



**WVLS SC**

WEST VIRGINIA  
LAND STEWARDSHIP  
CORPORATION

**FY 2019 ANNUAL REPORT**

July 1, 2018 – June 30, 2019

### ANNUAL REPORT


Fiscal Year 2019  
July 1, 2018 – June 30, 2019

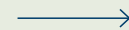
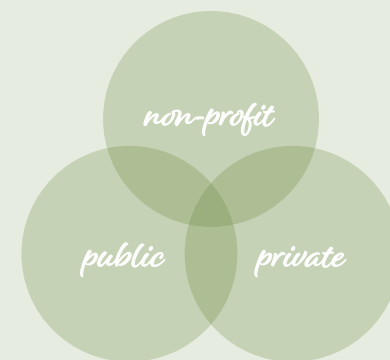
### OUR MISSION

We are a special-purpose nonprofit that promotes sustainable economic development by facilitating reuse of commercial, industrial, and mining sites and providing long-term management of key risks from legacy environmental concerns.

### WHAT WE DO

West Virginia's hilly terrain limits the availability of usable land. The State's rich industrial legacy of coal mining and chemical, steel, and glass manufacturing has left its mark on many prime pieces of real estate, creating additional barriers to development. In order to address these industrial legacies and promote investment and productive economic development, the West Virginia Legislature created the West Virginia Land Stewardship Corporation (WVLSC) in 2013. The WVLSC helps facilitate the remediation of properties with real or perceived environmental issues that might otherwise be overlooked by private developers and local economic development authorities.

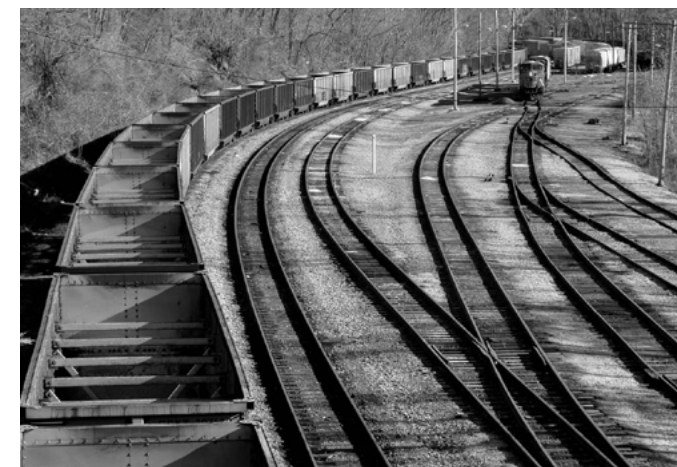
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We collaborate with public, private, and non-profit entities to operate three main programs.



### Land Stewardship Program

The WVLSC can monitor and maintain sites that have been remediated pursuant to a state or federal environmental program, including brownfields, underground storage tanks, closed landfills, open dumps, hazardous waste sites, and former mining sites with ongoing water treatment. This oversight ensures that the legal and/or physical measures (formally known as institutional controls and engineering controls) taken to minimize exposure to contamination effectively protect West Virginia's people and its environment. Engaging the WVLSC as either a short- or long-term steward allows responsible parties and property owners to satisfy their perpetual obligations without shifting focus away from their primary business.

*The WVLSC is also qualified under IRS rules to hold conservation easements exclusively for conservation purposes. It can be the named holder of the easement and the long-term steward that monitors and maintains the easement in perpetuity.*



### Land Bank

The WVLSC Land Bank can take legal title to commercial real estate with known or perceived environmental issues and facilitate clean-up through environmental assessment, remediation, building demolition, or other efforts. After addressing all environmental issues, the WVLSC works with state and local government, local development authorities, and/or private entities to sell remediated properties for uses that stimulate the economy and fit with local development goals.

### Site Certification Program

The WVLSC's enabling legislation authorizes it to (a) establish standard criteria for site certification, (b) inventory and maintain a central repository of information on available commercial sites, and (c) certify sites as ready for redevelopment within 12 months and as "project-ready" for particular types of businesses. This effort helps mitigate potential concerns about environmental conditions and facilitates the reuse of existing properties.

# ONGOING *Projects*

## Special Reclamation Program Assistance

WVLSC first began working on the reclamation of bond-forfeited mining sites in 2016, when the West Virginia Department of Environmental Protection's Office of Special Reclamation (OSR) awarded it a grant for over one million dollars. Pleased with WVLSC's progress, OSR provided an additional \$12 million one year later to fund reclamation design and construction for a total of 15 forfeited permits on 8 project sites.

