THE ARCHAEOLOGICAL CONSERVANCY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JULY 31, 2021

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

The Archaeological Conservancy

Preserving the past...for the future.

THE ARCHAEOLOGICAL CONSERVANCY

FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 2021

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December 6, 2021

INDEPENDENT AUDITORS' REPORT

Board of Directors
The Archaeological Conservancy
Albuquerque, New Mexico

We have audited the accompanying financial statements of **The Archaeological Conservancy** (a California nonprofit corporation), which comprise the statement of financial position as of July 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Archaeological Conservancy as of July 31, 2021, 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.

Report on Summarized Comparative Information

We have previously audited The Archaeological Conservancy's financial statements for the year ended July 31, 2020, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 17, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended July 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Taylor Roth and Company Pllc

Taylor, Roth and Company, PLLC
Certified Public Accountants
Albuquerque, New Mexico

THE ARCHAEOLOGICAL CONSERVANCY

STATEMENT OF FINANCIAL POSITION
JULY 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Assets				
Cash and cash equivalents	$ 1,212,168	$ 484,014	$ 1,696,182	$ 870,947
Receivables (Note 4)	-	85,968	85,968	-
Prepaid expenses	36,305	-	36,305	29,033
Other assets	25,839	-	25,839	25,839
Property and equipment, net (Note 5)	311,880	-	311,880	319,898
Investments (Note 6)	1,242,458	2,800,828	4,043,286	3,290,417
Archaeological sites and easements held for conservation, partially pledged (Note 7)	44,090,939	-	44,090,939	42,994,644
Total assets	$ 46,919,589	$ 3,370,810	$ 50,290,399	$ 47,530,778
Liabilities and net assets				
Liabilities				
Accounts payable	$ 4,800	$ -	$ 4,800	$ 37,082
Accrued payroll expenses	142,184	-	142,184	134,865
Deferred revenue (Note 8)	155,152	-	155,152	6,100
Deposit held - sale of archaeological site	30,000	-	30,000	30,000
Charitable gift split-interest annuity obligations (Note 9)	397,416	-	397,416	345,660
Notes payable (Note 10)	499,497	-	499,497	507,679
Total liabilities	1,229,049	-	1,229,049	1,061,386
Net assets				
Without donor restrictions				
Undesignated	45,378,660	-	45,378,660	42,988,899
Net investment in property and equipment	311,880	-	311,880	319,898
	45,690,540	-	45,690,540	43,308,797
With donor restrictions (Note 11)	-	3,370,810	3,370,810	3,160,595
Total net assets	45,690,540	3,370,810	49,061,350	46,469,392
Total liabilities and net assets	$ 46,919,589	$ 3,370,810	$ 50,290,399	$ 47,530,778

The accompanying notes are an integral part of these financial statements

THE ARCHAEOLOGICAL CONSERVANCY

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JULY 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue and other support				
Contributions	$ 2,876,701	$ 253,193	$ 3,129,894	$ 2,204,766
Contributions - archaeological sites (Note 12)	846,482	-	846,482	939,607
Investment income (Note 6)	332,363	389,518	721,881	94,349
Grants	-	255,003	255,003	180,134
Seminars	113,576	-	113,576	610,450
Site rental	29,204	-	29,204	34,297
Magazine sales and advertising	16,996	-	16,996	31,336
Change in value of annuities (Note 9)	(1,475)	-	(1,475)	(14,729)
All other	38,113	-	38,113	26,397
Net assets released from donor restrictions (Note 13)	687,499	(687,499)	-	-
Total revenue and support	4,939,459	210,215	5,149,674	4,106,607
Expense				
Program services				
Acquisition, conservation, and management	1,280,150	-	1,280,150	1,265,107
Education	705,959	-	705,959	991,654
Total program services expense	1,986,109	-	1,986,109	2,256,761
Supporting services				
Management and general	244,276	-	244,276	253,271
Fund-raising	327,331	-	327,331	327,927
Total expense	2,557,716	-	2,557,716	2,837,959
Change in net assets	2,381,743	210,215	2,591,958	1,268,648
Net assets, beginning of year	43,308,797	3,160,595	46,469,392	45,200,744
Net assets, end of year	$ 45,690,540	$ 3,370,810	$ 49,061,350	$ 46,469,392

