

WALNUT WAY CONSERVATION CORPORATION AND AFFILIATE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(With Summarized Totals for the Year Ended December 31, 2023)

WALNUT WAY CONSERVATION CORPORATION AND AFFILIATE

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Independent Auditor's Report

Board of Directors
Walnut Way Conservation Corporation

Opinion

We have audited the accompanying financial statements of Walnut Way Conservation Corporation (a nonprofit organization) which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Walnut Way Conservation Corporation as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Walnut Way Conservation Corporation and to meet other ethical responsibilities in accordance with the ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Walnut Way Conservation Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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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 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 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 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 Walnut Way Conservation Corporation'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 Walnut Way Conservation Corporation'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.

Report on Summarized Comparative Information

We have previously audited Walnut Way Conservation Corporation's December 31, 2023, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 1, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Board of Directors
«CLIENT_NAME»

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional revenue and expenses is presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.



RITZ HOLMAN LLP
Certified Public Accountants

Milwaukee, Wisconsin
February 27, 2026

WALNUT WAY CONSERVATION CORPORATION AND AFFILIATE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024
(With Summarized Totals for December 31, 2023)

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,090,451	\$ 327,254
Pledges Receivable	150,000	58,696
Accounts Receivable	71,004	112,054
Prepaid Expense	22,381	---
Total Current Assets	\$ 1,333,836	\$ 498,004
FIXED ASSETS		
Fixed Assets, Net of Accumulated Depreciation	\$ 5,176,458	\$ 5,430,317
Net Fixed Assets	\$ 5,176,458	\$ 5,430,317
OTHER ASSETS		
Accounts Receivable, Noncurrent Portion	\$ 183,657	\$ ---
Right-of-Use Asset - Finance Lease	8,005	14,009
Total Other Assets	\$ 191,662	\$ 14,009
TOTAL ASSETS	\$ 6,701,956	\$ 5,942,330
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 157,427	\$ 125,492
Accrued Payroll	4,504	5,967
Security Deposits and Prepaid Rent	7,350	7,550
Mortgage and Loan Payable - Current Portion	44,759	42,149
Lease Liability - Current Portion	6,465	6,029
Total Current Liabilities	\$ 220,505	\$ 187,187
LONG-TERM LIABILITIES		
Mortgage and Loan Payable - Long-Term Portion	\$ 565,794	\$ 605,065
Lease Liability - Finance Lease - Long-Term Portion	2,207	8,885
Total Long-Term Liabilities	\$ 568,001	\$ 613,950
Total Liabilities	\$ 788,506	\$ 801,137
NET ASSETS		
Without Donor Restrictions	\$ 5,350,390	\$ 4,578,133
With Donor Restrictions	563,060	563,060
Total Net Assets	\$ 5,913,450	\$ 5,141,193
TOTAL LIABILITIES AND NET ASSETS	\$ 6,701,956	\$ 5,942,330

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

WALNUT WAY CONSERVATION CORPORATION AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024
(With Summarized Totals for the Year Ended December 31, 2023)

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
REVENUE				
Pledges and Contributions	\$ 38,457	\$ ---	\$ 38,457	\$ 34,681
Government Grants	213,148	---	213,148	36,015
Foundation and Corporate Grants	1,990,976	563,060	2,554,036	1,533,137
United Way	111,389	---	111,389	18,921
Product Sales and Service Fees	308,129	---	308,129	262,395
Rental Income	176,172	---	176,172	192,599
Interest Income	38	---	38	36
Special Event Income	430	---	430	4,880
Special Event Expense	---	---	---	---
Other Income	33,232	---	33,232	6,790
Net Assets Released from Restrictions	---	---	---	---
Total Revenue	<u>\$ 2,871,971</u>	<u>\$ 563,060</u>	<u>\$ 3,435,031</u>	<u>\$ 2,089,454</u>
EXPENSES				
Program Services	\$ 2,085,490	\$ ---	\$ 2,085,490	\$ 1,984,173
General and Administrative	554,599	---	554,599	776,730
Fundraising	22,685	---	22,685	---
Total Expenses	<u>\$ 2,662,774</u>	<u>\$ ---</u>	<u>\$ 2,662,774</u>	<u>\$ 2,760,903</u>
CHANGE IN NET ASSETS	\$ 209,197	\$ 563,060	\$ 772,257	\$ (671,449)
Net Assets, Beginning of Year	<u>5,141,193</u>	<u>---</u>	<u>5,141,193</u>	<u>5,812,642</u>
NET ASSETS, END OF YEAR	<u>\$ 5,350,390</u>	<u>\$ 563,060</u>	<u>\$ 5,913,450</u>	<u>\$ 5,141,193</u>