This year WVLSC's engineers submitted preliminary site reclamation designs for 5 project sites covering 9 permits. Our contractors began construction on a large water treatment facility next to the Monongahela River in Marion County and completed the reclamation of two permits on a property in Barbour County. This summer we engaged a third construction company to begin the reclamation of the third and final permit for a slurry impoundment that is also located on the Barbour County site.

#	STATS
4	preliminary site design plans completed
1	final site design plan completed
2	projects under construction
1	construction project out to bid
5	WV counties affected by projects
3	engineering firms engaged
3	construction firms engaged
\$5.6 M	spent on design and construction
29	jobs retained
4	new jobs created



## Organization Development and Outreach

In addition to bringing on a new Executive Director with years of relevant experience, we have focused on refining our existing policies and procedures and developing and adopting new ones to fit the needs of our growing organization. This year we redesigned our website, increased our social media presence, and obtained a new logo that better reflects the work we do. We also developed a quarterly newsletter that is targeted to interested parties, and we continue to build our recipient list. Staff attended the national Land Trust Alliance Conference, a national mitigation banking conference, and the WV Brownfields Conference to increase substantive knowledge and continue building a broader network of similar organizations and potential clients.

## Program Development

Over the past year, we developed screening questionnaires and applications for our land stewardship services and our land bank program. We established methods of calculating long-term stewardship costs for monitoring conservation easements and land use covenants, and we developed and adopted internal policies for managing long-term endowments to fund these activities. Multiple privately-owned mitigation banks and companies contacted us this year to inquire about our long-term stewardship services, indicating that a growing need exists in West Virginia.

We entered into a Memorandum of Understanding with the WV National Guard to explore the possibility of taking a property into our Land Bank that the Guard is currently using as a training facility. The property has known environmental issues and could benefit from our access to funding for clean-up and remediation. If redeveloped, the facility could attract groups from across the country because of its unique nature, thus infusing a remote area of Preston County with additional visitors and potential economic development opportunities and complementing the Guard's existing facility there. We also continued discussions with another property owner who is interested in donating a property to our Land Bank to help facilitate its remediation and redevelopment.

## Grant Received

This Spring the WVLSC was awarded a \$300K Brownfields Assessment Grant from the U.S. Environmental Protection Agency to conduct environmental assessments. In coordination with local communities, we will identify and select properties with high redevelopment potential to perform Phase I and Phase II environmental assessments and engage in reuse planning over a three-year period. While the primary focus of this grant is a five-mile stretch of riverfront in Monongalia County that encompasses Morgantown, Westover, Granville, and Star City, the funds can be used to assess properties anywhere in West Virginia. Priority will be given to commercial/industrial properties that are candidates for entry into the WVLSC Land Bank. This grant will fund part of the due diligence activities that must take place prior to acquiring property and therefore play a critical role in bringing the first few properties through the WVLSC Land Bank.