The accompanying notes are an integral part of these financial statements

THE ARCHAEOLOGICAL CONSERVANCY

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JULY 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	2021						2020
	Program Services			Supporting Services			
	Acquisition, Conservation, and Management	Education	Total	Management and General	Fund-raising	Total	Total
Salaries	$ 759,663	$ 118,697	$ 878,360	$ 159,055	$ 149,559	$ 1,186,974	$ 1,215,048
Payroll taxes and benefits	141,498	22,109	163,607	29,625	27,858	221,090	232,194
Member mailings	-	199,400	199,400	-	43,896	243,296	233,110
Magazine	-	184,734	184,734	-	20,526	205,260	200,401
Archaeological sites maintenance	171,362	.	171,362	-	-	171,362	130,095
Seminars	-	101,604	101,604	-	-	101,604	392,090
Donor services	-	44,457	44,457	-	44,456	88,913	87,543
Archaeological sites property tax	70,883	-	70,883	-	-	70,883	72,535
Regional office expense	47,168	5,485	52,653	1,645	548	54,846	69,269
Communications	-	20,871	20,871	-	17,986	38,857	37,652
Office supplies	29,522	3,433	32,955	1,030	343	34,328	35,255
Accounting services	-	-	-	29,261	-	29,261	28,371
Insurance	9,636	2,141	11,777	8,566	1,071	21,414	22,616
Amortization of charitable annuities	-	-	-	-	14,038	14,038	14,825
Travel, meals and meetings	5,873	890	6,763	5,197	1,067	13,027	17,619
All other	39,253	1,336	40,589	8,935	5,021	54,545	41,319
Total before depreciation	1,274,858	705,157	$ 1,980,015	243,314	326,369	2,549,698	2,829,942
Depreciation	5,292	802	6,094	962	962	8,018	8,017
Total	$ 1,280,150	$ 705,959	$ 1,986,109	$ 244,276	$ 327,331	$ 2,557,716	$ 2,837,959

The accompanying notes are an integral part of these financial statements

THE ARCHAEOLOGICAL CONSERVANCY

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JULY 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	2021	2020
Cash flows from operating activities		
Change in net assets	$ 2,591,958	$ 1,268,648
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Gains)losses on investments	(552,797)	27,440
Donated stock	(26,851)	(18,374)
U.S. SBA Paycheck Protection Program loan forgiveness	(208,728)	-
Donated archaeological sites	(846,482)	(939,607)
Change in value of charitable gift split-interest annuity obligations	(12,563)	(3,057)
Amortization of charitable annuity obligation discount	14,038	14,825
Depreciation	8,018	8,017
Changes in operating assets and liabilities		
(Increase)decrease in receivables	(85,968)	496,570
(Increase)decrease in prepaid expenses	(7,272)	20,889
Increase(decrease) in accounts payable and accrued payroll expenses	(24,963)	26,231
Increase(decrease) in deferred revenue	149,052	(212,256)
Net cash provided(used) by operating activities	997,442	689,326
Cash flows from investing activities		
Purchases of investments	(1,965,271)	(2,843,369)
Proceeds from sales of investments	1,792,050	2,768,622
Purchases of archaeological sites	(249,813)	(449,546)
Net cash provided(used) by investing activities	(423,034)	(524,293)
Cash flows from financing activities		
Charitable gift split-interest annuity obligation undertaken	81,430	17,194
Payments against charitable gift split-interest annuity obligations	(31,149)	(25,897)
Principal payments on notes payable and escrow payable	(28,179)	(70,908)
Proceeds from notes payable	228,725	208,728
Net cash provided(used) by financing activities	250,827	129,117
Net increase(decrease) in cash and cash equivalents	825,235	294,150
Cash and cash equivalents, beginning of year	870,947	576,797
Cash and cash equivalents, end of year	$ 1,696,182	$ 870,947
Supplemental disclosures		
Cash paid during the period for interest	$ 8,583	$ 11,676

