



**THE PIEDMONT ENVIRONMENTAL COUNCIL  
AND THE PIEDMONT FOUNDATION**

**Consolidated Financial Statements**



*For the Years Ended December 31, 2024 and 2023*



**and  
Report Thereon**



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
The Piedmont Environmental Council  
and The Piedmont Foundation  
Warrenton, Virginia

### Opinion

We have audited the consolidated financial statements of The Piedmont Environmental Council and The Piedmont Foundation (the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

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

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to the financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

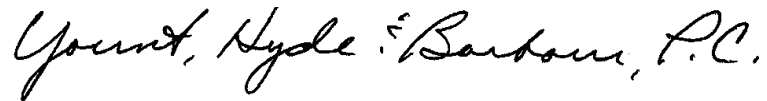
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2025 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Goumit, Hyde & Barbours, P.C." The signature is written in a cursive style.

Winchester, Virginia  
May 13, 2025

**THE PIEDMONT ENVIRONMENTAL COUNCIL  
AND THE PIEDMONT FOUNDATION**

**Consolidated Statements of Financial Position**

December 31, 2024 and 2023

<b>Assets</b>	<b>2024</b>	<b>2023</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,403,459	\$ 1,431,516
Grants, contributions and other receivables	358,742	27,874
Prepaid expenses and other assets	<u>173,544</u>	<u>133,805</u>
Total current assets	<u>1,935,745</u>	<u>1,593,195</u>
<b>Long-Term Assets</b>		
Investments, at fair market value	26,357,512	22,656,369
Land held for conservancy	6,789,645	6,789,645
Property and equipment, net	2,585,556	2,440,072
Land	424,869	76,206
Beneficial interests held in remainder trusts	949,299	815,862
Right-of-use assets - operating	<u>72,315</u>	<u>98,959</u>
Total long-term assets	<u>37,179,196</u>	<u>32,877,113</u>
Total assets	<u>\$ 39,114,941</u>	<u>\$ 34,470,308</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 444,038	\$ 382,353
Current maturities of lease liabilities - operating	<u>25,641</u>	<u>25,570</u>
Total current liabilities	<u>469,679</u>	<u>407,923</u>
<b>Non-Current Liabilities,</b>		
lease liabilities - operating, less current maturities	<u>51,227</u>	<u>75,180</u>
<b>Net Assets</b>		
Without donor restrictions	14,781,212	12,447,708
With donor restrictions	<u>23,812,823</u>	<u>21,539,497</u>
Total net assets	<u>38,594,035</u>	<u>33,987,205</u>
Total liabilities and net assets	<u>\$ 39,114,941</u>	<u>\$ 34,470,308</u>

The accompanying notes are an integral part of these Consolidated Financial Statements.

**THE PIEDMONT ENVIRONMENTAL COUNCIL  
AND THE PIEDMONT FOUNDATION**

**Consolidated Statements of Activities**  
For the Years Ended December 31, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support</b>						
Contributions and grants	\$ 5,914,979	\$ 3,230,850	\$ 9,145,829	\$ 3,911,619	\$ 1,466,931	\$ 5,378,550
Contributed nonfinancial assets	2,117,272	--	2,117,272	91,680	--	91,680
Special events	1,067,239	--	1,067,239	735,459	--	735,459
Less: costs benefiting contributors	(347,654)	--	(347,654)	(308,639)	--	(308,639)
Special events, net of costs	719,585	--	719,585	426,820	--	426,820
Investment return, net	1,779,484	1,664,272	3,443,756	2,140,515	1,945,117	4,085,632
Donation of property	--	--	--	(140,153)	--	(140,153)
Change in value of remainder trusts	--	133,437	133,437	--	158,427	158,427
Other	51,291	--	51,291	128,368	--	128,368
Net assets released from restrictions:						
Satisfaction of program restrictions	2,755,233	(2,755,233)	--	1,621,697	(1,621,697)	--
Total revenue and support	<u>13,337,844</u>	<u>2,273,326</u>	<u>15,611,170</u>	<u>8,180,546</u>	<u>1,948,778</u>	<u>10,129,324</u>
<b>Expenses</b>						
Program Services:						
Conservation, stewardship and habitat	5,403,249	--	5,403,249	1,683,748	--	1,683,748
County issues and planning	855,793	--	855,793	976,096	--	976,096
Policy	858,730	--	858,730	688,801	--	688,801
Farms and food	348,354	--	348,354	506,288	--	506,288
Transportation and growth management	192,050	--	192,050	210,694	--	210,694
Outreach and education	794,358	--	794,358	842,403	--	842,403
Total program services	<u>8,452,534</u>	<u>--</u>	<u>8,452,534</u>	<u>4,908,030</u>	<u>--</u>	<u>4,908,030</u>
Supporting Services:						
Fundraising	957,001	--	957,001	844,636	--	844,636
Management and general	1,594,805	--	1,594,805	1,436,235	--	1,436,235
Total supporting services	<u>2,551,806</u>	<u>--</u>	<u>2,551,806</u>	<u>2,280,871</u>	<u>--</u>	<u>2,280,871</u>
Total expenses	<u>11,004,340</u>	<u>--</u>	<u>11,004,340</u>	<u>7,188,901</u>	<u>--</u>	<u>7,188,901</u>
Change in net assets	2,333,504	2,273,326	4,606,830	991,645	1,948,778	2,940,423
Net assets, beginning of year	<u>12,447,708</u>	<u>21,539,497</u>	<u>33,987,205</u>	<u>11,456,063</u>	<u>19,590,719</u>	<u>31,046,782</u>
Net assets, end of year	<u>\$ 14,781,212</u>	<u>\$ 23,812,823</u>	<u>\$ 38,594,035</u>	<u>\$ 12,447,708</u>	<u>\$ 21,539,497</u>	<u>\$ 33,987,205</u>

The accompanying notes are an integral part of these Consolidated Financial Statements.