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

WALNUT WAY CONSERVATION CORPORATION AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(With Summarized Totals for the Year Ended December 31, 2023)

	Program	General and Administrative	Fundraising	2024 Total	2023 Total
EXPENSES					
Salaries	\$ 561,835	\$ 186,189	\$ 14,000	\$ 762,024	\$ 773,883
Payroll Taxes	48,062	16,405	1,045	65,512	65,597
Employee Benefits	21,445	11,471	5,390	38,306	45,337
Staff Development	---	1,000	---	1,000	4,200
Occupancy	36,514	22,258	---	58,772	51,456
Property Tax	6,376	1,072	---	7,448	13,122
Security	86,799	---	---	86,799	80,408
Telephone	819	23,779	---	24,598	25,594
Supplies	91,552	29,645	---	121,197	103,303
Equipment Rental and Maintenance	33,577	9,885	---	43,462	54,120
Non-capital Equipment	3,249	3,322	---	6,571	10,062
Vehicle Expense	32,221	---	---	32,221	13,284
Printing and Copying	1,471	5,280	---	6,751	11,152
Postage	180	---	---	180	302
Conference and Workshops	25,958	4,747	---	30,705	19,111
Travel	---	2,207	---	2,207	4,919
Professional Fees	165,349	109,260	2,250	276,859	224,425
Contract Services	277,833	51,681	---	329,514	387,810
Advertising	992	2,028	---	3,020	23,552
Grants and Awards	19,741	---	---	19,741	60,475
Affordable Housing Rehab	303,569	---	---	303,569	278,370
Insurance	55,840	8,068	---	63,908	64,444
Other Expenses	13,903	28,315	---	42,218	52,264
Depreciation	255,811	28,495	---	284,306	303,815
Bad Debt Expense	---	9,409	---	9,409	42,117
Interest Expense	42,394	83	---	42,477	47,781
Total Operating Expenses	<u>\$ 2,085,490</u>	<u>\$ 554,599</u>	<u>\$ 22,685</u>	<u>\$ 2,662,774</u>	<u>\$ 2,760,903</u>
Special Event Expense					
Food	\$ ---	\$ ---	\$ (4,256)	\$ (4,256)	\$ (3,050)
Other Expenses	---	---	1,276	1,276	---
Entertainment	---	---	2,980	2,980	3,050
Total Special Event Expenses	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>
Total Expenses	<u>\$ 2,085,490</u>	<u>\$ 554,599</u>	<u>\$ 22,685</u>	<u>\$ 2,662,774</u>	<u>\$ 2,760,903</u>

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

WALNUT WAY CONSERVATION CORPORATION AND AFFILIATE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024
(With Summarized Totals for the Year Ended December 31, 2023)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 772,257	\$ (671,449)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation and Amortization	284,306	309,301
(Increase) Decrease in Accounts, Grants and Pledges Receivable	(233,911)	58,151
(Increase) Decrease in Prepaid Expense	(22,381)	---
(Increase) Decrease in Finance Lease Asset and Liability	(238)	(24)
Increase (Decrease) in Accounts Payable	31,935	(36,090)
Increase (Decrease) in Accrued Payroll	(1,463)	(17,609)
Increase (Decrease) in Security Deposits and Prepaid Rent	(200)	(12,768)
	\$ 830,305	\$ (370,488)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	\$ (30,447)	\$ (12,890)
	\$ (30,447)	\$ (12,890)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Mortgage Payable	\$ (36,661)	\$ (34,071)
Payments on Equipment Loans Payable	---	(5,033)
Payments on Loan Payable	---	(5,474)
	\$ (36,661)	\$ (44,578)
Net Increase in Cash and Cash Equivalents	\$ 763,197	\$ (427,956)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	327,254	755,210
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 1,090,451	\$ 327,254
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid	\$ 42,477	\$ 42,295

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

WALNUT WAY CONSERVATION CORPORATION AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

WALNUT WAY CONSERVATION CORPORATION AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE A - Summary of Significant Accounting Policies

Organization

Walnut Way Conservation Corporation is deeply committed to sustaining economically diverse and abundant communities through civic engagement, environmental stewardship, and creating venues for prosperity.