The accompanying notes are an integral part of these financial statements

NOTE 1 - DESCRIPTION OF THE ORGANIZATION

The Archaeological Conservancy (the Conservancy) is a charitable non-profit entity established primarily for the purpose of acquiring and preserving archaeological sites throughout the United States. The Conservancy was incorporated as a non-profit entity under the laws of California on August 3, 1979. The administrative and southwest regional office is located in Albuquerque, New Mexico and other regional offices are located in Reno, Nevada; Madison, Wisconsin; Frederick, Maryland; and Marks, Mississippi. All of the offices participate in the acquisition and preservation efforts of the organization.

The Conservancy's major programs and services include the acquisition, conservation, and management of archaeological sites and the education of the general public about preserving our cultural and natural heritage.

The Conservancy's major sources of revenue are contributions from the public (including gifts of archaeological sites and easements).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

1. Basis of Accounting

   The financial statements of the Conservancy have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

2. Basis of Presentation

   The financial statements of the Conservancy have been prepared in accordance with U.S. generally accepted accounting principles, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

   Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the organization's management and the board of directors.

   Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

   Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities

3. Cash and Cash Equivalents

Cash and cash equivalents include cash deposited with financial institutions and also amounts held in short term cash investments in brokerage accounts. For purposes of the statement of cash flows, the Conservancy considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Conservancy maintains cash and cash equivalents in three distinct categories: (1) preservation/operations, (2) annuity (split interest agreements), and (3) endowment funds.

4. Receivables

The Conservancy records pledges and bequests receivable as contribution revenue in the year of notification when the gift is irrevocable and the value can be reasonably estimated. The Conservancy considers all receivables to be fully collectible. Accordingly, no allowance for doubtful accounts is required.

5. Revenue Recognition

Contributions received are recorded as net assets without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

The Conservancy recognizes revenue for archaeological seminar tours when the event takes place. Deposits and other payments received in advance of the seminar are recorded as deferred revenue until the tour is completed.

6. Real Estate Held for Sale

Real estate held for sale, which results from the Conservancy's acceptance of non-cash contributions in the form of real estate, is stated at the lower of the estimated fair market value at the date of donation or an estimate of the amount to be realized on sale of the property.

7. Archaeological Sites and Easements

The Conservancy records archaeological sites and easements at cost if purchased or at fair value at the date of acquisition if all or part of the site was received as a donation. Fair value is generally determined by appraisal at the time of acquisition and is not subsequently adjusted. Costs associated with site or easement purchases or donations, such as appraisals, surveys, and fees, are capitalized as costs of the site or easement. Upon sale or gift, the book value of the land, land interest, or easement is reported as a program expense and the related proceeds, if any, are reported as revenue in the statement of activities. It is the Conservancy's intention to preserve sites and easements indefinitely, which is generally accomplished by retaining ownership of the sites and easements or by resale or transfer to various governmental agencies or public charities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (continued)

7. Archaeological Sites and Easements (concluded)

Archaeological easements are comprised of listed rights and/or restrictions over properties that are conveyed by a property owner to the Conservancy in order to protect the owned property as a significant archaeological site.

Archaeological sites in process of acquisition include amounts paid for down payments, appraisals, surveys, and other pre-closing costs as well as non-cash donations accepted pending final escrow and transfer of title. The properties for which down payment deposits have been made do not represent purchase commitments as the Conservancy can terminate all such contracts by merely forfeiting the deposit.

8. Capitalization and Depreciation

Property and equipment is stated at cost or, if donated, at the estimated fair value on the date of donation. Expenditures for property and equipment in excess of $1,000 are capitalized and depreciated over the estimated useful lives of the respective assets, ranging from 3 to 39 years, using the straight-line method. Maintenance and repairs are charged to expense in the period incurred.

9. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

10. Income Taxes

The Conservancy is exempt from federal and state income taxes under the provisions of Internal Revenue Code Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements.