**THE PIEDMONT ENVIRONMENTAL COUNCIL  
AND THE PIEDMONT FOUNDATION**

**Consolidated Statements of Cash Flows**  
For the Years Ended December 31, 2024 and 2023

	<b>2024</b>	<b>2023</b>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 4,606,830	\$ 2,940,423
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	160,734	168,721
Amortization of right-of-use asset	26,644	26,748
Donation of property	--	140,153
Net realized and unrealized (gain) on investments	(2,878,977)	(3,676,993)
Change in value of remainder trusts	(133,437)	(158,427)
Changes in assets and liabilities:		
(Increase) decrease in grants, contributions and other receivables	(330,868)	378,869
(Increase) in prepaid expenses and other assets	(39,739)	(19,870)
Increase (decrease) in accounts payable and accrued expenses	61,685	(13,981)
Net cash provided by (used in) operating activities	1,472,872	(214,357)
<b>Cash Flows from Investing Activities</b>		
Proceeds from sale of investments	1,216,997	3,342,646
Purchases of investments	(2,039,163)	(2,414,483)
Purchases of property and equipment and land held for conservancy	(654,881)	(29,038)
Net cash (used in) provided by investing activities	(1,477,047)	899,125
<b>Cash Flows from Financing Activities,</b>		
principal payments on lease liabilities	(23,882)	(25,101)
Change in cash and cash equivalents	(28,057)	659,667
<b>Cash and Cash Equivalents</b>		
Beginning of year	1,431,516	771,849
End of year	\$ 1,403,459	\$ 1,431,516
<b>Supplemental Cash Flow Information</b>		
Interest paid	\$ --	\$ 21,243
Contributed nonfinancial assets	\$ 2,117,272	\$ 91,680
Donated stock received	\$ 386,574	\$ 280,094

The accompanying notes are an integral part of these Consolidated Financial Statements.

**THE PIEDMONT ENVIRONMENTAL COUNCIL  
AND THE PIEDMONT FOUNDATION**

**Notes to Consolidated Financial Statements**

**1. Organization and Summary of Significant Accounting Policies**

**Organization**

The Piedmont Environmental Council (the Council) was founded in 1972. The Council was organized to provide positive programs and professional planning assistance designed to preserve the traditional character and visual order of the countryside, towns and villages of the northern Piedmont region of Virginia, while providing for orderly economic progress sensitive to conservation of the land, water, air and other natural resources, as a legacy to generations to come.

The Piedmont Foundation was founded in 1999 and began operations in 2000 upon acknowledgement by the IRS of the Foundation's status as a tax-exempt 501(c)(3) organization and supporting organization as described in IRC Section 509(a)(3). The Piedmont Foundation (the Foundation) was organized to support the activities of The Piedmont Environmental Council, Inc.

Under accounting principles generally accepted in the United States of America, the Foundation and the Council are required to issue consolidated financial statements because the Directors of the Piedmont Environmental Council elect the Directors of the Foundation. These consolidated financial statements include the accounts of both Piedmont Environmental Council and Piedmont Foundation. All material intercompany accounts and transactions were eliminated in consolidation. Unless otherwise noted, the entities will be collectively referred to as the "Organization" throughout the financial statements.

**Cash and Cash Equivalents**

For the purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Organization maintains its cash balances in various financial institutions which, at times, may exceed federally insured limits. The Organization has not experienced any losses on such accounts.

**Land Held for Conservancy**

Land held for conservancy is recorded at cost or, if donated, at the estimated fair market value of the land, as if restricted by an easement, on the date of the donation.

## Notes to Consolidated Financial Statements

### Conservation Easements

Conservation easements are intangible assets representing restrictions on the development of real property, conveyed by a property owner to the Organization. The Organization occasionally accepts and holds or co-holds these easements in order to protect the owned property in perpetuity. Conservation easements, by their nature, have no market value, as they cannot be sold or exchanged for remuneration. Thus, when the Organization accepts an easement, either as a sole holder or as a co-holder, no revenue or expense is recorded. The Organization holds or co-holds 93 and 84 conservation easements totaling 13,901 and 11,655 acres as of December 31, 2024 and 2023, respectively.

### Investments

Investments are reported at fair value in the statements of financial position. Investment return, net is reflected in the statements of activities, net of fees.

### Property and Equipment

Property and equipment are recorded at cost or, if donated, at the fair market value on the date of donation, and are being depreciated using the straight-line method over the estimated economic useful life of three to thirty-one and one-half years with no salvage value. Maintenance and repairs are charged to expense when incurred, whereas major improvements are capitalized. Upon the retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is charged to revenue and expenses.

### Classification of Net Assets

*Net assets without donor restrictions* are assets that are not subject to donor-imposed stipulations.