# STAFF

## Patricia Hickman

### *Executive Director*

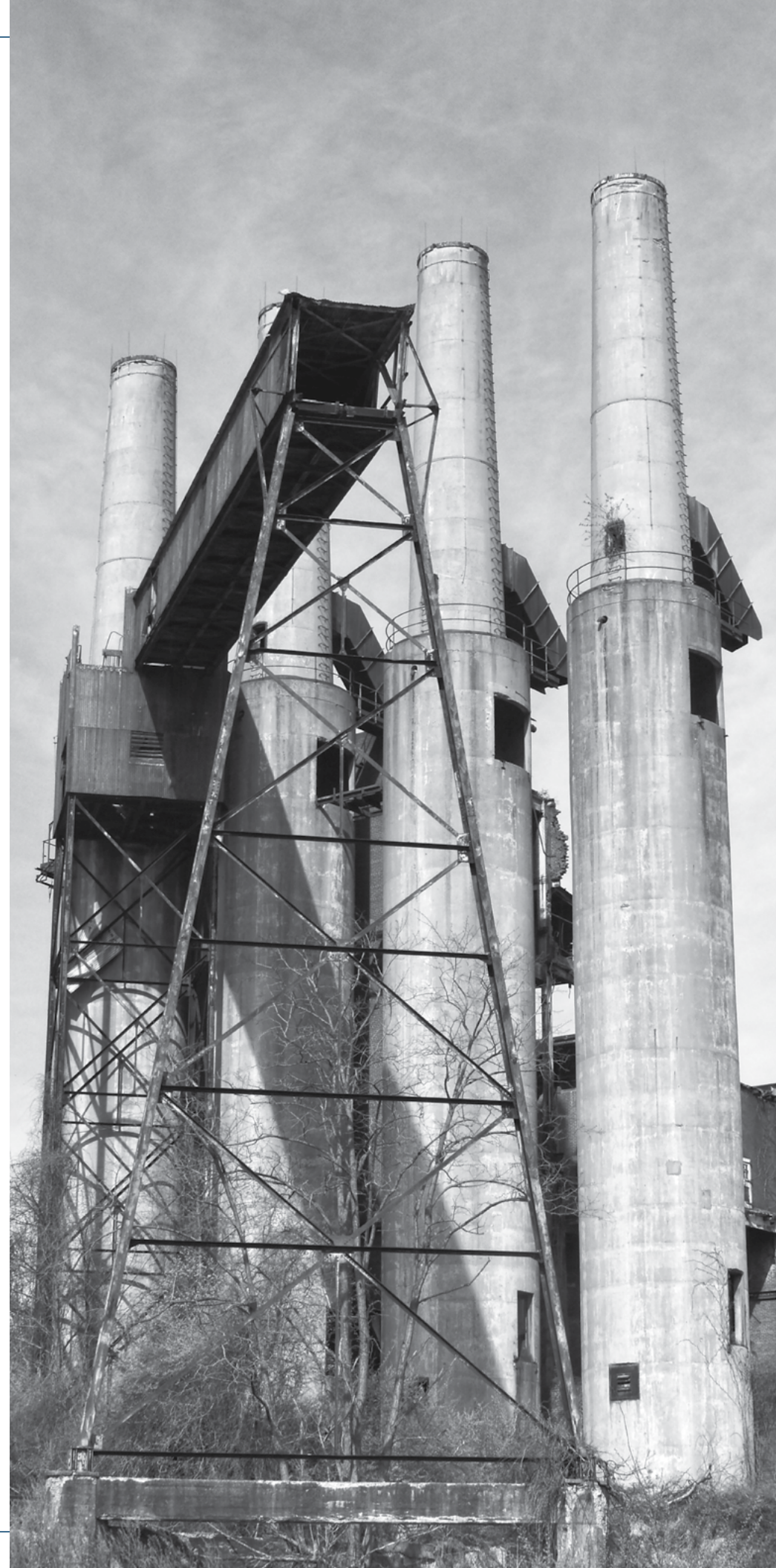
Named Executive Director in January 2019, Patty brings 28 years of experience in environmental education, compliance, and site remediation to her leadership role at the WVLSC. Patty previously served as the Director of the Division of Land Restoration within the West Virginia Department of Environmental Protection, where she directed agency remediation and reclamation programs. She holds a Bachelor of Science degree in Wildlife Resources from West Virginia University.



## Jessica McDonald

### *Director of Operations*

Jessica joined WVLSC in June 2017, with over seven years of experience as a real estate attorney and a lifelong passion for cleaning things up. She oversees ongoing projects and daily operations and manages the corporation's finances. She is a graduate of West Virginia University and the University of Oregon School of Law.



# BOARD *Of Directors*

The 13-member WVLSC Board of Directors is legislatively mandated to include representatives from industry, labor unions, supporting government agencies, and environmental groups. Four members are named by the government entities they represent, and the remaining nine are nominated by their organizations and appointed by the Governor. Our board members represent the following stakeholder groups:

AFL-CIO – *Allen Nelson*

United Mine Workers of America - *Joseph Carter, Jr.*

WV Coal Association - *Jason Bostic*

WV Chamber of Commerce - *Gale Lea Rubrecht*

WV Manufacturers Association - *Jerome Cibrik*

WV Department of Environmental Protection - *Erin Brittain*

WV Department of Commerce - *James Bush*

WV Environmental Council – *currently vacant*

3 Direct Appointees from the General Public -

*Jeff Allen; Christy Laxton; Patricia Clark*

WV House of Delegates (non-voting) – *currently vacant*

WV Senate (non-voting) – *Bill Hamilton*

[www.wvlsc.org](http://www.wvlsc.org)

## **CONTACT US**

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**WEST VIRGINIA LAND  
STEWARDSHIP CORPORATION**

Audited Financial Statements

June 30, 2019 and 2018

# **WEST VIRGINIA LAND STEWARDSHIP CORPORATION**

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Audited Financial Statements  
June 30, 2019 and 2018

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
West Virginia Land Stewardship Corporation  
Morgantown, West Virginia

### **Report on the Financial Statements**

We have audited the accompanying financial statements of West Virginia Land Stewardship Corporation (a nonprofit Organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and related statements of activities, functional expenses, and cash flows for the years 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

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



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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of West Virginia Land Stewardship Corporation as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of West Virginia state grants is presented for purposes of additional analysis as required by the West Virginia Department of Environmental Protection Agency and is not a required part of the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements 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 financial statements as a whole.