11. Functional Reporting of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

Significant expenses that are allocated include the following:

Expense	Method of Allocation
Salaries, wages, and benefits	*Time and effort*
Member mailings	*Joint costs - analysis based on content and audience*
Magazine	*Joint costs - analysis based on content and audience*
Office expenses	*Analysis of usage by function benefitted*
Travel, meals and meetings	*Analysis of usage by function benefitted*
Insurance	*Analysis of usage by function benefitted*
Occupancy related costs	*Square footage*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (concluded)

12. Summarized Prior-Year Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Conservancy's financial statements for the year ended July 31, 2020, from which the summarized information was derived.

13. Reclassifications

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

14. Joint Costs

Joint costs are costs related to fund-raising activities in which program or administrative activities can be identified and allocated as such. For example, the cost of producing and mailing the Conservancy's magazine, which gives general program information but also includes a fund-raising appeal, would be considered a joint cost. Joint costs are allocated between the appropriate program, management and general, and fund-raising expense categories based on management's allocation plan in accordance with generally accepted accounting principles.

15. Fair Value Measurements

The Conservancy follows the provisions of the Fair Value Measurements and Disclosures Topic of FASB ASC, which requires use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level l); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for the asset or liability (Level 3).

16. Impairment of Long-Lived Assets

The Conservancy accounts for long-lived assets in accordance with the provisions of FASB ASC 360-10 and subsections. FASB ASC 360-10 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of assets may not be recoverable. If such assets are considered impaired, the recognized impairment is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Management does not believe impairment indicators are present as of July 31, 2021.

17. New Accounting Pronouncement

The Conservancy adopted Accounting Standards Update (ASU) No. 2014-09 Not-for-Profit Entities: *Revenue from Contracts with Customers*. The adoption of ASU 2014-09 did not result in any changes related to how the Center recognizes revenue.

18. Subsequent Events

Management has evaluated subsequent events through December 6, 2021, the date the financial statements were available to be issued.

NOTE 3 - AVAILABILITY AND LIQUIDITY

The following represents the Conservancy's financial assets at July 31, 2021:

Description	Amount
Cash and cash equivalents	$ 1,696,182
Receivables	85,968
Investments	4,043,286
Total financial assets	5,825,436
Less amounts not available or budgeted for operational use within one year:	
Net assets with donor restrictions —	
Endowment restricted for perpetuity	951,867
Endowment earnings not appropriated for use during the next 12 months	738,349
Long-term stewardship - Teapot Dome site	270,572
Deposit held - sale of archaeological site	30,000
Charitable gift split-interest annuity obligation, less payments due in next 12 months	342,416
	2,333,204
Financial assets available to meet general expenditures over the next 12 months	$ 3,492,232

The Conservancy's goal is generally to maintain financial assets to meet approximately 3 months of operating expenses, estimated at $750,000. These funds can be used to support operations in the event of unexpected circumstances, such as reductions in contributions or urgent conservation needs at a site. Included in available financial assets at year-end is $1,126,492 which is donor-restricted for the "POINT6" program (the sixth phase of the "Protect Our Irreplaceable National Treasures Program"). These funds are restricted for the purchase and preservation of significant sites in immediate danger of destruction, and because this is the primary mission and activity of the Conservancy, management considers these funds, as well as other contributions restricted by donors for acquisition, as available for operational use during the next 12 months.

NOTE 4 - RECEIVABLES

As of July 31, 2021, the Conservancy recorded $85,968 in bequests receivable from three donors, and all amounts are expected within a year. As of year-end, management had also been notified of five bequests that were in the process of final settlement, but no amounts are recorded for these bequests because the amounts due are not estimable.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of July 31, 2021:

Description	Amount
Land	$ 60,000
Building and improvements	312,678
Office furniture and equipment	11,577
Software	13,881
	398,136
Less: accumulated depreciation	(86,256)
Net furniture and equipment	$ 311,880

Depreciation expense was $8,018 for the year.