*Net assets with donor restrictions* consist of individual gifts from donors who have stipulated time or purpose restrictions or as a condition of the gift, the principal is to be maintained intact in perpetuity and that only the income from the investment can be expended either for unrestricted purposes or for purposes stipulated by donor. Net assets are released from restriction and reclassified to net assets without donor restrictions as the Organization fulfills the donor stipulation or upon passage of time.

### Revenue Recognition

Contributions and grants are recognized as revenue when they are received or unconditionally promised.

The Organization reports gifts of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

## Notes to Consolidated Financial Statements

The Organization reports gifts of land, buildings, and equipment as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulations about how these long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized, or treated as a refundable advance, until the conditions on which they depend have been met.

The Organization, as part of a capital fundraising campaign that began in 2005, has been named a beneficiary in planned giving vehicles. These gifts are not reflected in the accompanying statements because the purpose of the contribution has not been specified or is subject to change and the time period over which the gifts will be realized is uncertain.

Grants and contributions receivable represent amounts committed by grantors and donors that have not been received by the Organization. All grants and contributions receivable are expected to be collected within one year.

Contributions of services shall be recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Special events income includes receipts from ticket sales, contributions, auction items and sponsorships and is recognized at the time of the event. Special events income includes both exchange transactions as well as contributions. The transaction price associated with the performance obligations included in special events income is valued at the standalone selling price or the price the Organization would charge if a benefit (i.e. tickets and auction items) were sold separately. The value of the benefits received amounted to \$157,995 and \$147,271 as of December 31, 2024 and 2023, respectively.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. Contributions that are restricted by the donor and for which the restrictions do not fully expire in the reporting period are reported as net assets with donor restrictions in the Statements of Activities.

As of December 31, 2024 and 2023, contributions and grants totaling \$4,173,084 and \$6,966,510, respectively, had not been recognized in the accompanying statements of activities because the conditions on which they depend had not yet been met.

## Notes to Consolidated Financial Statements

### Allocation Methodology for the Schedules of Functional Expenses

The costs of providing program and supporting services have been summarized on a functional and natural basis in the schedules of functional expenses. Certain costs have been allocated among program services, management and general and fundraising. Such allocations have been made by management on an equitable basis. The expenses that were allocated included the following:

<u>Expense</u>	<u>Allocation Methodology</u>
Salaries, wages, taxes and benefits	Direct Allocation and Time and Effort
Professional fees	Direct Allocation and Time and Effort
Subcontracts	Direct Allocation
Scholarships and donations	Direct Allocation
Printing, copying, and publications	Direct Allocation
Occupancy	Direct Allocation and Time and Effort
Postage expense	Direct Allocation
Travel	Direct Allocation
Conferences and meetings	Direct Allocation
Telephone and internet	Direct Allocation and Time and Effort
Web-based services	Direct Allocation and Time and Effort
Office expenses and supplies	Direct Allocation and Time and Effort
Development rights	Direct Allocation
Dues and subscriptions	Direct Allocation
Depreciation and amortization	Direct Allocation and Time and Effort
Insurance	Direct Allocation and Time and Effort
Interest	Direct Allocation
Advertising	Direct Allocation
Other expenses	Direct Allocation and Time and Effort

### Use of Estimates

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

### Fair Value Measurements

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

Level 1 – Valuations for assets and liabilities traded in active exchange markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

## Notes to Consolidated Financial Statements

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities or other inputs observable for the asset or liability, either directly or indirectly through corroboration with observable market data. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option-pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

For the years ended December 31, 2024 and 2023, the application of valuation techniques applied to similar assets has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

### *Money market, equity and debt securities*

The fair value of equity securities and debt securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers.

### *Alternative fund*

The Organization adopted ASU 2015-07, Fair Value Measurement (Topic 820) – Disclosures for Investments in Certain Entities That Calculate Net Asset Value (“NAV”) per Share (or its Equivalent). The standard removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured at NAV. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. NAV is used as a practical expedient to estimate fair value.

The carrying amounts of the Organization’s financial instruments not described above arise in the ordinary course of business and approximate fair value. The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

### **Advertising**

The Organization follows the policy of charging the cost of advertising to expense as incurred. Advertising expense was \$8,724 and \$11,800 for the year ended December 31, 2024 and 2023, respectively.

## Notes to Consolidated Financial Statements

### 2. Investments, including Fair Value Measurements

The Organization held the following investments as of December 31, 2024 and 2023, respectively:

<u>2024</u>	<u>Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Money market funds	\$ 3,386,733	\$ 3,386,733	\$ --
Equity securities	10,772,111	18,935,348	8,163,237
Debt securities	1,289,801	1,224,700	(65,101)
Alternative fund	<u>1,634,783</u>	<u>2,810,731</u>	<u>1,175,948</u>
Total investments	<u>\$ 17,083,428</u>	<u>\$ 26,357,512</u>	<u>\$ 9,274,084</u>

<u>2023</u>	<u>Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Money market funds	\$ 2,677,335	\$ 2,677,335	\$ --
Equity securities	10,217,246	15,726,271	5,509,025
Debt securities	1,517,740	1,430,140	(87,600)
Alternative fund	<u>1,843,783</u>	<u>2,822,623</u>	<u>978,840</u>
Total investments	<u>\$ 16,256,104</u>	<u>\$ 22,656,369</u>	<u>\$ 6,400,265</u>

