelling supply demand fundamentals and in distressed debt in both Europe and the United States.

Wayzata Opportunity Fund II, L.P. has a similar investment strategy to Wayzata Opportunity Fund, LLC. This Fund raised in excess of $3 billion in late 2007 and was able to take advantage of some of the financial dislocation that occurred in 2008 and 2009. The Fund has over 50 investments. The largest remaining investment (over 10% of the Fund's value) is Minn Tex Power Holdings which owns the 1000 MW Guadalupe Generating Station, a natural gas-fired power plant near San Antonio, Texas. The Fund is currently in the liquidation stage and anticipates final liquidity events taking place in 2020.

(Continued)

6. **FAIR VALUE MEASUREMENTS (Continued)**

Fundamental Partners Ill LP targets control-oriented investments in stressed/distressed assets or securities, finances the development or revitalization of community/public purpose assets, and acquires undervalued securities in the secondary market. Redemptions are not permitted during the life of the fund. When the assets are sold, the proceeds, less any incentives due to the fund sponsor, will be distributed to the investors. The Fund expects to sell all of its underlying assets in November 2025.

The Fundamental Partners Municipal Trust was established to invest in Fundamental Trust II, Limited Partnership which was formed to make control-oriented investments in distressed and special situation opportunities within and related to the municipal revenue bond market. The Fund strategy is to find investment opportunities that are secured by assets and specific pledge of revenue from assets, providing downside protection that are typically need-based assets that are critical to the community. When the assets are sold, the proceeds, less any incentives due to the fund sponsor, will be distributed to the investors. The Fund expects to sell all of its underlying assets in 2020.

FEG Private Opportunities Fund III, L.P. (Series D) invests in strategies such as distressed debt, mezzanine debt, or other differentiated strategies that are attractive due to market dislocation or unique characteristics. The Fund seeks enhanced returns due to market dislocations or unique niche opportunities. When the assets are sold, the proceeds, less any incentives due to the Fund sponsor, will be distributed to the investors. The Fund expects to sell all of its underlying assets in 2027.

Westly Capital Partners, L.P. (Fund I) is a $100 million fund, of which over 20% are the General Partners' personal investments. The strategy is to invest in companies with proven clean tech technologies and current revenues or in earlier stage companies when they can co-invest with technology leading venture firms. The target sectors for investment are environmental remediation; energy storage; and green building materials. Redemptions are not permitted during the life of the fund. When the assets are sold, the proceeds, less any incentives due to the fund sponsor, will be distributed to the investors. The Fund expects to sell all of its underlying assets in 2020.

Westly Capital Partners II continues with the successful strategy from Fund I and has added a more international focus with a provision that allows the Fund to invest up to 25% in non-US companies. Redemptions are not permitted during the life of the fund. When the assets are sold, the proceeds, less any incentives due to the fund sponsor, will be distributed to the investors. The Fund expects to sell all of its underlying assets in July 2021.

PineBridge Structured Capital Partners II, L.P. provides subordinated debt and preferred equity to small and middle market companies with less than $500 million of enterprise value. The Fund receives equity upside through common equity, warrants, options and other participation rights. The Fund does not behave like a short-term creditor but rather a constructive business partner to the controlling shareholders of the portfolio companies. Redemptions are not permitted during the life of the Fund. When the assets are sold, the proceeds, less any incentives due to the fund sponsor, will be distributed to the investors. The Fund expects to sell all of its underlying assets in December 2024.

6. **FAIR VALUE MEASUREMENTS (Continued)**

Highclere International Emerging Markets specializes in international small and midcap equity investment management for U.S. investors.

The JP Morgan US Real Estate Income and Growth Fund is an actively managed, open-end fund with a levered core real estate strategy. The objective is to produce high income returns, with the potential for capital appreciation. The portfolio is anchored by low-risk, high quality, competitively positioned real estate investments that are well leased and stabilized. The Fund's approach to leverage is highly disciplined. They target a moderate debt level of 50%. Redemptions are not permitted during the life of the fund. When the assets are sold, the proceeds, less any incentives due to the Fund sponsor, will be distributed to the investors.

