Mahoney
CPAS AND ADVISORS

THE BELWIN CONSERVANCY

CONSOLIDATED FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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WITH SUPPLEMENTARY INFORMATION

For the Years Ended December 31, 2021 and 2020

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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, 2021 and 2020, 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.

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, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Belwin Conservancy, and its affiliate, the Belwin Supporting Fund, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Belwin Conservancy's, and its affiliate, the Belwin Supporting Fund's, ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

(Continued)

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Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

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

Other Information Included in the Organization’s Annual Report

Management is responsible for the other information included in The Belwin Conservancy’s Annual Report. The other information comprises of a message from the Executive Director, summaries of accomplishments by program, financial summary, and acknowledgement of individual donors but does not include the consolidated financial statements and our auditor’s report thereon.

(Continued)

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 accompanying consolidating supplementary information shown on pages 32 and 33 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 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 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Mahoney Ulbrich
Christiansen Russ P.A.

August 29, 2022

THE BELWIN CONSERVANCY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2021 and 2020

	2021	2020
ASSETS		
Cash	$ 157,714	$ 228,567
Cash - capital reserve for LWBAF	15,150	13,769
Contributions receivable	118,157	139,336
Grants receivable	-	41,520
Receivable from affiliate	13,405	8,430
Accounts receivable	-	29,000
Prepaid expenses	-	6,371
Investments	14,162,675	12,804,151
Cash - capital campaign	178,511	-
Land and conservation easements	10,523,432	10,523,432
Buildings and improvements, land improvements, and equipment, net	1,196,728	1,143,775
Endowment investments	244,972	195,824
	$ 26,610,744	$ 25,134,175
LIABILITIES AND NET ASSETS		
Accounts payable	$ 21,287	$ 42,517
Accrued payroll	19,893	20,540
Solar energy system acquisition obligation	43,608	47,943
Conditional contribution	1,499,973	1,499,973
Total liabilities	1,584,761	1,610,973
Net assets:		
Net assets without donor restrictions	12,700,744	11,069,570
Net assets with donor restrictions	12,325,239	12,453,632
Total net assets	25,025,983	23,523,202
	$ 26,610,744	$ 25,134,175

See accompanying notes to consolidated financial statements.

THE BELWIN CONSERVANCY

CONSOLIDATED STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2021 and 2020

	2021		
	Without donor restrictions	With donor restrictions	Total
Revenues and support:			
Contributions	$ 531,252	$ 91,606	$ 622,858
Government grants	167,190	-	167,190
Investment income, net	1,731,106	49,148	1,780,254
Facility user fees and rent income	87,760	-	87,760
Miscellaneous income	16,834	-	16,834
Net assets released upon satisfaction of purpose restrictions	433,175	(433,175)	-
Total revenues and support	2,967,317	(292,421)	2,674,896
Expenses:			
Program services:			
Environmental	673,309	-	673,309
Arts, Culture, and Ecology	318,766	-	318,766
	992,075	-	992,075
Management and general	131,191	-	131,191
Fundraising	238,969	-	238,969
Total expenses	1,362,235	-	1,362,235
Change in net assets before contributions - capital campaign and gain on disposal of equipment	1,605,082	(292,421)	1,312,661
Contributions - capital campaign	-	164,028	164,028
Gain on disposal of equipment	26,092	-	26,092
Change in net assets	1,631,174	(128,393)	1,502,781
Net assets, beginning of year	11,069,570	12,453,632	23,523,202
Net assets, end of year	$ 12,700,744	$ 12,325,239	$ 25,025,983

	2020		
Revenues and support:			
Contributions	$ 449,188	$ 184,531	$ 633,719
In-kind land contributions	-	632,100	632,100
Government grants	145,900	-	145,900
Investment income (loss), net	(581,924)	21,540	(560,384)
Facility user fees and rent income	85,280	-	85,280
PPP grant revenue	121,700	-	121,700
Miscellaneous income	5,384	-	5,384
Net assets released upon satisfaction of purpose restrictions	85,845	(85,845)	-
Total revenues and support	311,373	752,326	1,063,699
Expenses:			
Program services:			
Environmental	713,655	-	713,655
Arts, Culture, and Ecology	249,018	-	249,018
	962,673	-	962,673
Management and general	135,095	-	135,095
Fundraising	263,592	-	263,592
Total expenses	1,361,360	-	1,361,360
Change in net assets	(1,049,987)	752,326	(297,661)
Net assets, beginning of year	12,119,557	11,701,306	23,820,863
Net assets, end of year	$ 11,069,570	$ 12,453,632	$ 23,523,202

See accompanying notes to consolidated financial statements.