Wellness Commons LLC is a commercial catalytic development project that will help restore the North Avenue business corridor to its historically vibrant state.

Consolidated Financial Statements

The consolidated financial statements include the accounts of Walnut Way Conservation Corporation and the affiliated organization, Wellness Commons LLC (the "Organization"). All significant inter-company transactions and accounts have been eliminated. Wellness Commons LLC is included in the economic development function of the financial statements.

Accounting Method

The accompanying consolidated financial statements of Walnut Way Conservation Corporation and Affiliate have been prepared on the accrual basis of accounting.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with maturities of three months or less when purchased.

Accounts Receivable and Credit Losses

The Organization recognizes an allowance for expected credit losses on trade and other receivables. The expected credit losses are updated by management at each reporting date to reflect changes in credit risk since the financial instrument was initially recognized. The expected credit losses on trade or other receivables are estimated based on historical credit loss experience, aging analysis, and management's assessment of current conditions and reasonable and supportable expectations of future conditions. The Organization assesses collectability by pooling receivables where similar characteristics exist and evaluates receivables individually when specific customer balances no longer share those risk characteristics and are considered at risk or uncollectible. Accounts receivable balances are charged off against the allowance for credit losses after recovery efforts have ceased. The expense associated with the allowance for expected credit losses is recognized in bad debts expense. As of December 31, 2024, accounts receivable, other than the amount for rent receivable, are expected to be collected in full; however, an allowance for credit losses has been recorded for unpaid rental income of \$25,000.

Grants and Pledges Receivable

Grants and pledges receivable are recorded at net realizable value if they are due in less than one year from the statement of financial position date. Net realizable value is the undiscounted expected future cash flows that will be received and is considered a reasonable estimate for fair value.

WALNUT WAY CONSERVATION CORPORATION AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE A - Summary of Significant Accounting Policies (continued)

Grants and Pledges Receivable (continued)

If grants and pledges receivable are expected to be collected in more than one year, they are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of discounts is included in contribution revenue in the statement of activities. If the Organization's expectation of the ability to collect receivables changes, an allowance for uncollectible accounts is recognized in the period in which the expectation changes. The Organization determines the allowance for uncollectible accounts based on historical experience, an assessment of economic conditions and review of subsequent receipts. As of December 31, 2024, grants and pledges receivable are considered fully collectible; therefore, no allowance for uncollectible accounts has been recorded.

Fixed Assets

Fixed assets are recorded at cost. Depreciation is recorded over the estimated useful lives of the assets using the straight-line method. The Organization's capitalization policy is to capitalize fixed asset purchases greater than \$1,000.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets, primarily property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset.

Right-of-Use Assets and Lease Liabilities

The Organization recognizes operating and finance leases in accordance with the FASB Accounting Standards Codification (ASC) 842. A lease exists when an organization has the right to control the use of property, plant or equipment over a lease term.

The lessee classifies a lease as either a finance or operating lease. The accounting of a finance lease is similar to when an asset is purchased. An operating lease is when the right-of-use of an asset exists over the lease-term, but that the lease doesn't meet the definition of a finance lease.

The Organization has elected to establish a threshold to exclude lease assets and obligations that are immaterial to the financial statements. The Organization recognizes individual lease assets and liabilities when they are greater than \$5,000. However, if the combined lease assets or liabilities for individually insignificant leases are greater than \$10,000 the Organization recognizes the lease assets and obligations.

The Organization has elected not to apply the recognition requirements in ASC 842 to short-term leases (those with a term of 12 or less months) and no expected purchase at the end of the term.