Harrison Street Real Estate Partners III, L.P. invests in "need-based" sectors of the real estate market with a focus on education, healthcare, and storage. These asset classes include off-campus student housing, medical office buildings, senior housing, self-storage, and boat storage. These sectors have very strong fundamentals with positive demographic trends that are anticipated to continue for the next 20+ years. Returns for these sectors have exceeded those for the traditional real estate sectors primarily because supply is constrained, there is consistent demand, and a strong lender appetite exists for these sectors. Redemptions are not permitted during the life of the fund. When the assets are sold, the proceeds, less any incentives due to the fund sponsor, will be distributed to the investors. The Fund expects to sell all of its underlying assets in June 2022.

The International Farmland Trust seeks to acquire or lease grain and oilseed properties in geographically diverse regions of Australia and Brazil and generate returns through production and sale of grain and oilseed commodities and potential for capital appreciation of properties acquired. The General Partner, Macquarie Agricultural Funds Management, has over 20 years experience in agricultural markets and global capabilities across agricultural commodities and agricultural research. They have consistently delivered operating profits through scale benefits by aggregating farms and reducing the per unit cost of production. Redemptions are not permitted during the life of the fund. When the assets are sold, the proceeds, less any incentives due to the fund sponsor, will be distributed to the investors. The Fund expects to sell all of its underlying assets in October 2021.

Iron Point invests opportunistically across different themes, property types and geographies, allowing them to invest in assets that may not be as heavily impacted by macro-economic factors. Property types include: Data Center, Distressed, Hospitality, Senior Housing, Office, Multi-Family, and Land. The Fund seeks to capitalize on market inefficiencies by investing in properties and markets that are out of favor and by acquiring assets at discounts to intrinsic value.

MAP Renewable Energy 2018 is one of the longest-standing US private energy investment firms in the US. MAP is comprised entirely of renewable energy-related investments, with a focus on US wind energy, utility scale solar photovoltaic, and energy storage projects. The Fund seeks to construct a highly diversified portfolio with a combination of early and late-stage development projects, land rights underlying renewable energy projects, and project equity interests.

6. **FAIR VALUE MEASUREMENTS (Continued)**

Ridgewood Water and Strategic Infrastructure, a part of Ridgewood Private Equity Partners, invests in underlying assets and related businesses in the lower-middle market US water infrastructure sector. Investments are structurally advantaged, difficult-to-replicate, and located in large, growing and dynamic markets. The Ridgewood strategy involves acquiring and aggregating water assets in fragmented markets and developing assets with clearly defined demand drivers from credit-quality municipalities.

Special Credit Opportunities (Offshore), L.P. has identified attractive investment opportunities in the credit markets due to continued regulatory changes and global deleveraging. The Blackrock Special Credit Opportunities Fund will provide capital to areas or sectors undergoing longer-term structural changes in their sources of capital. The Fund anticipates a two to five year investment horizon with high current cash flow expected. Redemptions are not permitted during the life of the Fund. When the assets are sold, the proceeds, less any incentives due to the fund sponsor, will be distributed to the investors. The Fund expects to sell all of its underlying assets in July 2020.

Special Credit Opportunities, L.P. has identified attractive investment opportunities in the credit markets due to continued regulatory changes and global deleveraging. The Fund will provide capital to areas or sectors undergoing longer-term structural changes in their sources of capital.

Sightline Healthcare Opportunity Fund II, L.P. makes direct secondary investments in late-stage medical device companies. They identify capital-constrained investors and purchase their existing interest in companies that have begun commercialization. They seek companies that have clarity of exit within 2 to 3 years at premium valuations. Redemptions are not permitted during the life of the Fund. When the assets are sold, the proceeds, less any incentives due to the fund sponsor, will be distributed to the investors. The Fund expects to sell all of its underlying assets in July 2020.