THE BELWIN CONSERVANCY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2021
(With Comparative Totals for 2020)

	2021						
	Program services						
	Environmental	Arts, Culture, and Ecology	Total	Management and general	Fundraising	Total	2020
Salaries	$ 205,168	$ 142,368	$ 347,536	$ 65,320	$ 128,230	$ 541,086	$ 497,177
Payroll tax	18,847	13,037	31,884	5,982	11,800	49,666	46,002
Employee benefits	23,161	17,372	40,533	9,784	19,593	69,910	57,681
	247,176	172,777	419,953	81,086	159,623	660,662	600,860
Office expenses	7,393	5,195	12,588	2,598	4,796	19,982	13,179
Occupancy	9,296	6,533	15,829	3,266	6,030	25,125	19,068
Telephone	10,078	7,082	17,160	3,541	6,537	27,238	28,800
Printing and publication	-	32,966	32,966	-	15,613	48,579	39,585
Insurance	20,645	10,806	31,451	5,032	8,071	44,554	39,941
Real estate taxes	3,793	2,665	6,458	1,332	2,460	10,250	19,068
Repairs and maintenance	209,737	-	209,737	-	-	209,737	231,705
Land acquisition costs	-	-	-	-	-	-	45,433
Professional fees	84,879	2,504	87,383	16,753	7,049	111,185	100,882
Auto and truck expenses	32,092	-	32,092	-	-	32,092	21,954
Travel	-	-	-	573	150	723	1,224
Miscellaneous	-	510	510	1,605	200	2,315	8,099
Program activity expenses	1,455	46,918	48,373	-	-	48,373	19,837
Interest	2,919	-	2,919	-	-	2,919	2,944
Depreciation and amortization	43,846	30,810	74,656	15,405	28,440	118,501	168,781
	$ 673,309	$ 318,766	$ 992,075	$ 131,191	$ 238,969	$ 1,362,235	$ 1,361,360

See accompanying notes to consolidated financial statements.

THE BELWIN CONSERVANCY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2020

	Program services					
	Environmental	Arts, Culture, and Ecology	Total	Management and general	Fundraising	Total
Salaries	$ 196,317	$ 111,449	$ 307,766	$ 53,422	$ 135,989	$ 497,177
Payroll tax	18,282	10,376	28,658	4,733	12,611	46,002
Employee benefits	22,405	12,936	35,341	6,740	15,600	57,681
	237,004	134,761	371,765	64,895	164,200	600,860
Office expenses	5,207	2,955	8,162	1,425	3,592	13,179
Occupancy	7,534	4,276	11,810	2,061	5,197	19,068
Telephone	11,378	6,458	17,836	3,115	7,849	28,800
Printing and publication	-	28,577	28,577	-	11,008	39,585
Insurance	15,780	8,956	24,736	4,320	10,885	39,941
Real estate taxes	7,534	4,276	11,810	2,061	5,197	19,068
Repairs and maintenance	214,057	-	214,057	17,648	-	231,705
Land acquisition costs	45,433	-	45,433	-	-	45,433
Professional fees	78,147	1,985	80,132	13,667	7,083	100,882
Auto and truck expenses	21,954	-	21,954	-	-	21,954
Travel	-	348	348	497	379	1,224
Miscellaneous	-	684	684	7,153	262	8,099
Program activity expenses	-	17,896	17,896	-	1,941	19,837
Interest	2,944	-	2,944	-	-	2,944
Depreciation and amortization	66,683	37,846	104,529	18,253	45,999	168,781
	$ 713,655	$ 249,018	$ 962,673	$ 135,095	$ 263,592	$ 1,361,360

See accompanying notes to consolidated financial statements.