WALNUT WAY CONSERVATION CORPORATION AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE A - Summary of Significant Accounting Policies (continued)

Contributions and Grant Revenue

Contributions received and unconditional promises to give are measured at fair value and are reported as increases in net assets. Contributions are considered available for the Organization's general operations and included in net assets without donor restrictions unless specifically restricted by a donor. A restricted contribution is reported in revenue and net assets without donor restrictions when the restriction is met within the same reporting period as the contribution is received. Contributions received restricted for a purpose not yet met or to support a future period are included in net assets with donor restrictions. When a donor restriction from a prior year expires, 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. Conditional contributions are not recognized as revenue until they become unconditional. A conditional contribution is one that has both a barrier that must be overcome and an agreement requiring advance payment to be returned or future payment not to be obligated if the barrier is not overcome.

Net assets restricted for acquisition of building or equipment are reported as net assets with donor restrictions until the specified asset is placed in service when the net assets are released to net assets without donor restrictions.

When a donor requires the investment of a contribution and restricts the use of investment income, the investment income is reported as net assets with donor restrictions until appropriated for the designated time or use when the net assets are released to net assets without donor restrictions.

Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift. Donated services are recognized as contributions if the services create or enhance nonfinancial assets or the services require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Accordingly, the value of contributed time that does not meet these requirements has not been determined and is not reflected in the accompanying financial statements.

Grants and Contract Revenue

Grants and contract revenue are recognized when earned. Revenue is earned when eligible expenditures, as defined in each grant, contract or other allowable cost manual, are made. Any cash received for revenue not yet earned is considered to be deferred revenue. Revenue earned but not yet paid to the Organization is included in grants receivable. Expenditures are subject to review by the granting authority. To the extent, if any, that such review reduces expenditures allowable under these grants or contracts, the Organization records the disallowance at the time the final assessment is made. Management believes that disallowances, if any, would not have a significant effect on the financial statements.

WALNUT WAY CONSERVATION CORPORATION AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE A - Summary of Significant Accounting Policies (continued)

Functional Expenses

The Organization allocates costs directly to program, management, or fundraising when appropriate. Certain expenses are attributable to one or more programs or supporting functions of the Organization. Those expenses include utilities and occupancy which are allocated based on square footage; and salaries and office supplies which are allocated based on estimates of time and effort.

Estimates

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

NOTE B - Comparative Financial Information and Reclassifications

The financial information shown for 2023 in the accompanying financial statements is included to provide a basis for comparison with 2024. The comparative information is summarized by total only, not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity to generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2023, from which the summarized information was derived.

Certain reclassifications have been made to the 2023 amounts to conform to the 2024 presentation. Net assets and the change in net assets for 2023 were not changed as a result of these reclassifications.

NOTE C - Liquidity

The Organization has financial assets available to meet cash needs for general expenditure within one year of the statement of financial position date consisting of the following:

Cash and Cash Equivalents	\$1,090,451
Grants and Pledges Receivable	150,000
Accounts Receivable	71,004
Less Amounts Restricted by Donors	<u>(563,060)</u>
Total	<u>\$748,395</u>

The Organization cash and cash equivalents are held in liquid bank accounts. The Organization has traditionally maintained all available funds in liquid accounts to accommodate program activities.

The Organization's cash flows have variations during the year attributable to the timing of cash receipts for grants and contributions and files reports for reimbursement periodically to receive timely payment for funds expended. In addition, the Organization invoices customers for services on a monthly basis or in accordance with project quotes to manage its cash flow.

**WALNUT WAY CONSERVATION CORPORATION AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE D - Concentration of Credit Risk

The Organization maintains its cash at financial institutions located in Wisconsin. The Federal Deposit Insurance Corporation or the National Credit Union Association insures up to \$250,000 at each financial institution. At December 31, 2024, the uninsured cash balances totaled as \$793,377.

NOTE E - Grants and Pledges Receivable

Grants and pledges receivable consist of a grant from the McKnight Foundation to be used in 2026.

NOTE F - Accounts Receivable

Accounts receivable consist of fees owed for services performed, rental of properties and office space. Balances are stated at the amount management expects to collect. The following is a summary of accounts receivable as of December 31, 2024:

Services to Customers	\$ 243,967
Less Noncurrent Portion of Services	(183,657)
Rental Income	<u>35,694</u>
Total Accounts Receivable	\$96,004
Less Allowance for Uncollectible Accounts	<u>(25,000)</u>
Total	<u>\$71,004</u>

The noncurrent accounts receivable consists of balances billed to the City of Milwaukee which will be paid in 2026.