Blackrock Appreciation Fund IV, Ltd seeks to generate positive returns throughout various market cycles by allocating to a diversified portfolio of hedge fund managers. The investors may redeem up to 25% of their shares as of the last business day of any fiscal quarter with 93 days' notice.

Blackrock Appreciation Strategy Fund IV, LLC is a diversified, co-mingled investment vehicle seeking to achieve net returns commensurate with the long-term return on equity markets - with half the volatility and low correlation to equity market risks.

FEG Absolute Access Fund I LLC allocates assets primarily among Portfolio Fund Managers implementing a variety of absolute return investment strategies while diversifying risk across a number of specific investment strategies, Portfolio Fund Managers and markets, while exhibiting less volatility than that of a portfolio of general equity and debt, although there is no assurance that a lower volatility will be reached. Investing in the Fund involves a high degree of risk. Redemption requests will be considered by the Board.

6. FAIR VALUE MEASUREMENTS (Continued)

The Harvest MLP Income Fund LLC seeks absolute total return by investing long-only in income-producing publicly traded Master Limited Partnerships (MLPs), with a particular focus on energy sector MLPs. Redemption rights are permitted on the last business day of any month with a 30 day advance notice.

7. BUILDINGS AND IMPROVEMENTS, LAND IMPROVEMENTS, AND EQUIPMENT

Buildings and improvements, land improvements, and equipment consisted of the following:

	2019	2018
Buildings and improvements	$ 3,066,035	$ 3,083,833
Land improvements	1,175,583	1,175,583
Equipment	501,236	422,546
	4,742,854	4,681,962
Less: accumulated depreciation	(3,507,710)	(3,481,718)
	$ 1,235,144	$ 1,200,244

8. LAND AND CONSERVATION EASEMENTS

Land located in Afton, Lakeland and West Lakeland Township, Minnesota was acquired by Belwin through contribution or purchase using funds contributed to Belwin specifically for the purpose of purchasing property or with general organizational funds. Land donated to Belwin or purchased by Belwin with funds donated for the purpose of purchasing property should be maintained by Belwin as open space with much of it in a natural state for educational and research purposes and must always, regardless of future ownership, be so held, developed and managed so as to preserve and enhance its natural features and significance for the future education and enjoyment of the public. During 2019, Belwin purchased 7 acres of land with an estimated value of $186,667. No land was acquired in 2018.

Conservation easements are perpetual agreements between Belwin and landowners under which the landowners agree to abide by certain restrictions designed to preserve the open space or conservation value of their land. These agreements are binding on all landowners. Conservation easements held by Belwin cover 90.71 acres of property, all of which are owned by individual landowners. Conservation easements held by Minnesota Land Trust cover 711 acres of Belwin's property.

(Continued)

9. **SOLAR ENERGY SYSTEM ACQUISITION OBLIGATION**

In February 2014, Belwin entered into an agreement to purchase and install a solar energy system on its property using seller financing. Installation of the solar system started in fall of 2014 and was completed in early 2015. The solar system went live on June 3, 2015. A subsidiary of the seller leases the solar system from Belwin under a capital lease agreement, and sells the power generated to Belwin. The capital lease is for a 20 year term, however the lease is subject to a put and call agreement after 13 years (June 3, 2028). Belwin is the fee title owner of the solar system, and the subsidiary of the seller is the tax owner of the solar system and eligible for federal tax credits. Belwin also assigned state solar incentive payments to the lessee. During the lease term, the lessee is responsible for all maintenance costs. Specified minimum payments are due even if the put or call is exercised. Utility cost savings are expected to finance the annual payments.

Future minimum payments are as follows:

2020	$ 6,336
2021	6,636
2022	6,954
2023	7,290
2024	7,644
Thereafter	29,700
	64,560
Less interest at 5%	(12,784)
	$ 51,776

The cost of the solar system based on Belwin's required minimum payments is $63,757. The related amortization expense during 2019 and 2018 was $2,550 and accumulated amortization was $11,868 and $9,138 at December 31, 2019, and 2018.