THE BELWIN CONSERVANCY

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	$ 1,502,781	$ (297,661)
Adjustments to reconcile the change in net assets to net cash from operating activities:		
Depreciation and amortization	118,501	168,781
Realized/unrealized (gain) loss on investments, net	(616,657)	1,708,096
Contribution of land	-	(632,100)
Contributions restricted for capital campaign	(164,028)	-
Contributions restricted for land purchases	(90,106)	(90,106)
Gain on disposal of equipment	(26,092)	-
Changes in operating assets and liabilities:		
Contributions receivable	21,179	(128,016)
Grants receivable	41,520	(41,520)
Receivable from affiliate	(4,975)	(3,308)
Accounts receivable	29,000	(29,000)
Prepaid expenses	6,371	(6,371)
Accounts payable and accrued expenses	(21,877)	14,633
Net cash from operating activities	795,617	663,428
Cash flows from investing activities:		
Payments for buildings and equipment	(232,081)	(77,412)
Insurance proceeds received	86,719	-
Payments for land	-	(953,471)
Sale of conservation easement	-	797,500
Other assets held at title company	-	26,399
Reinvested investment income	(133,249)	(819,877)
Sale of investments	10,960,555	5,477,696
Purchase of investments	(11,618,321)	(5,229,130)
Net cash from investing activities	(936,377)	(778,295)
Cash flows from financing activities:		
Contributions restricted for land purchases	90,106	90,106
Contributions restricted for capital campaign	164,028	-
Payments for solar energy system	(4,335)	(3,833)
Net cash from financing activities	249,799	86,273
Net increase (decrease) in cash, cash equivalents, and restricted cash	109,039	(28,594)
Cash, cash equivalents, and restricted cash - beginning of year	242,336	270,930
Cash, cash equivalents, and restricted cash - end of year	$ 351,375	$ 242,336
Reconciliation to the consolidated statements of financial position:		
Cash	$ 157,714	$ 228,567
Cash - capital reserve for LWBAF	15,150	13,769
Cash - capital campaign	178,511	-
Total cash, cash equivalents, and restricted cash	$ 351,375	$ 242,336

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 between 4% and 5% of the rolling five-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 restores and manages Belwin's land and water resources in a way that provides functioning natural systems. These efforts include aggressive management of invasive species that interrupt or threaten natural systems. State funding is a big part of this work. Periodic federal funding may be involved.

Environmental Education: The Conservancy's primary focus is to provide high quality facilities for an environmentally focused education run by St. Paul Public Schools under a cooperative agreement. Known as Belwin Outdoor Science, this successful program with a 50-year track record, gives public school students from St. Paul and Stillwater districts hands-on science curricula.

Bison: The Conservancy provides an opportunity to view bison within a restored prairie and better understand this endangered landscape. Native prairie is one of the rarest of landscapes in the United States and was historically grazed by native bison and subject to natural and set fires, tools Belwin can now use to manage a large prairie complex that is highly visible to the public.

Ecological Research: The Conservancy invites serious scientific inquiry on its over 1,500 acres that focuses on and helps to understand and provide practical management guidance for the management of land, water, and wildlife resources. Belwin Conservancy makes its property available for short and long term environmentally-oriented research studies to a variety of public and private institutions.

(Continued)

1. **ORGANIZATION (Continued)**

Land Protection: Protecting land from conversion of open space to a more developed state was the basis for creating Belwin Conservancy and continues to this day. This effort has involved both land purchases and conservation easement acquisition and includes efforts with other partner organizations and governmental units. The focus of activity is now on properties that border existing protected land and lands that protect the Valley Creek watershed.

Astronomy: The Conservancy provides an opportunity for participants to observe the nighttime mysteries unfold, merging curiosity with technology and taking advantage of using one of the largest refracting telescopes in Minnesota to observe the night sky. The Joseph J. Casby Observatory at Belwin is programmed through the Minnesota Astronomical Society.