The following table presents the balance of financial assets measured at fair value on a recurring basis as of December 31, 2024 and 2023:

<u>2024</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Levels (Level 2)</u>	<u>Significant Other Unobservable Levels (Level 3)</u>	<u>Total</u>
Money market funds	\$ 3,386,733	\$ --	\$ --	\$ 3,386,733
Equity securities	18,935,348	--	--	18,935,348
Debt securities	1,224,700	--	--	1,224,700
Alternative fund*	<u>--</u>	<u>--</u>	<u>--</u>	<u>2,810,731</u>
Total investments	<u>\$ 23,546,781</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 26,357,512</u>

## Notes to Consolidated Financial Statements

<u>2023</u>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Levels (Level 2)</b>	<b>Significant Other Unobservable Levels (Level 3)</b>	<b>Total</b>
Money market funds	\$ 2,677,335	\$ --	\$ --	\$ 2,677,335
Equity securities	15,726,271	--	--	15,726,271
Debt securities	1,430,140	--	--	1,430,140
Alternative fund*	--	--	--	2,822,623
Total investments	<u>\$ 19,833,746</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 22,656,369</u>

\*In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share have not been classified in the fair value hierarchy. The fair value amounts in the table are intended to permit reconciliation of the fair value hierarchy to the line item presented in the statement of financial position.

### **Investments Measured Using the Net Asset Value (NAV) per Share as a Practical Expedient**

The Alternative Fund held by the Foundation is valued at the NAV of shares held by the Organization at year-end.

The Alternative Fund is valued using the practical expedient at the Organization's pro-rata interest in the net assets of the entities. Investments held by these entities are valued at prices which approximate fair value. The fair value of certain investments in the underlying entities, which may include private placements and other securities for which values are not readily available, are determined in good faith by the investment advisors of the respective entities and may not reflect amounts that could be realized upon immediate sale, nor amounts that may be ultimately realized. The estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments, and these differences could be material. Net asset valuations are provided daily, monthly, or quarterly by these entities. Appreciation of investments in these entities is net of all allocations to the investment advisors.

The summary of investment return, net for the years ended December 31, 2024 and 2023 was as follows:

	<u>2024</u>	<u>2023</u>
Dividends and interest	\$ 675,722	\$ 489,599
Unrealized and realized gain	2,878,977	3,676,993
Investment fees	(110,943)	(80,960)
	<u>\$ 3,443,756</u>	<u>\$ 4,085,632</u>

## Notes to Consolidated Financial Statements

### 3. Property and Equipment, Net

The Organization's property and equipment, net consisted of the following as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Buildings and improvements	\$ 3,969,449	\$ 3,706,256
Land improvements	108,971	91,126
Furniture and equipment	247,577	222,397
Software	<u>79,825</u>	<u>79,825</u>
Total property and equipment	4,405,822	4,099,604
Less accumulated depreciation and amortization	<u>(1,820,266)</u>	<u>(1,659,532)</u>
Net property and equipment	<u>\$ 2,585,556</u>	<u>\$ 2,440,072</u>

Depreciation and amortization expense was \$160,734 and \$168,721 for 2024 and 2023, respectively.

### 4. Line of Credit

The Organization has a \$300,000 line of credit with Truist Bank (FKA BB&T), which was renewed until August 4, 2025. Funds drawn against this line accrued interest at the lender's prime rate of 7.50% and 8.50% during 2024 and 2023, respectively. As of December 31, 2024 and 2023, the Organization had a \$0 balance on the line of credit. Interest expense on the line of credit for 2024 and 2023 was \$0 and \$9,232, respectively.

### 5. Post-Retirement Benefits

The Organization has an employee retirement plan pursuant to Section 403(b) of the Internal Revenue Code. All permanent full-time employees are eligible to make contributions upon employment. Employee contributions to the employee retirement plan are voluntary and are made with pre-tax payroll deductions of up to approximately 20% of participating employees' compensation. Employees who have successfully completed 12 months of service and 1,000 hours of work are eligible for employer contributions. Under the retirement plan, the Organization may also contribute. The employer contribution for the 2024 and 2023 calendar years was \$101,155 and \$147,417, respectively, which was included in salaries, wages, taxes and benefits in the accompanying schedules of functional expenses. Individual contracts under the plan provide for full and immediate vesting of both the employer's and employee's contributions.

## Notes to Consolidated Financial Statements

### 6. Net Assets with Donor Restrictions

Net assets with donor restrictions as of December 31, 2024 and 2023 were available for future expenditures in the following areas:

	<u>2024</u>	<u>2023</u>
Conservation	\$ 3,114,484	\$ 3,259,023
County issues	2,344	32,190
Transportation and growth management	46,223	75,768
Farms and food	138,000	76,353
Outreach and environmental education	11,756	15,954
Policy	1,064,445	327,149
Senior fellow	--	3,624
Historic preservation	35,241	5,241
Habitat	23,188	--
Time restriction	25,000	25,000
Albemarle County General Endowment	1,214,239	905,451
Land Conservation Officers Endowment	478,399	336,418
Albemarle County Land Conservation Program Endowment	957,578	633,521
Evergreen (Easement Stewardship Fund)	1,939,242	1,479,381
Easement Defense Fund (Legal Defense Fund)	464,926	222,076
Rappahannock County Land Conservation Fund	1,008,430	919,897
Clarke County Land Conservation Fund	1,248,327	1,119,652
Goose Creek Land Conservation Fund	56,098	359,338
Bull Run Land Conservation Fund	143,817	112,301
Cedar Run Land Conservation Fund	217,717	172,666
Culpeper Land Conservation Fund	40,407	54,170
Madison Land Conservation Fund	95,819	81,894
Greene Land Conservation Fund	43,058	27,031
Ovoka Memorial	229,571	218,765
Other grants and funds	34,071	29,628
Charitable remainder unitrusts	949,299	815,862
Albemarle County General Endowment, principal portion	2,000,000	2,000,000
Albemarle County Land Conservation Program Endowment, principal portion	1,400,000	1,400,000
Land Conservation Officers Endowment, principal portion	1,000,000	1,000,000
General Endowment Fund, principal portion	5,831,144	5,831,144
Total	<u>\$ 23,812,823</u>	<u>\$ 21,539,497</u>