NOTE G - Fixed Assets

Fixed assets as of December 31, 2024, consist of the following:

Land	\$ 138,756
Buildings	5,880,574
Building Improvements	584,529
Furniture and Equipment	<u>391,037</u>
Total Fixed Assets	\$6,994,896
Construction in Progress	1,350
Accumulated Depreciation	<u>(1,819,788)</u>
Net Fixed Assets	<u>\$5,176,458</u>

**WALNUT WAY CONSERVATION CORPORATION AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE H - Leasing Activities

The Organization has a financing lease for certain printing equipment. The Lease started on May 1, 2020, with an original term of 72 months, and monthly payments of \$553.86. The remaining lease term as of December 31, 2024, is 16 months, with the lease terminating in April, 2026.

The following summarizes the weighted average remaining lease term and discount rate as of December 31, 2024:

Weighted Average Remaining Lease Term – 1.33 years

Weighted Average Discount Rate – 3.5%

The maturities of lease liabilities as of December 31, 2024 were as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 6,465	\$ 182	\$ 6,647
2026	<u>2,207</u>	<u>9</u>	<u>2,216</u>
	<u>\$ 8,672</u>	<u>\$ 191</u>	<u>\$ 8,863</u>

The following summarizes the line items in the statements of activities which include the components of lease expense for the year ended December 31, 2024:

	<u>Amount</u>
Amortization of lease assets included in program expenses	\$6,004
Interest on lease liabilities included in program expenses	\$ 405

The following summarizes cash flow information related to leases for the year ended December 31, 2024

Operating Cash Flows - Cash Paid for Finance Leases	\$ 405
Financing Cash Flows - Cash Paid for Finance Leases	\$6,242

**WALNUT WAY CONSERVATION CORPORATION AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE I - Loans Payable

In April 2022, the Organization purchased a truck with financing provided by Ally Bank. The loan is for 72 months with interest at 8.39% and monthly payments of \$699.19. Final maturity is March 2028. Estimated future payments due are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 6,646	\$ 1,744	8,390
2026	7,226	1,164	8,390
2027	7,856	534	8,390
2028	<u>2,062</u>	<u>29</u>	<u>2,091</u>
Total	<u>\$23,790</u>	<u>\$3,471</u>	<u>\$27,261</u>

Total interest paid for the year ended December 31, 2024, was \$2,277.

NOTE J - Mortgage Payable

On December 19, 2019, the Organization secured a \$1,095,000 loan from IFF, an Illinois nonprofit corporation. The proceeds of the draws on the loan were \$430,727 and were used to pay off the previous mortgage, pay real estate taxes and other closing costs. The remaining amount of the authorized debt represents construction funds that will not be drawn. The construction funds were available to be drawn until June 30, 2021. At December 31, 2024, the balance on the mortgage was \$362,943 and unamortized closing costs amounted to \$6,194. The costs are being amortized over the life of the loan, beginning in 2021.

Payments were interest only until such time as the loan is converted from a construction loan to permanent financing. The Organization converted the loan to permanent financing in August 2021. The loan bears interest, payable monthly, at 5.875% from inception through June 30, 2026. From July 1, 2026, (the first recalculation date) through June 30, 2031, the rate will be recalculated based on the greater of the sum of the US Treasury obligations with the same maturity date as the loan plus 3%, or 5%. From July 1, 2031, (the second recalculation date) through June 30, 2036, the rate will be recalculated based on the greater of the sum of the US Treasury obligations with the same maturity date as the loan plus 3%, or 5%. The final maturity date for the loan is July 1, 2036. Estimated future payments due are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 22,546	\$ 20,723	\$ 43,269
2026	23,907	19,362	43,269
2027	25,350	17,919	43,269
2028	26,880	16,389	43,269
2029	28,503	14,766	43,269
Thereafter	<u>235,757</u>	<u>49,093</u>	<u>284,850</u>
Total	<u>\$362,943</u>	<u>\$138,252</u>	<u>\$501,195</u>

Total mortgage interest paid for the year ended December 31, 2024, was \$21,263.