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

High quality outdoor athletic facilities that create opportunities through organized sports for teambuilding, sportsmanship, fitness and fun at the Lucy Winton Bell Athletic Fields. The facilities are managed in an ecologically sustainable manner. The facility is also a trailhead for public walking trails with interpretive signage situated next to a large restored prairie and forested area.

Belwin links people to the natural world in immersive ways, providing physical, emotional, and intellectual benefits. Belwin maintains several open hiking areas where anyone can hike, ski, or snowshoe for free any day of the year. In addition to these self-guided experiences, Belwin offers public programs and large events, all with the goal of engaging large numbers of people in the work of environmental stewardship.

Arts, Culture, and Ecology - The Conservancy provides high quality, diverse arts and culture programs, allowing both participation and observation. This program pairs the arts with ecological learning as a way of inspiring new avenues of perception, understanding, engagement, and environmental stewardship.

Additionally, Belwin is embarking on a multi-year capital campaign to enhance and expand education programs, better serve community needs, and increase visibility and accessibility for the general public. This campus-wide campaign will include the construction of a new education building, renovation of several existing buildings, land protection, opening of new public trails, and other infrastructure investments to help be an accessible and welcoming community resource.

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.

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 consolidated statement of activities.

Contributions, Accounts, and Grants Receivable - Contributions, accounts, and grants receivable are recorded at the promised amount because the difference between the promised amount and the net present value of the promise is immaterial. Management believes that all amounts will be received when due, therefore no allowance for uncollectible amounts has been provided. Receivables will be written off when, in management's estimation, it is probable that the receivable is worthless.

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.

(Continued)

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

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 restricted for the capital campaign is also considered cash. 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, Belwin has never experienced any losses. At December 31, 2021 and 2020, deposits exceeded the insured limit by $97,540 and $12,890, respectively.

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.

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 4), 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. Land restoration costs are expensed. Maintenance and repairs are expensed as incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 consolidated statement of financial position. Conservation easements acquired are reported as expenses on the consolidated 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 2021. In 2020, one conservation easement was purchased, and two conservation easements were donated.

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.

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 2021 or 2020. 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.

Reclassifications - Certain reclassifications have been made to the December 31, 2020 consolidated financial statements in order for them to conform to the December 31, 2021 presentation. These reclassifications had no effect on net assets or the change in net assets.

3. CONTRIBUTIONS RECEIVABLE

Contributions receivable are due within one year.

4. INVESTMENTS

Investments consisted of the following as of December 31:

	2021	2020
Certificates of deposit:	$ -	$ 3,380,812
Mutual funds:		
U.S. government money market funds	895,999	3,486,426
Prime money market	51,042	51,037
Intermediate - term bond	1,389,662	583,207
Foreign large blend	57,524	53,205
Ultrashort bond	293,184	294,110
Short-term bond	2,498,282	-
Small growth	242,863	-
Large blend	1,853,551	1,083,544
	7,282,107	5,551,529
Exchange traded funds:		
Foreign large blend	590,815	-
Emerging markets	362,641	
Small blend	241,831	493,903
	1,195,287	493,903
Common and collective trust funds:		
Large cap	1,933,670	-
Partnerships and LLC's:		
Small business venture capital	1,125,521	821,888
Distressed companies	738,600	690,351
Emerging growth	761,114	392,535
Real estate	787,255	744,340
Multi-sector credit-related assets	24,168	106,227
Healthcare industry	72,436	85,773
Diversifying strategies	435,888	684,202
Energy sector MLP's	-	48,415
Growth equity & buyout	33,990	-
Blockchain technology	17,611	-
	3,996,583	3,573,731
Total investments	14,407,647	12,999,975
Endowment investments	(244,972)	(195,824)
	$ 14,162,675	$ 12,804,151

(Continued)

4. **INVESTMENTS (Continued)**

Investment income (loss) is summarized as follows:

	2021	2020
Interest and dividend income*	$ 1,218,007	$ 1,189,831
Realized and unrealized gains (losses), net	616,657	(1,708,096)
Fees	(54,410)	(42,119)
	$ 1,780,254	$ (560,384)

*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.