## Notes to Consolidated Financial Statements

### 7. Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code, the Council and Foundation are exempt from federal taxes on income other than net unrelated business income. As of December 31, 2024 and 2023, no provision for taxes was made, as the Council and Foundation had no unrelated business income.

### 8. Related Parties

The Organization invests in funds that are managed by the investment firms of three board members. The board members do not participate in the review of the funds and will continue to be absent in future decisions related to the invested funds.

### 9. Net Assets Released from Donor Restrictions

Net assets were released from donor restrictions during the years ended December 31, 2024 and 2023, by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors. Net assets released in 2024 and 2023 consisted of the following:

	<u>2024</u>	<u>2023</u>
Conservation	\$ 1,026,146	\$ 472,685
County issues	29,846	12,935
Transportation and growth management	476,963	118,925
Farms and food	73,580	110,758
Outreach and environmental education	4,197	33,248
Policy	741,830	172,490
Senior fellow	3,624	219,894
Gordonsville Town to Trail Initiative	--	1,240
Time restriction	25,000	20,000
Habitat	19,089	--
Land conservation funds	--	50,309
Appropriation of endowment assets for expenditure	267,418	256,234
Legal defense fund	1,005	945
Other grants and funds	<u>86,535</u>	<u>152,034</u>
Total	<u>\$ 2,755,233</u>	<u>\$ 1,621,697</u>

## Notes to Consolidated Financial Statements

### 10. Remainder Trusts

The Foundation is the named beneficiary of various charitable remainder trusts. The Foundation's policy is to record the present value of the remainder interests when they learn of the agreement, the terms of the agreement are irrevocable, and the value can be readily determined.

The change in the value of the remainder trusts are recorded in the statements of activities. The remainder trusts were initially recorded in 2016 when the Foundation became aware of the agreements. The change in the value of the remainder trusts was \$133,437 and \$158,427 as of December 31, 2024 and 2023, respectively.

The present value of the remainder interests is recorded in the statement of financial position as "beneficial interest held in remainder trusts." The remainder value of these agreements as of December 31, 2024 and 2023 was \$949,299 and \$815,862, respectively.

### 11. Endowment

The Foundation's endowment consists of four funds established to support the general operations of the Foundation and Council, or specific operations or staff positions of the Council. The endowment includes funds with donor restrictions. Board designated funds which function as endowments are included as net assets without donor restrictions. 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 of Directors of the Foundation has interpreted state law as requiring the preservation of the value of the original gift (corpus) of the permanent endowment fund, unless the donor stipulates how net appreciation must be used. As a result of the Board's interpretation, the net appreciation (unrealized gains and losses) is retained as net assets with donor restriction.

The Foundation has adopted an investment policy to preserve principal, both in absolute and real terms (adjusted for inflation), while seeking to maximize returns within acceptable levels of risk and to provide income to meet operating expenses. A diversified portfolio with an equity/debt ratio varying from 80/20 to 45/55 is reviewed quarterly by the Investment Committee of the Board of Directors. Under agreements with the Council, the Foundation distributes up to 5% of each endowment per annum (in lieu of an income distribution).

## Notes to Consolidated Financial Statements

The Albemarle Land Conservation Program Endowment and the Land Conservation Officers Endowment, under agreements between the donor, the Foundation and the Council, distributes an amount specified by the Foundation Board of Directors, provided the corpus exceeds the original balance of \$1,400,000 and \$1,000,000, respectively.

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>
Endowment net assets, December 31, 2022	\$ 3,323,184	\$ 11,139,976
Investment return, net	717,793	1,104,412
Contributions	26,756	118,380
Appropriation of endowment assets for expenditure	(257,346)	(256,234)
Endowment net assets, December 31, 2023	3,810,387	12,106,534
Investment return, net	594,982	942,244
Contributions	1,122,756	100,000
Appropriation of endowment assets for expenditure	(762,927)	(267,418)
Endowment net assets, December 31, 2024	\$ 4,765,198	\$ 12,881,360

### 12. Commitments and Contingencies

#### *Operating Leases and Future Commitments*

The Organization has an operating lease for office space in Charlottesville, Virginia. The lease began October 1, 2022 and has a 60 month term. There is no implicit rate in the lease; as such, the Organization elected to use the risk-free rate of 4.02%. As of December 31, 2024 and 2023, the remaining lease term is 33 months and 45 months, respectively. The lease does not have an optional renewal period; the Organization intends to enter into a new lease agreement at the expiration of its current lease agreement.