10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following:

	2019	2018
Land and easements	$ 9,735,361	$ 9,548,694
Investments restricted by donors for land purchases	1,181,147	1,183,660
Investments - endowment principal	111,807	111,807
Unappropriated endowment earnings	62,477	35,113
Purpose restrictions:		
Art, science and nature	311,186	311,186
Program expansion	209,328	209,328
New wetlands classroom	50,000	10,000
Repairs and upgrades to Metcalf House	40,000	-
	$ 11,701,306	$ 11,409,788

11. CONDITIONAL CONTRIBUTION

During 2007, Belwin received a conditional contribution of $2,000,000. The conditional contribution matches new gifts from individuals, corporations and foundations on a 1:1 basis. The contribution was recorded as a liability upon receipt and is recognized as revenue as the matching requirements are met. No matching contributions were recognized in 2019 and 2018.

12. RELATED PARTIES

The Afton Land Partnership (the Partnership) owns land adjacent to land held by Belwin. One of the partners of the Partnership is on the Board of Directors of Belwin. The Partnership and Belwin share certain equipment and operating costs in the maintenance of these properties. Afton Land Partnership owes Belwin $5,122 and $4,624 at December 31, 2019 and 2018.

The Fund receives investment advisory and accounting services from Burr Oak, Inc., a family investment and advisory office with one owner that also serves on the boards of the Conservancy and the Fund. The Fund paid Burr Oak, Inc. $42,562 and $43,193 in 2019 and 2018.

(Continued)

13. COMMITMENTS AND CONTINGENCIES

Employees - Belwin has an agreement with Oasis, a Paychex Company (Oasis) whereby Belwin's employees have become employees of Oasis for administrative and personnel purposes. Oasis assumes responsibility for administrative employment matters, such as paying wages and all federal, state and local payroll taxes, FICA, and unemployment contributions; providing workers compensation coverage; complying with the Immigration Reform and Control Act; providing non-obligatory fringe benefit programs for Covered Employees; and complying with COBRA for qualified Covered Employees and dependents.

Life Estates - Two life estates exist on certain land owned by Belwin. Under these life estates, the former owners have the right to live in their houses until their death.

14. RETIREMENT SAVINGS PLAN

Belwin has a defined contribution retirement plan under Section 401(k) of the Internal Revenue Code. Generally, all employees of Belwin who are over 21 years of age and who have completed 60 days of service with Belwin are eligible to participate in the plan. Employer contributions are discretionary. Employer contributions to the Plan in 2019 and 2018 totaled $12,276 and $8,126, respectively.

15. ENDOWMENTS

At December 31, 2019, Belwin has one donor-restricted endowment and a Board designated endowment. Earnings on the donor-restricted endowment are not restricted in use. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board designated endowment is held by the Supporting Fund and is to be used for general operating support for the Conservancy. The Board has a policy of appropriating for distribution up to 4.5% of the rolling three-year average value of the net assets.

Interpretation of Relevant Law - The Board of Directors of Belwin has interpreted the Minnesota version of the Prudent Management of Institutional Funds Act (MPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund, absent explicit donor stipulations to the contrary. As a result of this interpretation, Belwin classifies as net assets with donor restrictions (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment, and (c) accumulations to the donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The donor did not require that any income be added to the endowment. The remaining portion of endowment investments is classified as net assets with donor restrictions until these amounts are appropriated for expenditure by Belwin.