*Gray, Griffith & Mays, a.c.*

Charleston, West Virginia  
November 13, 2019

## WEST VIRGINIA LAND STEWARDSHIP CORPORATION

Statements of Financial Position  
June 30, 2019 and 2018

	2019	2018
<b><u>ASSETS</u></b>		
Current assets:		
Cash	\$ 141,927	\$ 6,270,635
Cash - restricted	200,000	-
Investments - at fair market value	-	6,988,943
Grants receivable	367,552	-
Total current assets	709,479	13,259,578
Total assets	\$ 709,479	\$ 13,259,578
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Current liabilities:		
Accounts payable	\$ 354,477	\$ 239,026
Accrued liabilities	2,307	-
Total current liabilities	356,784	239,026
Net assets:		
Net assets without donor restrictions	152,695	100
Net assets with donor restrictions	200,000	13,020,452
Total net assets	352,695	13,020,552
Total liabilities and net assets	\$ 709,479	\$ 13,259,578

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

## WEST VIRGINIA LAND STEWARDSHIP CORPORATION

### Statement of Activities

June 30, 2019

	Net Assets Without Restrictions	Net Assets With Restrictions	Total
Revenues:			
Reimbursements from WV Department of Environmental Protection:	\$ 5,466,523	\$ -	\$ 5,466,523
Investment income	8,987	-	8,987
Interest income	10,032	-	10,032
Net assets released from restrictions	<u>12,820,452</u>	<u>(12,820,452)</u>	<u>-</u>
Total revenues	<u>18,305,994</u>	<u>(12,820,452)</u>	<u>5,485,542</u>
Expenses:			
Program services	17,948,222	-	17,948,222
Management and general	<u>205,177</u>	<u>-</u>	<u>205,177</u>
Total expenses	<u>18,153,399</u>	<u>-</u>	<u>18,153,399</u>
Decrease in net assets	152,595	(12,820,452)	(12,667,857)
Net assets at beginning of year	<u>100</u>	<u>13,020,452</u>	<u>13,020,552</u>
Net assets at end of year	<u>\$ 152,695</u>	<u>\$ 200,000</u>	<u>\$ 352,695</u>

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

## WEST VIRGINIA LAND STEWARDSHIP CORPORATION

### Statement of Activities

June 30, 2018

	Net Assets Without Restrictions	Net Assets With Restrictions	Total
Revenues:			
Grants from WV Department of Environmental Protection:	\$ 6,137	\$ -	\$ 6,137
Investment income	-	(11,057)	(11,057)
Interest income	-	40,042	40,042
Net assets released from restrictions	<u>539,231</u>	<u>(539,231)</u>	<u>-</u>
 Total revenues	 <u>545,368</u>	 <u>(510,246)</u>	 <u>35,122</u>
Expenses:			
Program services	514,700	-	514,700
Management and general	<u>30,668</u>	<u>-</u>	<u>30,668</u>
 Total expenses	 <u>545,368</u>	 <u>-</u>	 <u>545,368</u>
 Decrease in net assets	 -	 (510,246)	 (510,246)
 Net assets at beginning of year	 <u>100</u>	 <u>13,530,698</u>	 <u>13,530,798</u>
 Net assets at end of year	 <u>\$ 100</u>	 <u>\$ 13,020,452</u>	 <u>\$ 13,020,552</u>