**WALNUT WAY CONSERVATION CORPORATION AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE J - Mortgage Payable (continued)

On March 8, 2021, the Organization entered into a mortgage agreement with IFF, an Illinois nonprofit, for \$284,000 for the purchase of the property for its Blue Skies Landscaping operation. The loan bears interest at 5.25%, amortized over 61 months, payable on a monthly basis through April 1, 2026 with a final balloon payment at maturity on April 1, 2026.

At December 31, 2024, the balance on the mortgage was \$232,374, and unamortized closing costs amounted to \$2,360. The costs are being amortized over the life of the loan, beginning in 2021. Estimated future payments due are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 15,567	\$ 11,829	\$ 27,396
2026	<u>216,807</u>	<u>3,759</u>	<u>220,566</u>
Total	<u>\$247,147</u>	<u>\$28,211</u>	<u>\$275,358</u>

Total mortgage interest paid for the year ended December 31, 2024, was \$12,623.

NOTE K - Rental Income

The Organization owns two rental properties in the Lindsay Heights neighborhood in Milwaukee. Rental income for the year ended December 31, 2024, totaled \$44,516. Tenant monthly rental payments range between \$575 and \$675. All leases are on a month-to-month basis.

The Wellness Commons rents space to tenants with monthly rent ranging from \$756 to \$4,268. Rental income for the year was \$129,256. All leases are renewed on an annual basis.

NOTE L - Revenue from Contracts with Customers

The Organization has revenues from providing environmental services, including landscaping and snow removal to customers. Fee for service revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for the various services. Fee for service revenue is billed the month the services are provided. Revenue is recognized as the performance obligations are satisfied, which is considered to be at the time the services are performed. At December 31, 2024 and 2023, there were no obligations related to revenue from contracts with customers. For the year ended December 31, 2024, fee for service revenue was \$265,049. At December 31, 2024 and 2023, there were accounts receivable related to fee for service activities of \$243,967 and \$81,758, respectively.

The Organization has revenues from providing café and catering services to customers. Fee for service revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for the various services. Revenue is recognized as the performance obligations are satisfied, which is considered to be at the time the services are performed and is collected through a point of sale system. At December 31, 2024 and 2023, there were no obligations related to revenue from contracts with customers. For the year ended December 31, 2024, fee for service revenue was \$43,080. At December 31, 2024 and 2023, there were no accounts receivable related to these revenues.

WALNUT WAY CONSERVATION CORPORATION AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE M - Conditional Grants

The Organization has contracts with foundations and government agencies which include specific use stipulations requiring funds be used only on qualifying expenses determined by the grant contract and allowable cost policies. The Organization will not receive the grant funds unless spent on the required activity and within the allowable cost guidance. As of December 31, 2024, the Organization has the following conditional grants available through December 31, 2026:

Public Service Commission of WI – Office of Energy Innovation	\$ 200,000
Public Service Commission of WI – Corona Virus Capital Projects	\$ 880,000

NOTE N - Income Taxes

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation. Management has reviewed all tax positions recognized in previously filed tax returns and those expected to be taken in future tax returns. As of December 31, 2024, the Organization had no amounts related to unrecognized income tax benefits and no amounts related to accrued interest and penalties. The Organization does not anticipate any significant changes to unrecognized income tax benefits over the next year. The Organization is currently not under audit by any federal or state taxing authority.

NOTE O - Subsequent Events and Contingencies

The Organization has evaluated events and transactions occurring after December 31, 2024, through February 27, 2026, the date the consolidated financial statements are available to be issued, for possible adjustments to the consolidated financial statements or disclosures. The Organization has determined that no matters need to be disclosed.

WALNUT WAY CONSERVATION CORPORATION AND AFFILIATE
SCHEDULE OF FUNCTIONAL REVENUE AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(With Summarized Totals for the Year Ended December 31, 2023)