5. **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)

5. **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, 2021 and 2020:

		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, 2021				
Mutual and exchange traded funds	$ 8,477,394	$ 8,477,394	$ -	$ -
Investments measured at net asset value*	5,930,253			
Total	$ 14,407,647			

5. **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, 2020				
Certificates of deposit	$ 3,380,812	$ -	$ 3,380,812	$ -
Mutual and exchange traded funds	6,045,432	$ 6,045,432	$ -	$ -
Investments measured at net asset value*	3,573,731			
Total	$ 12,999,975			

*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 2020 to 2021.

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

The following is a summary of investments in partnerships and LLC's as of December 31, 2021 and 2020, with unfunded commitments at December 31, 2021:

	2021	2020	Unfunded Commitments
Small Business Venture Capital:			
European Secondary Opportunities Fund I LP	$ 52,844	$ 85,748	$ -
GCM Grosvener Co-Investment Opportunity Fund, L.P.	292,482	315,866	-
FEG Private Opportunities Fund III, L.P. (Series B)	314,693	209,576	15,768
FEG Private Opportunities Fund IV, L.P.	465,502	210,698	198,090
Distressed Companies:			
Wayzata Opportunity Fund II, L.P.	3,624	10,402	-
Fundamental Partners III LP	521,709	431,715	88,150
Fundamental Partners Municipal Trust	23,194	36,950	-
FEG Private Opportunities Fund III, L.P. (Series D)	190,073	211,284	-
Emerging Growth:			
Westly Capital Partners, L.P. (Fund I)	19,755	13,382	-
Westly Capital Partners II	573,905	236,859	-
Pine Bridge Structured Capital Partners II, L.P.	112,481	115,368	-
Highclere International Emerging Markets	124	12,070	-
FEG Private Opportunities Fund V, L.P. (Series B)	54,849	14,856	147,000
Real Estate:			
JP Morgan US Real Estate Income and Growth Fund	322,786	270,354	-
Harrison Street Real Estate Partners III, L.P.	1,362	833	49,026
International Farmland Trust	306,327	291,195	-
Iron Point	59,181	23,231	41,205
Map Renewable Energy 2018	-	125,439	-
Ridgewood Water & Strategic Infrastructure	51,063	24,384	46,377
FEG Private Opportunities Fund V, L.P. (Series C)	20,599	8,904	56,400
Lime Rock New Energy, L.P.	25,937	-	56,113
Multi-sector Credit-Related Assets:			
Special Credit Opportunities (Offshore), L.P.	20,776	90,139	-
Special Credit Opportunities, L.P.	3,392	16,088	-
Healthcare Industry:			
Sightline Healthcare Opportunity Fund II, L.P.	72,436	85,773	-

(Continued)

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

	2021	2020	Unfunded Commitments
Diversifying Strategies:			
BlackRock Appreciation Fund IV, Ltd	412,753	385,721	-
FEG Absolute Access Fund I LLC	3,892	298,481	-
Cordillera	19,243	-	54,792
Energy Sector Master Limited Partnerships:			
Harvest MLP Income Fund LLC	-	48,415	-
Blockchain Technology:			
Accolade Partners Blockchain II, L.P.	17,611	-	80,880
Growth Equity & Buyout			
Timber Bay Fund	33,990	-	34,911
End of year fair value	$ 3,996,583	$ 3,573,731	$ 868,712

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 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.

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

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 2022.

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 2022.

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 2022.

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

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 2022.

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.

Highclere International Emerging Markets specializes in international small and midcap equity investment management for U.S. investors. The fund was liquidated in 2022.

FEG Private Opportunities Fund V, L.P. (Series B) invests in early stage ventures, scaling high growth companies particularly in fintech, healthcare, and technology. The fund strategy is sector-focused or on strategic niche buyouts. Investments will only be deployed to opportunities that are not harmful to the environment.

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%. 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 2022.

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

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 2022.

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. The Fund is currently in the liquidation stage and anticipates final liquidity events taking place in 2022.

Ridgewood Water & 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.

FEG Private Opportunities Fund V, L.P (Series C) invests in disrupted energy assets, specifically power, water, and energy infrastructure. Investments will only be deployed to opportunities that are not harmful to the environment.