The Organization had another operating lease for office equipment. The lease had a 51 month term and matured December 31, 2024. There was no implicit rate in the lease; as such, the Organization elected to use the risk-free rate of 1.27%.

## Notes to Consolidated Financial Statements

The following table presents the maturity of the Organization’s operating lease liabilities on an undiscounted cash flow basis and a reconciliation to the operating lease liabilities recognized in the Organization’s statement of financial position as of December 31, 2024:

Year Ended December 31,		
2025	\$	28,194
2026		29,040
2027		24,042
		81,276
Imputed interest		(4,408)
Present value of operating lease payments	\$	76,868

Rental expense for the years ended December 31, 2024 and 2023 was \$29,763.

### *Finance Lease and Future Commitments*

The Organization had a finance lease for a copier. The lease began in 2017 and had a 60-month term. There was no implicit rate in the lease; as such, the Organization elected to use the risk-free rate of .37%. In January 2023, there was a buyout of the lease.

### **13. Liquidity and Availability of Resources**

The Organization has the following financial assets available within one year of statement of financial position date to meet cash needs for general expenditure. The Organization has a line of credit in the amount of \$300,000 which it could draw upon in the event of an unexpected liquidity need.

	2024	2023
Financial assets, at year-end:		
Cash and cash equivalents	\$ 1,403,459	\$ 1,431,516
Grants, pledges and other receivables	358,742	27,874
Investments	26,357,512	22,656,369
Total financial assets	28,119,713	24,115,759
Less those unavailable for general expenditure within one year:		
Due to donor imposed restrictions	21,553,223	19,279,897
Due to board designations	4,765,198	3,810,387
Financial assets not available to be used within one year	26,318,421	23,090,284
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,801,292	\$ 1,025,475

## Notes to Consolidated Financial Statements

### 14. Contributed Nonfinancial Assets

Contributed nonfinancial assets are reflected as contributions in the accompanying financial statements at their fair market values at the date of the gift. The Organization does not have a policy to monetize any contributed nonfinancial assets received; the Organization intends to use any in-kind contributions received for its programs and supporting services.

Contributed nonfinancial assets recognized by the Organization during the years ended December 31, 2024 and 2023, were \$2,117,272 and \$91,680, respectively.

For the years ended December 31, 2024 and 2023, the Organization received the following contributed nonfinancial assets:

Type of Contributed Nonfinancial Asset	Valuation Methodology	2024	2023
Conferences and meetings	Purchase Price	\$ --	\$ 605
Special event - discount on gala expenses	Provided by Vendor	12,607	--
Special event - auction items	Sales Price Received at Day of Event	82,790	91,075
Payments made on behalf of PEC for easement purchases	Cash Paid at Settlement	<u>2,021,875</u>	<u>--</u>
		<u>\$ 2,117,272</u>	<u>\$ 91,680</u>

There were donor-imposed restrictions associated with the grant funding paid on-behalf of the Organization that were met upon easement settlement. There were no donor-imposed restrictions associated with any of the other contributed nonfinancial assets received. The Organization utilized the contributed nonfinancial assets for the following programs and supporting services during the years ended 2024 and 2023, respectively. Contributed nonfinancial assets which benefited a special event are included in the special event line item on the statement of activities.

Type of Contributed Nonfinancial Asset	December 31, 2024			
	Program Services	General and Administrative	Fundraising	Total
Development rights	\$ 2,021,875	\$ --	\$ --	\$ 2,021,875
Total	<u>\$ 2,021,875</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 2,021,875</u>

Type of Contributed Nonfinancial Asset	December 31, 2023			
	Program Services	General and Administrative	Fundraising	Total
Conferences and meetings	\$ --	\$ 605	\$ --	\$ 605
Total	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

## Notes to Consolidated Financial Statements

The Organization recognizes donated services as contributions if the services a) create or enhance nonfinancial assets or b) require specialized skills, are performed by people with those specialized skills, and would otherwise be purchased by the Organization. The Organization did not receive donated services during the years ended December 31, 2024 and 2023 that met the recognition criteria for donated services and therefore, no amounts have been recognized in the accompanying financial statements.

### **15. Subsequent Events**

The Organization has evaluated all subsequent events through May 13, 2025, the date the financial statements are available and determined there are no subsequent events that require recognition or disclosure.

## Notes to Consolidated Financial Statements

### 16. Schedules of Functional Expenses

The schedules of functional expenses were as follows as of December 31, 2024 and 2023:

	2024									
	Program Services						Supporting Services			
	Conservation, Stewardship and Habitat	County Issues and Planning	Policy	Farms and Food	Transportation and Growth Management	Outreach and Education	Total Program Services	Fundraising	Management and General	Total
Salaries, wages, taxes and benefits	\$ 699,748	\$ 761,642	\$ 482,342	\$ 238,599	\$ 114,059	\$ 659,342	\$ 2,955,732	\$ 893,138	\$ 802,103	\$ 4,650,973
Professional fees	63,536	52,239	296,620	9,970	66,038	45,460	533,863	6,133	291,674	831,670
Subcontracts	621	--	--	--	--	--	621	--	--	621
Scholarships and donations	251,883	1,150	1,532	25,000	25	4,588	284,178	12,682	6,670	303,530
Printing, copying, and publications	21,409	21	6,078	3,310	102	15,555	46,475	7,453	3,059	56,987
Occupancy	9,481	10,980	3,375	25,534	--	--	49,370	--	94,399	143,769
Postage expense	46	--	321	90	--	2,786	3,243	2,333	6,410	11,986
Travel	29,476	7,321	8,758	761	4,292	27,462	78,070	3,771	3,339	85,180
Conferences and meetings	16,056	5,245	17,669	819	3,054	15,586	58,429	9,341	22,680	90,450
Telephone and internet	--	--	--	958	--	--	958	--	36,870	37,828
Web-based services	13,088	14,342	27,644	4,511	2,130	15,250	76,965	18,687	15,004	110,656
Office expenses and supplies	28,790	278	2,906	31,558	--	4,248	67,780	263	45,736	113,779
Development rights	4,221,875	--	--	--	--	--	4,221,875	--	--	4,221,875
Dues and subscriptions	10,202	1,735	1,968	100	350	2,382	16,737	834	16,954	34,525
Depreciation and amortization	--	--	--	--	--	--	--	--	160,734	160,734
Insurance	5,225	--	--	--	--	--	5,225	--	43,211	48,436
Advertising	500	840	259	--	2,000	1,694	5,293	1,533	1,898	8,724
Other expenses	31,313	--	9,258	7,144	--	5	47,720	833	44,064	92,617
<b>Total expenses</b>	<b>\$ 5,403,249</b>	<b>\$ 855,793</b>	<b>\$ 858,730</b>	<b>\$ 348,354</b>	<b>\$ 192,050</b>	<b>\$ 794,358</b>	<b>\$ 8,452,534</b>	<b>\$ 957,001</b>	<b>\$ 1,594,805</b>	<b>\$ 11,004,340</b>

## Notes to Consolidated Financial Statements

2023

	Program Services						Supporting Services			Total
	Conservation, Stewardship and Habitat	County Issues and Planning	Policy	Farms and Food	Transportation and Growth Management	Outreach and Education	Total Program Services	Fundraising	Management and General	
Salaries, wages, taxes and benefits	\$ 1,000,076	\$ 818,733	\$ 453,845	\$ 304,423	\$ 142,193	\$ 650,941	\$ 3,370,211	\$ 707,767	\$ 929,160	\$ 5,007,138
Professional fees	229,706	44,861	131,840	8,736	52,112	48,145	515,400	11,719	346,626	873,745
Subcontracts	53,479	--	--	--	--	--	53,479	--	--	53,479
Scholarships and donations	192,871	6,603	1,279	36,800	225	777	238,555	12,157	620	251,332
Printing, copying, and publications	5,217	10	3,153	31,194	18	17,539	57,131	10,326	215	67,672
Occupancy	23,515	23,780	10,474	18,412	1,989	9,087	87,257	9,869	16,240	113,366
Postage expense	161	--	587	33,337	--	2,017	36,102	3,544	6,313	45,959
Travel	23,051	3,574	3,740	1,578	1,187	20,767	53,897	3,882	6,067	63,846
Conferences and meetings	9,785	5,183	11,137	921	724	26,093	53,843	16,894	20,758	91,495
Telephone and internet	6,931	5,660	3,137	2,404	985	4,500	23,617	4,888	6,425	34,930
Web-based services	15,967	13,039	27,242	4,861	2,269	13,810	77,188	14,759	14,801	106,748
Office expenses and supplies	37,258	7,677	4,766	46,038	1,032	8,416	105,187	6,398	5,045	116,630
Dues and subscriptions	11,030	1,701	3,418	100	100	1,802	18,151	803	6,827	25,781
Depreciation and amortization	33,764	27,572	15,281	10,280	4,798	21,921	113,616	23,808	31,591	169,015
Insurance	17,427	10,504	6,049	3,916	1,828	8,351	48,075	9,070	11,923	69,068
Interest	--	--	--	--	--	--	--	--	21,243	21,243
Advertising	4,250	--	105	437	--	1,906	6,698	1,250	3,852	11,800
Other expenses	19,260	7,199	12,748	2,851	1,234	6,331	49,623	7,502	8,529	65,654
Total expenses	<u>\$ 1,683,748</u>	<u>\$ 976,096</u>	<u>\$ 688,801</u>	<u>\$ 506,288</u>	<u>\$ 210,694</u>	<u>\$ 842,403</u>	<u>\$ 4,908,030</u>	<u>\$ 844,636</u>	<u>\$ 1,436,235</u>	<u>\$ 7,188,901</u>



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**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of  
The Piedmont Environmental Council  
Warrenton, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of The Piedmont Environmental Council which comprise the consolidated statements of financial position as of December 31, 2024, the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated May 13, 2025

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered The Piedmont Environmental Council’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Piedmont Environmental Council’s internal control. Accordingly, we do not express an opinion on the effectiveness of The Piedmont Environmental Council’s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of The Piedmont Environmental Council’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency. We consider the deficiency described in the accompanying schedule of findings and responses as item 2024-001 to be a significant deficiency.