(Continued)

15. **ENDOWMENTS (Continued)**

In accordance with MPMIFA, Belwin considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of Belwin and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the organization
(7) The investment policies of Belwin

Changes in endowment net assets for the year ended December 31, 2019 follow:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	$ 9,178,296	$ 146,920	$ 9,325,216
Investment return:			
Investment income, net of fees	584,391	3,824	588,215
Appreciation (depreciation)	681,608	23,540	705,148
Total investment return	1,265,999	27,364	1,293,364
Additions	1,000,000	-	1,000,000
Appropriation for expenditure	(556,650)	-	(556,650)
Endowment net assets, end of year	$ 10,887,645	$ 174,284	$ 11,061,929

15. **ENDOWMENTS (Continued)**

Changes in endowment net assets for the year ended December 31, 2018 follow:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	$ 10,121,762	$ 155,576	$ 10,277,338
Investment return:			
Investment income, net of fees	657,760	2,321	660,081
Appreciation (depreciation)	(1,371,474)	(10,977)	(1,382,451)
Total investment return	(713,714)	(8,656)	(722,370)
Additions	155,000	-	155,000
Appropriation for expenditure	(384,752)	-	(384,752)
Endowment net assets, end of year	$ 9,178,296	$ 146,920	$ 9,325,216

Return Objectives and Risk Parameters - Belwin has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding. Under these policies, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to achieve a positive return after inflation and distribution over an extended period of time and maintain sufficient income and liquidity to provide for reasonable cash flow requirements.

Strategies Employed for Achieving Objectives - To satisfy its income and liquidity objectives, Belwin invests donor-restricted endowment assets 73% in domestic and 27% in foreign large blend mutual funds and money market accounts. At December 31, 2019, the Board-designated endowment is invested 9% in money market funds; 16% in diversified emerging market mutual funds; 6% in foreign large blend exchange traded funds; 36% in common and collective trust funds; and 32% in partnerships and LLC's. At December 31, 2018, the Board-designated endowment is invested 8% in money market funds; 16% in diversified emerging market mutual funds; 7% in foreign large blend exchange traded funds; 38% in common and collective trust funds; and 32% in partnerships and LLC's.

(Continued)

16. LUCY WINTON BELL ATHLETIC FIELDS

Belwin entered into a cooperative management agreement for the operation and maintenance of the athletic fields with two nonprofit sports organizations beginning in 2011. The three parties mutually agreed to select one of the parties to be a facility manager. The facility manager is responsible for managing all regular operations and day-to-day maintenance of the LWBAF in accordance with the terms of the agreement. Net annual budgeted operating costs are shared equally by the other two organizations. Belwin collects the budgeted user fee from the other two parties and pays the facility manager. Each of the organizations must also contribute $2,500 annually to a LWBAF capital reserve held by Belwin. There were no payments made to the reserve in 2019. User fees were $78,000 in 2019 and 2018. The facility manager expense was $78,000 in both years. Any excess user fees are deposited to the capital reserve.

17. YOUNGBLOOD HOUSE ACQUISITION AND SALE

In August 2019, the Supporting Fund purchased a house with 12 acres of land for $542,218. In December 2019, Belwin sold the house and 5 acres of the land for $475,998 and kept the remaining 7 acres. The total value of the 12 acres of land was appraised at $320,000, a per acre value of $26,667. Proceeds received from the sale of the home totaled $449,599. The 5 acres were sold subject to a conservation The remaining $26,399 was retained by the title company to be used by Belwin to make repairs to the septic system on the sold property. The sale of the home and 5 acres of land resulted in a gain of $120,447, which is included in the statement of activities as a gain on sale.

18. SUBSEQUENT EVENTS

In January 2020, Belwin received donated land totaling 30.29 acres with a tax value of $587,800.

A nationwide public health emergency has developed in 2020. The state of Minnesota has enacted measures to combat the global pandemic resulting from a novel strain of coronavirus known as COVID-19. Measures have included regulatory restrictions on citizen and business activities as well as recommendations for further voluntary curtailment of activities. There has been no immediate impact on Belwin's operations. The future potential impact of these issues is uncertain, however possible effects may include, but are not limited to, a decline in the market value of assets held by Belwin including property and equipment and investments.

Belwin applied for and received $121,700 in Paycheck Protection Program funds from a program developed by the Federal government in response to COVID-19. The loan has a term of two years and interest at 1%. The loan may be forgiven if certain conditions are met including that 60% of the loan be used for payroll within 24 weeks of disbursement. Any portion of the loan not forgiven will be amortized and paid monthly over the remaining term of the loan.