Lime Rock New Energy, L.P was created by Lime Rock specifically to make growth equity investments in North American businesses that service renewable infrastructure, provide energy efficiency solutions or accelerate adoption of electric transportation. The fund will target equity investments ranging from $30-90 million across 10-15 companies that either generate positive EBITDA or have clear visibility into near term positive operating margins. Importantly, the fund will not invest in renewable power generation infrastructure or in project finance vehicles.

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

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 2022.

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 2022.

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.

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. The Fund is currently in the liquidation stage and anticipates final liquidity events taking place in 2022.

Cordillera's objective is to create a diversified portfolio of innovative alternative strategies. Within the targeted sectors, Cordillera believes the complexities involved in sourcing and structuring opportunities provides a competitive advantage for investors with the capabilities to underwrite deals in these unique areas of the market. Examples of innovative alternative strategies targeted by Cordillera include: specialty real estate, water rights, litigation finance, specialty infrastructure (wireless spectrum), and media finance.

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. The fund's final liquidity events took place in 2021.

5. FAIR VALUE MEASUREMENTS (Continued)

Accolade Partners Blockchain II, L.P. is a dedicated blockchain fund of funds providing diversified exposure to blockchain investments. The Fund will invest primarily in a portfolio of closed-end funds, open-end funds, hybrid funds, and similar vehicles each with an investment focus on cryptographically derived digital assets and equity or other securities of public or private companies. These investments are expected to operate primarily in the digital asset, cryptocurrency, blockchain, and distributed ledger categories. Accolade believes investing in blockchain technology with a long-term view is an opportunity for strong returns.

The Timber Bay Fund focuses on interests in North American-based growth equity and buyout funds. The team targets funds with mature, saleable assets that are at/near the end of their contractual terms. Transaction structures vary depending on the investors' liquidity needs. Deals typically include liquidation and/or return preferences to provide Timber Bay with some downside protection.

6. 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:

	2021	2020
Cash	$ 157,714	$ 228,567
Contributions receivable	118,157	139,336
Grants receivable	-	41,520
Accounts receivable	-	29,000
Annual budgeted appropriation from Supporting Fund	452,100	449,406
	$ 727,971	$ 887,829

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 $698,859 and $193,630 as of December 31, 2021 and 2020, respectively. Conditional contributions are expected to be collected in 2022 through 2024.

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 $15,150 and $13,769 as of December 31, 2021 and 2020.

6. LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)

Belwin is currently raising funds for a multi-year capital campaign. Expenditures related to the capital campaign are not considered general expenditures.

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.

7. BUILDINGS AND IMPROVEMENTS, LAND IMPROVEMENTS, AND EQUIPMENT

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

	2021	2020
Buildings and improvements	$ 3,183,513	$ 3,132,337
Land improvements	1,187,550	1,187,550
Equipment	442,985	403,389
Construction in progress	52,000	-
	4,866,048	4,723,276
Less: accumulated depreciation	(3,669,320)	(3,579,501)
	$ 1,196,728	$ 1,143,775

Construction in progress consists of costs incurred for site development related to the multi-year capital campaign. No contracts have been awarded related to the construction as of December 31, 2021.

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. No land was acquired in 2021. During 2020, Belwin purchased 28 acres of land with a value of $155,972 (after sale of the conservation easement to Washington County) and received a contribution of 3 plots of land totaling 38 acres with an estimated total value of $632,100.

(Continued)

8. **LAND AND CONSERVATION EASEMENTS (Continued)**

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 124.04 acres of property, all of which are owned by individual landowners. Conservation easements held by Minnesota Land Trust and Washington County cover 711 acres and 28 acres of Belwin's property, respectively.

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. 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:

2022	$ 6,954
2023	7,290
2024	7,644
2025	8,010
2026	8,394
Thereafter	13,296
	51,588
Less interest at 5%	(7,980)
	$ 43,608

The cost of the solar system based on Belwin's required minimum payments is $63,757. The related amortization expense during 2021 and 2020 was $2,550 and accumulated amortization was $16,789 and $14,239 at December 31, 2021, and 2020.