NOTE 6 - INVESTMENTS

Investments are carried at market value and consisted of the following as of July 31, 2021:

Description	Cost Basis	Fair Value	Unrealized Appreciation (Depreciation)
Preservation/Operations			
Mutual funds	$ 1,150,934	$ 1,188,507	$ 37,573
Bonds - corporate fixed income	202,688	225,899	23,211
Equities	227,263	209,863	(17,400)
	$ 1,580,885	$ 1,624,269	$ 43,384
Corporate Fund for Annuities			
Equities	$ 373,575	$ 468,993	$ 95,418
Mutual funds	151,787	163,393	11,606
Exchange-traded funds	61,821	62,636	815
Bonds - corporate fixed income	32,273	35,545	3,272
	$ 619,456	$ 730,567	$ 111,111
Endowment Fund			
Mutual funds	$ 843,948	$ 1,576,776	$ 732,828
Equities	73,940	88,479	14,539
Bonds - corporate fixed income	15,832	16,107	275
Exchange-traded funds	7,676	7,088	(588)
	$ 941,396	$ 1,688,450	$ 747,054

NOTE 6 - INVESTMENTS (continued)

Description	Cost Basis	Fair Value	Unrealized Appreciation (Depreciation)
Total Investments			
Mutual funds	$ 2,146,669	$ 2,928,676	$ 782,007
Equities	674,778	767,335	92,557
Bonds - corporate fixed income	250,793	277,551	26,758
Exchange-traded funds	69,497	69,724	227
Total	$ 3,141,737	$ 4,043,286	$ 901,549

Investment returns for the year ended July 31, 2021, are summarized as follows:

Description	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	$ 84,629	$ 91,219	$ 175,848
Realized gains(losses)	66,183	40,486	106,669
Unrealized gains(losses)	188,315	257,813	446,128
Investment fees	(6,764)	-	(6,764)
Total	$ 332,363	$ 389,518	$ 721,881

The Conservancy classifies its investments based on an established fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of fair value hierarchy are:

- Level 1 – unadjusted quoted prices for identical assets in active markets.
- Level 2 – quoted prices for similar assets in active markets; quoted prices for identical or similar assets in inactive markets; valuation methodology using other observable inputs or inputs derived from or corroborated by observable market data by correlation or other means.
- Level 3 – valuations methodology using unobservable inputs.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The carrying amount of cash, receivables, payables, accrued expenses, and other liabilities approximates fair value due to the short maturities of these instruments. The fair value of long-term debt is the carrying value due to the market rate of interest reflecting current market conditions. All of the Conservancy's investments are included in Level 1 of the fair value hierarchy.

NOTE 7 - ARCHAEOLOGICAL SITES AND EASEMENTS

Archaeological sites and easements held for conservation were as follows as of July 31, 2021:

Description	Amount
Archaeological sites held for conservation, partially pledged	$ 41,365,952
Archaeological easements held for conservation	2,701,239
Archaeological sites in process	23,748
Total	$ 44,090,939

NOTE 8 - DEFERRED REVENUE

The Conservancy sponsors approximately 8 to 10 educational seminars each fiscal year. Participants pay seminar fees prior to the event date, and the Conservancy defers the revenue from the seminars to the period in which the related expenses are incurred. Thus, payments collected in the current year for seminars held in the following year are deferred until the year in which the expense and occurrence of the seminar falls. Deferred seminar revenue as of July 31, 2021, was $155,152.

NOTE 9 - CHARITABLE GIFT SPLIT-INTEREST ANNUITY OBLIGATIONS

The Conservancy is frequently the recipient of charitable gift annuities in which a donor contributes assets in exchange for distributions of a fixed amount for the lifetime of the donor or other beneficiaries. These assets are contributed directly to the Conservancy, and the Conservancy maintains the assets as general assets of the Conservancy in separate investment accounts. A liability is recognized for the estimated present value of the annuity obligation using the discount rate and actuarial assumptions as provided in Internal Revenue Service guidelines and actuarial tables. Contribution revenue, which represents the fair value of assets donated less the annuity obligation, is recorded as revenue without donor restrictions upon receipt of the donated assets. Contribution revenue recognized under charitable gift annuities was $78,570 for the year ended July 31, 2021. Assets of the Conservancy derived from these charitable gift annuities are invested as described in Note 6 (Corporate Fund for Annuities).