	<u>Economic Development</u>	<u>Community Engagement</u>	<u>Coalition on Lead Emergency</u>	<u>Environmental</u>	<u>Special Projects and Initiatives</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>2024 Total</u>	<u>2023 Total</u>
REVENUES									
Pledges and Contributions	\$ ---	\$ 350	\$ ---	\$ ---	\$ ---	\$ 38,107	\$ ---	\$ 38,457	\$ 34,681
Government Grants	92,305	---	95,015	---	25,821	7	---	213,148	36,015
Foundation and Corporate Grants	---	64,283	---	1,110,000	323,077	1,056,676	---	2,554,036	1,533,137
United Way	---	---	---	---	---	111,389	---	111,389	18,921
Product Sales and Service Fees	43,080	---	---	265,049	---	---	---	308,129	262,395
Rental Income	129,256	---	---	---	---	46,916	---	176,172	192,599
Interest Income	---	---	---	---	---	38	---	38	36
Special Event Income	---	108	---	---	---	322	---	430	4,880
Other Income	15,155	---	---	1,990	---	16,087	---	33,232	6,790
Net Assets Released from Restrictions	---	---	---	---	---	---	---	---	---
Total Revenue (Carried Forward)	\$ 279,796	\$ 64,741	\$ 95,015	\$ 1,377,039	\$ 348,898	\$ 1,269,542	\$ ---	\$ 3,435,031	\$ 2,089,454

WALNUT WAY CONSERVATION CORPORATION AND AFFILIATE
SCHEDULE OF FUNCTIONAL REVENUE AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(With Summarized Totals for the Year Ended December 31, 2023)

	Economic Development	Community Engagement	Coalition on Lead Emergency	Environmental	Special Projects and Initiatives	General and Administrative	Fundraising	2024 Total	2023 Total
Total Revenue (Brought Forward)	\$ 279,796	\$ 64,741	\$ 95,015	\$ 1,377,039	\$ 348,898	\$ 1,269,542	\$ ---	\$ 3,435,031	\$ 2,089,454
EXPENSES									
Salaries	\$ 37,323	\$ 103,860	\$ 53,121	\$ 343,656	\$ 23,875	\$ 186,189	\$ 14,000	\$ 762,024	\$ 773,883
Payroll Taxes	3,193	8,885	4,544	29,398	2,042	16,405	1,045	65,512	65,597
Employee Benefits	1,269	2,962	6,790	10,424	---	11,471	5,390	38,306	45,337
Staff Development	---	---	---	---	---	1,000	---	1,000	4,200
Occupancy	---	---	---	---	36,514	22,258	---	58,772	51,456
Property Tax	2,140	1,189	---	3,047	---	1,072	---	7,448	13,122
Security	1,649	850	---	---	84,300	---	---	86,799	80,408
Telephone	---	819	---	---	---	23,779	---	24,598	25,594
Supplies	51,336	1,040	---	36,168	3,008	29,645	---	121,197	103,303
Equipment Rental and Maintenance	19,351	---	---	14,226	---	9,885	---	43,462	54,120
Non-capital Equipment	---	---	---	380	2,869	3,322	---	6,571	10,062
Vehicle Expense	---	---	---	32,221	---	---	---	32,221	13,284
Printing and Copying	1,012	280	---	179	---	5,280	---	6,751	11,152
Postage	180	---	---	---	---	---	---	180	302
Conference and Workshops	---	65	---	25,893	---	4,747	---	30,705	19,111
Travel	---	---	---	---	---	2,207	---	2,207	4,919
Professional Fees	2,320	13,578	---	32,232	117,219	109,260	2,250	276,859	224,425
Contract Services	6,475	49,333	---	155,059	66,966	51,681	---	329,514	387,810
Advertising	453	---	---	539	---	2,028	---	3,020	23,552
Grants and Awards	---	2,010	---	15,000	2,731	---	---	19,741	60,475
Affordable Housing Rehab	303,569	---	---	---	---	---	---	303,569	278,370
Insurance	15,924	---	---	1,500	38,416	8,068	---	63,908	64,444
Other Expenses	5,356	853	---	3,438	4,256	28,315	---	42,218	52,264
Depreciation	218,491	---	---	37,320	---	28,495	---	284,306	303,815
Bad Debt Expense	---	---	---	---	---	9,409	---	9,409	42,117
Interest Expense	---	25,722	---	16,672	---	83	---	42,477	47,781
Total Expenses	\$ 670,041	\$ 211,446	\$ 64,455	\$ 757,352	\$ 382,196	\$ 554,599	\$ 22,685	\$ 2,662,774	\$ 2,760,903
CHANGE IN NET ASSETS	\$ (390,245)	\$ (146,705)	\$ 30,560	\$ 619,687	\$ (33,298)	\$ 714,943	\$ (22,685)	\$ 772,257	\$ (671,449)