10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following:

	2021	2020
Land and easements	$ 10,523,432	$ 10,523,432
Investments restricted by donors for land purchases	1,162,681	1,072,574
Investments - endowment principal	111,807	111,807
Unappropriated endowment earnings	133,165	84,017
Purpose restrictions:		
Art, Culture, and Ecology	-	311,186
Program expansion	209,328	209,328
New wetlands classroom	-	66,250
Capital campaign	178,511	-
Repairs and upgrades to Metcalf House	-	58,167
Bison infrastructure upgrades	5,233	6,871
Music in the Trees	-	10,000
Other	1,082	-
	$ 12,325,239	$ 12,453,632

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 2021 and 2020.

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 $13,405 and $8,430 at December 31, 2021 and 2020.

The Supporting 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 Supporting Fund. The Supporting Fund paid Burr Oak, Inc. $54,410 and $42,119 in 2021 and 2020.

(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 2021 and 2020 totaled $13,436 and $12,896, respectively.

15. ENDOWMENTS

At December 31, 2021, Belwin has one donor-restricted endowment and one 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 between 4% and 5% of the rolling five-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, 2021 follow:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	$ 9,834,208	$ 195,824	$ 10,030,032
Investment return:			
Investment income, net of fees	1,134,355	3,226	1,137,581
Appreciation (depreciation)	614,446	45,922	660,368
Total investment return	1,748,801	49,148	1,797,949
Additions	-	-	-
Appropriation for expenditure	(459,689)	-	(459,689)
Endowment net assets, end of year	$ 11,123,320	$ 244,972	$ 11,368,292

15. **ENDOWMENTS (Continued)**

Changes in endowment net assets for the year ended December 31, 2020 follow:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	$ 10,887,645	$ 174,284	$ 11,061,929
Investment return:			
Investment income, net of fees	1,125,988	2,543	1,128,531
Appreciation (depreciation)	(1,727,057)	18,997	(1,708,060)
Total investment return	(601,069)	21,540	(579,529)
Additions	-	-	-
Appropriation for expenditure	(452,368)	-	(452,368)
Endowment net assets, end of year	$ 9,834,208	$ 195,824	$ 10,030,032

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 invested donor-restricted endowment assets 77% in domestic and 23% in foreign large blend mutual funds and money market accounts at December 31, 2021 and 73% in domestic and 27% in foreign large blend mutual funds and money market accounts at December 31, 2020. At December 31, 2021, the Board-designated endowment is invested 6% in money market funds; 6% in intermediate core bond mutual funds; 3% in ultrashort bond mutual funds; 3% in short-term bond mutual funds; 16% in large blend mutual funds; 2% in small blend exchange traded funds; 2% in small growth mutual funds; 5% in foreign large blend exchange traded funds; 3% in emerging markets exchange traded funds; 18% in common and collective trust funds; and 36% in partnerships and LLC's. At December 31, 2020, the Board-designated endowment is invested 35% in money market funds; 5% in certificates of deposit; 6% in intermediate core bond mutual funds; 10% in large blend mutual funds; 3% in ultrashort bond mutual funds; 5% in small blend exchange traded funds; and 36% in partnerships and LLC's.

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(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. User fees were $80,000 in 2021 and $69,000 in 2020. User fees of $29,000 are due to Belwin at December 31, 2020. No user fees are due to Belwin at December 31, 2021. The facility manager expense was $71,500 in 2021 and $78,000 in 2020. Any excess user fees are deposited to the capital reserve.

17. COVID-19 PANDEMIC

A nationwide public health emergency developed in 2020. The state of Minnesota 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. Immediate impacts on Belwin include the cancellation of in-person events held at Belwin beginning in March 2020 and an influx of hikers at Belwin's public trails. This shifted staff focus and impacted operational procedures but did not affect staffing structure. In the summer of 2021, Belwin began hosting in-person events on site again, with precautions that ranged from masking, social distancing, and outdoor-only events. Belwin's non-event operations continued as usual. The limited events early in 2021 resulted in a reduction of earned revenue, which was offset by a reduction in expenses. 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 was forgivable if certain conditions were met including that 60% of the loan be used for payroll within 24 weeks of disbursement. Belwin initially recorded the loan as a refundable advance and subsequently recognized as grant revenue in accordance with the guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. The loan was officially forgiven in full in November 2020.