### **Report on Compliance and Other Matters**

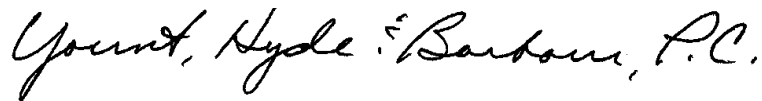
As part of obtaining reasonable assurance about whether The Piedmont Environmental Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **The Organization's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Organization's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Piedmont Environmental Council's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Piedmont Environmental Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Winchester, Virginia  
May 13, 2025



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**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors of  
The Piedmont Environmental Council  
Warrenton, Virginia

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited The Piedmont Environmental Council’s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on The Piedmont Environmental Council’s major federal program for the year ended December 31, 2024. The Piedmont Environmental Council’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, The Piedmont Environmental Council complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended December 31, 2024.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of The Piedmont Environmental Council and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of The Piedmont Environmental Council’s compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to The Piedmont Environmental Council's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on The Piedmont Environmental Council's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about The Piedmont Environmental Council's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding The Piedmont Environmental Council's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of The Piedmont Environmental Council's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of The Piedmont Environmental Council's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

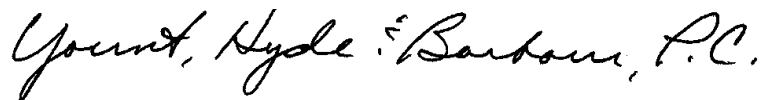
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

## **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of The Piedmont Environmental Council as of and for the year ended December 31, 2024, and have issued our report thereon dated May 13, 2025, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Winchester, Virginia  
May 13, 2025

**THE PIEDMONT ENVIRONMENTAL COUNCIL**

**Schedule of Expenditures of Federal Awards**  
For the Year Ended December 31, 2024

<u>Federal Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
<b>U.S. Department of Agriculture:</b>				
Natural Resources Conservation Service: Agricultural Conservation Easement Program	10.931	N/A	N/A	\$ 3,175,000
Natural Resources Conservation Service: Farm and Ranch Lands Protection Program	10.913	N/A	N/A	25,000
<b>U.S. Environmental Protection Agency:</b>				
National Fish and Wildlife Foundation: Geographic Programs - Chesapeake Bay Program	66.466	N/A	N/A	<u>89,239</u>
<b>Total Expenditures of Federal Awards</b>				<u>\$ 3,289,239</u>

See Notes to the Schedule of Expenditures of Federal Awards.

**THE PIEDMONT ENVIRONMENTAL COUNCIL**

**Notes to the Schedule of Expenditures of Federal Awards**  
For the Year Ended December 31, 2024

**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of The Piedmont Environmental Council under programs of the federal government for the year ended December 31, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of The Piedmont Environmental Council, it is not intended to and does not present the financial position, changes in net assets, functional expenses or cash flows of The Piedmont Environmental Council.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

**Note 3. Indirect Cost Rate**

The Piedmont Environmental Council does not have a negotiated indirect cost rate. Entities that do not have a negotiated rate can elect to use the 15 percent de minimis indirect cost rate allowed under the Uniform Guidance. The Piedmont Environmental Council is not using the 15 percent de minimis indirect cost rate.

**Note 4. Reconciliation of Schedule of Expenditures of Federal Awards to the Financial Statements**

Contributed nonfinancial assets	\$ 1,100,000
Contributions and grants	<u>2,189,239</u>
Federal program revenue per Schedule of Expenditures of Federal Awards	<u>\$ 3,289,239</u>

**THE PIEDMONT ENVIRONMENTAL COUNCIL**

**Schedule of Findings and Questioned Costs**

For the Year Ended December 31, 2024

**I. Section I - Summary of Auditor's Results**

*Financial Statements*

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified.

Internal control over financial reporting:

Material weakness(es) identified? No.

Significant deficiency(ies) identified? Yes.

Noncompliance material to financial statements noted? No.

*Federal Awards*

Internal control over major programs:

Material weaknesses identified? No.

Significant deficiency(ies) identified? No.

Type of auditor's report issued on compliance for major programs: Unmodified.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No.

Identification of major programs:

Assistance Listing Number: 10.931 Agricultural Conservation Easements Program

Dollar threshold used to distinguish between type A and type B programs \$750,000

Did the auditee qualify as a low-risk auditee? No.

**THE PIEDMONT ENVIRONMENTAL COUNCIL**

**Schedule of Findings and Questioned Costs**

For the Year Ended December 31, 2024

**II. Section II - Financial Statement Findings**

**2024-001 – Accounting Limitations**

**Criteria** – In accordance with 2 CFR 200.510, the auditee must prepare financial statements that reflect its financial position, changes in net assets, functional expenses, cash flows and footnotes for the year audited.

**Condition** – The Organization’s accounting department currently does not prepare its financial statements, complete with notes, in accordance with accounting principles generally accepted in the United States of America.

**Cause** – The Organization is unable to and has not established internal controls over the preparation of financial statements, including necessary and appropriate adjustments, for its financial statements to be in line with generally accepted accounting principles.

**Effect** – The Organization did not prepare its financial statements, complete with notes, in accordance with accounting principles generally accepted in the United States of America for the year audited.

**Recommendation** – We recommend evaluating whether the preparation of financial statements by the Organization is cost effective.

**Views of Responsible Officials** – Management has evaluated the finding and believes the cost of preparing the financial statements internally exceeds the benefit; therefore, management will continue to engage the auditors to prepare the financial statements.

**III. Section III - Federal Award Findings and Questioned Costs**

None.

**IV. Summary Schedule of Prior Audit Findings**

The Council did not meet the requirements for a compliance audit for the year ended December 31, 2023; therefore, there are no findings to report for the year ended December 31, 2023.