Obligations of the Conservancy derived from these charitable gift annuities, valued at the estimated present value of the annuity obligations, totaled $397,416 at July 31, 2021, and during the current year, the Conservancy recognized amortization of the annuity discounts of $14,038 as an expense. The discount rates used are based on Internal Revenue Service rates in effect at the time the annuity originated. The Conservancy also adjusts the value of annuity obligations periodically for changes in the life expectancy of annuitants, as based on mortality tables and actuarial assumptions.

NOTE 10 - NOTES PAYABLE

Site Acquisition Debt

On occasion, the Conservancy utilizes debt to finance the acquisition of archaeological sites. At year-end, one promissory note was payable to an unrelated party and carried a balance of $241,734. This note is secured by a site having a carrying value of $691,608 (Spikebuck Town). In November 2019, this note was modified, and the new terms include an interest rate of 3.0% and monthly installments of $3,064. Maturity of the note is scheduled for November 2029.

NOTE 10 - NOTES PAYABLE (concluded)

Future minimum principal payments due on this note are:

Years ending July 31st:	Amount
2022	$ 29,038
2023	29,921
2024	30,831
2025	31,769
2026	32,736
2027 and thereafter	116,477
Total	$ 270,772

Interest expense on the note payable was $8,583 for the year ended July 31, 2021.

U.S. Small Business Administration – Paycheck Protection Program Loan

In May 2020, the Conservancy received loan proceeds in the amount of $208,725 under the U.S. Small Business Administration's (SBA) Paycheck Protection Program (PPP). Established as a part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the business's average monthly payroll expenses. PPP loans and accrued interest are forgivable after a "covered period" (8 or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. This loan was recognized as revenue in fiscal year ended July 31, 2021, as qualifying expenditures for payroll and other allowable costs were incurred. The loan was forgiven by the U.S. Small Business Administration in September 2021.

In April 2021, the Conservancy received a second PPP loan in the amount of $228,725. Management expects to use the proceeds for qualifying expenditures and to receive full forgiveness of this loan during fiscal year 2022. Any unforgiven portion of a PPP loan is payable over 2 or 5 years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period.

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS

Net Assets Restricted for Purpose and Time

At year end, net assets restricted by donors for purpose or time consisted of the following:

Description	Amount
Purpose restrictions	
Protect Our Irreplaceable National Treasures (POINT6)	$ 1,126,492
Stewardship - Teapot Dome easement	270,572
Specific site acquisition and maintenance	137,562
Time restrictions	
Endowment income	798,349
Bequests receivable	85,968
Total	$ 2,418,943

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS (continued)

Net Assets Restricted for Perpetuity

The Conservancy's endowment fund was established in 1985, when $1 million, less allowable fund-raising expenses of $48,133, was raised via a National Endowment for the Humanities challenge grant of $250,000 combined with matching contributions. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of the Conservancy has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment absent explicit donor stipulations to the contrary. Accordingly, the Conservancy classifies as net assets restricted by the donor for perpetuity as the original value of gifts donated to the endowment plus the original value of any subsequent gifts made to the endowment. The remaining portion of the donor-restricted endowment fund that is not classified as held for perpetuity is classified as net assets restricted by the donor for time, and those funds are released from restriction when appropriated for expenditure by the Conservancy in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, the Conservancy considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Conservancy, and (7) the Conservancy's investment policies.

Investment Return Objectives, Risk Parameters and Strategies: The Conservancy has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk.

Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the funds if possible. (See Note 6 for endowment investment asset details.) Therefore, the Conservancy expects its endowment assets, over time, to produce an average rate of return of approximately 8% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund. Investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy: The Conservancy has a policy of appropriating for distribution 5% of its endowment fund's average fair value at the beginning of the fiscal year in which the distribution is planned. In establishing this policy, the Conservancy considered the long-term expected return on its investment assets and the possible effects of inflation. The Conservancy expects the current spending policy to allow its endowment funds to grow at a nominal average rate of 3% annually, which is consistent with the Conservancy's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS (concluded)

Changes in endowment net assets by type of fund as of July 31, 2021, are as follows:

Description	Restricted for Time	Restricted for Perpetuity	Total
Endowment assets, beginning of year	$ 473,409	$ 951,867	$ 1,425,276
Contributions	-	-	-
Investment income	389,518	-	389,518
Appropriation of endowment assets for expenditure	(64,578)	-	(64,578)
Total	$ 798,349	$ 951,867	$ 1,750,216

NOTE 12 - CONTRIBUTIONS – ARCHAEOLOGICAL SITES

During the year ended July 31, 2021, the Conservancy recorded $846,482 in contributions from four donors for five archaeological sites. The value of the donated property recorded by the Conservancy is based on the difference between the sales price and the estimated value, a value which is typically determined by an independent appraiser. On occasion, for lower value site transactions when an independent appraisal is not available or is not a prudent use of funds, Conservancy staff will estimate the fair value of the donated property based on comparable sales of property in the area.

NOTE 13 - NET ASSETS RELEASED FROM DONOR RESTRICTION

During the year, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes, which included:

Description	Amount
CARES Act funding, including Paycheck Protection Program	$ 223,725
Protect Our Irreplaceable National Treasures (POINT6)	220,597
Specific site acquisition and maintenance	176,060
Endowment income	64,578
Stewardship - Teapot Dome easement	2,539
Total	$ 687,499

NOTE 14 - INTENTIONS TO GIVE - BEQUESTS

The Conservancy has received indications of gifts in the form of bequests which are revocable during the donor’s lifetime. Due to the uncertain nature of these intentions, the Conservancy has not recognized an asset or contribution revenue relating to these gifts. The estimated total intentions to give cannot be currently estimated.

NOTE 15 - RETIREMENT PLANS

Defined Contribution Plan

The Conservancy established a retirement plan effective January 1, 1996, covering all employees who have attained age 21 and completed one year of service. Effective January 1, 2017, all salaried employees are eligible for the plan, while employees who are paid on an hourly basis or who are not eligible for health and welfare benefits are not eligible for the plan. Prior to January 1, 2017, the eligibility requirement was satisfied upon working 1,000 hours during a consecutive 12-month period. The plan provides a vesting schedule in accordance with federal regulations. The Conservancy made regular contributions totaling $36,056 to this plan during the year ended July 31, 2021, which represents 4% of the gross wages paid during the year for all eligible employees.

Tax-deferred Annuity Plan

The Conservancy also established a Section 403(b) voluntary pension plan in 1996. This plan is funded with employee contributions. Effective January 1, 2009, the Conservancy began to match voluntary contributions on a dollar-for-dollar basis up to 4% of gross salary. Matching contributions for the year ended July 31, 2021, were $33,766.

NOTE 16 - COMMITMENTS

In the normal course of operations, the Conservancy is continually engaged in the process of acquiring archaeological sites. At July 31, 2021, there were 13 sites in various stages of the acquisition process, for which expenditures totaling $23,748 have been made in the current and prior years. Management believes that a firm purchase commitment does not exist on any of these sites. As such, no liability for future acquisition costs on sites in progress is reflected in the financial statements.

NOTE 17 - RELATED PARTIES

During the year ended July 31, 2021, the Conservancy received contributions totaling $398,835 from board members, or from donor-advised funds for which a board member is an advisor.

NOTE 18 - CONCENTRATIONS OF RISK

Investments

The Conservancy has significant investments in bonds, equities, and mutual funds that are subject to market value fluctuation.

Bank Deposits

At year-end, the Conservancy maintained cash assets in a local banking institution that exceeded the coverage offered by the Federal Deposit Insurance Corporation (FDIC). The uninsured balance was $1,356,467.

NOTE 19 - COVID-19 PANDEMIC

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The Conservancy is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. In addition, the pandemic has resulted in lost earnings for the Conservancy during the fiscal year ended July 31, 2021, due to the cancellations of archaeological tours (seminars).

The extent of the impact of COVID-19 on the Conservancy's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Conservancy's members, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Conservancy's financial position and changes in net assets and cash flows is uncertain, and the accompanying financial statements include no adjustments relating to the effects of this pandemic.