Belwin purchased 31 acres of land in Afton, Minnesota on June 24, 2020 for $955,000. Belwin has signed agreements with Washington County and the Minnesota Department of Natural Resources to provide funding for portions of the purchase price of the land.

Management has evaluated subsequent events through July 29, 2020, the date on which the financial statements were available for issue and noted no additional subsequent events.

SUPPLEMENTARY CONSOLIDATING INFORMATION

THE BELWIN CONSERVANCY

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2019

	Belwin Conservancy	Belwin Supporting Fund	Total	Eliminations	Total
ASSETS					
Cash	$ 261,640	$ -	$ 261,640	$ -	$ 261,640
Cash - capital reserve for LWBAF	9,290	-	9,290	-	9,290
Contributions receivable	11,320	-	11,320	-	11,320
Receivable from affiliate	1,514,306	-	1,514,306	(1,509,184)	5,122
Investments	-	13,962,476	13,962,476	-	13,962,476
Land and conservation easements	9,735,361	-	9,735,361	-	9,735,361
Buildings and improvements, land improvements, and equipment, net	1,235,144	-	1,235,144	-	1,235,144
Other assets	-	26,399	26,399	-	26,399
Endowment investments	174,284	-	174,284	-	174,284
	$ 12,941,345	$ 13,988,875	$ 26,930,220	$ (1,509,184)	$ 25,421,036
LIABILITIES AND NET ASSETS					
Accounts payable	$ 14,424	$ -	$ 14,424	$ -	$ 14,424
Due to affiliate	-	1,509,184	1,509,184	(1,509,184)	-
Accrued payroll	34,000	-	34,000	-	34,000
Solar energy system acquisition obligation	51,776	-	51,776	-	51,776
Conditional contribution	1,499,973	-	1,499,973	-	1,499,973
Total liabilities	1,600,173	1,509,184	3,109,357	(1,509,184)	1,600,173
Net assets:					
Net assets without donor restrictions	(258,841)	12,378,398	12,119,557	-	12,119,557
Net assets with donor restrictions	11,600,013	101,293	11,701,306	-	11,701,306
Total net assets	11,341,172	12,479,691	23,820,863	-	23,820,863
	$ 12,941,345	$ 13,988,875	$ 26,930,220	$ (1,509,184)	$ 25,421,036

See independent auditor's report

THE BELWIN CONSERVANCY

CONSOLIDATING STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2019

	Belwin Conservancy	Belwin Supporting Fund	Total	Eliminations	Total
Revenues and support:					
Contributions	$ 1,080,243	$ 1,091,206	$ 2,171,449	(576,105)	$ 1,595,344
In-kind services	10,710	-	10,710	-	10,710
Government grants	48,582	-	48,582	-	48,582
Investment income	27,364	1,368,925	1,396,289	-	1,396,289
Gain on sale of land and equipment	14,900	120,447	135,347	-	135,347
Facility user fees and rent income	94,840	-	94,840	-	94,840
Miscellaneous income	24,616	-	24,616	-	24,616
Total revenues and support	1,301,255	2,580,578	3,881,833	(576,105)	3,305,728
Expenses:					
Program services:					
Environmental	535,643	-	535,643	-	535,643
Art, science and nature	228,421	-	228,421	-	228,421
	764,064	-	764,064	-	764,064
Management and general	156,933	618,667	775,600	(576,105)	199,495
Fundraising	181,891	-	181,891	-	181,891
Total expenses	1,102,888	618,667	1,721,555	(576,105)	1,145,450
Change in net assets before contribution of assets	198,367	1,961,911	2,160,278	-	2,160,278
Contribution of assets	186,667	(186,667)	-	-	-
Change in net assets	385,034	1,775,244	2,160,278	-	2,160,278
Net assets, beginning of year	10,956,138	10,704,447	21,660,585	-	21,660,585
Net assets, end of year	$ 11,341,172	$ 12,479,691	$ 23,820,863	$ -	$ 23,820,863