18. SUBSEQUENT EVENTS

Belwin purchased 19 acres of land for a total of $935,550 located in Afton, Minnesota on June 21, 2022. Of the total purchase price, $793,025 will be covered with funding from Washington County and the Minnesota Department of Natural Resources through the purchase of a conservation easement on the entire 19 acres.

Management has evaluated subsequent events through August 29, 2022, 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, 2021

	Belwin Conservancy	Belwin Supporting Fund	Total	Eliminations	Total
ASSETS					
Cash	$ 157,714	$ -	$ 157,714	$ -	$ 157,714
Cash - capital reserve for LWBAF	15,150	-	15,150	-	15,150
Contributions receivable	118,157	-	118,157	-	118,157
Receivable from affiliates	1,513,378	-	1,513,378	(1,499,973)	13,405
Investments	-	14,162,675	14,162,675	-	14,162,675
Cash - capital campaign	178,511	-	178,511	-	178,511
Land and conservation easements	10,523,432	-	10,523,432	-	10,523,432
Buildings and improvements, land improvements, and equipment, net	1,196,728	-	1,196,728	-	1,196,728
Endowment investments	244,972	-	244,972	-	244,972
	$ 13,948,042	$ 14,162,675	$ 28,110,717	$ (1,499,973)	$ 26,610,744
LIABILITIES AND NET ASSETS					
Accounts payable	$ 21,287	$ -	$ 21,287	$ -	$ 21,287
Due to affiliate	-	1,499,973	1,499,973	(1,499,973)	-
Accrued payroll	19,893	-	19,893	-	19,893
Solar energy system acquisition obligation	43,608	-	43,608	-	43,608
Conditional contribution	1,499,973	-	1,499,973	-	1,499,973
Total liabilities	1,584,761	1,499,973	3,084,734	(1,499,973)	1,584,761
Net assets:					
Net assets without donor restrictions	128,148	12,572,596	12,700,744	-	12,700,744
Net assets with donor restrictions	12,235,133	90,106	12,325,239	-	12,325,239
Total net assets	12,363,281	12,662,702	25,025,983	-	25,025,983
	$ 13,948,042	$ 14,162,675	$ 28,110,717	$ (1,499,973)	$ 26,610,744

THE BELWIN CONSERVANCY

CONSOLIDATING STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2021

	Belwin Conservancy	Belwin Supporting Fund	Total	Eliminations	Total
Revenues and support:					
Contributions	$ 995,440	$ 90,106	$ 1,085,546	$ (462,688)	$ 622,858
Government grants	167,190	-	167,190	-	167,190
Investment income, net	49,148	1,731,106	1,780,254	-	1,780,254
Facility user fees and rent income	87,760	-	87,760	-	87,760
Miscellaneous income	16,834	-	16,834	-	16,834
Total revenues and support	1,316,372	1,821,212	3,137,584	(462,688)	2,674,896
Expenses:					
Program services:					
Environmental	673,309	-	673,309	-	673,309
Arts, Culture, and Ecology	318,766	-	318,766	-	318,766
	992,075	-	992,075	-	992,075
Management and general	131,191	462,688	593,879	(462,688)	131,191
Fundraising	238,969	-	238,969	-	238,969
Total expenses	1,362,235	462,688	1,824,923	(462,688)	1,362,235
Change in net assets before contributions - capital campaign and gain on disposal of equipment	(45,863)	1,358,524	1,312,661	-	1,312,661
Contributions - capital campaign	164,028	-	164,028	-	164,028
Gain on disposal of equipment	26,092	-	26,092	-	26,092
Change in net assets	144,257	1,358,524	1,502,781	-	1,502,781
Net assets, beginning of year	12,219,024	11,304,178	23,523,202	-	23,523,202
Net assets, end of year	$ 12,363,281	$ 12,662,702	$ 25,025,983	$ -	$ 25,025,983