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

## WEST VIRGINIA LAND STEWARDSHIP CORPORATION

Statements of Cash Flows  
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Decrease in net assets	\$(12,667,857)	\$ (510,246)
Unrealized loss on investments	-	11,057
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
(Increase) decrease in grants receivable	(367,552)	20,060
Increase in accounts payable	115,451	207,241
Increase in accrued liabilities	2,307	-
Decrease in deferred grant revenue	-	(20,060)
Net cash used in operating activities	<u>(12,917,651)</u>	<u>(291,948)</u>
Cash flows from investing activities:		
Sale of investments	<u>6,988,943</u>	-
Net cash provided by investing activities	<u>6,988,943</u>	-
Net decrease in cash	(5,928,708)	(291,948)
Cash, beginning of year	<u>6,270,635</u>	<u>6,562,583</u>
Cash, end of year	<u>\$ 341,927</u>	<u>\$ 6,270,635</u>
<b>SUMMARY OF CASH AND CASH EQUIVALENTS</b>		
Cash	\$ 141,927	\$ 6,270,635
Cash - restricted	<u>200,000</u>	<u>-</u>
Total cash	<u>\$ 341,927</u>	<u>\$ 6,270,635</u>

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

## WEST VIRGINIA LAND STEWARDSHIP CORPORATION

### Statement of Functional Expenses

June 30, 2019

	<u>Program Services</u>	<u>Management and General</u>	
	<u>Project Management</u>	<u>Administrative Expenses</u>	<u>Grand Total</u>
Salaries and wages	\$ -	\$ 100,962	\$ 100,962
Employee benefits and taxes	-	13,450	13,450
Conferences and meetings	-	2,795	2,795
Rent	-	4,140	4,140
Professional fees	-	74,003	74,003
Contracted services	5,702,003	-	5,702,003
Grant refund	12,246,219	-	12,246,219
Insurance	-	2,512	2,512
Office expense	-	4,233	4,233
Marketing and advertising	-	1,500	1,500
Dues and subscriptions	-	1,582	1,582
	<u>\$ 17,948,222</u>	<u>\$ 205,177</u>	<u>\$ 18,153,399</u>

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

## WEST VIRGINIA LAND STEWARDSHIP CORPORATION

### Statement of Functional Expenses

June 30, 2018

	<u>Program Services</u>	<u>Management and General</u>	
	<u>Project Management</u>	<u>Administrative Expenses</u>	<u>Grand Total</u>
Salaries and wages	\$ -	\$ 4,615	\$ 4,615
Employee benefits and taxes		823	823
Conferences and meetings	-	119	119
Professional fees	-	15,303	15,303
Contracted services	514,700	-	514,700
Insurance	-	2,515	2,515
Office expense	-	6,555	6,555
Dues and subscriptions	-	738	738
	<u>\$ 514,700</u>	<u>\$ 30,668</u>	<u>\$ 545,368</u>

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

# WEST VIRGINIA LAND STEWARDSHIP CORPORATION

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Notes to Financial Statements  
June 30, 2019 and 2018

## 1 – SIGNIFICANT ACCOUNTING POLICIES

### Organization

West Virginia Land Stewardship Corporation is a nonprofit organization that strives to identify, promote and oversee certain environmental programs to simultaneously promote economic development in West Virginia through encouraging the productive reuse of idled and underutilized commercial, industrial and mining properties and the existing public infrastructure while protecting public health and the state's natural resources.

### Method of Accounting and Basis of Presentation

The financial statements have been prepared on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial statement presentation follows the standards set by the Financial Accounting Standards Board. Under those provisions, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: (a) net assets without donor restrictions and (b) net assets with donor restrictions.

**Net assets without donor restrictions:** Net assets without donor restrictions are comprised of funds which use is limited only to the extent that the organization's by-laws limit the activities of the organization.

**Net assets with donor restrictions:** Net assets with donor restrictions are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. As of June 30, 2019 and 2018 there are \$200,000 and \$13,020,452 in net assets with donor restrictions.

### Cash and Cash Equivalents

The Organization considers cash deposits and short term highly liquid investments to be cash equivalents. At times during 2019 and 2018, the Organization had cash on deposit with financial institutions that may have exceeded FDIC limits. However, management believes that the financial institutions are financially sound and do not present a significant risk to the Organization.

### Expenses

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

### Functional Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Management and general expenses include these expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.



## **WEST VIRGINIA LAND STEWARDSHIP CORPORATION**

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Notes to Financial Statements  
June 30, 2019 and 2018

### Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures of contingent assets and liabilities at the date of financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Significant estimates include functional expense allocation and depreciation expense. It is at least reasonably possible that these estimates could change within the next year. Actual results could differ from these estimates and those differences could be significant.

### Concentrations

The Organization receives a majority of its support from grants from the West Virginia Department of Environmental Protection Agency. Any significant reduction in the level of this support could have a material effect on the Organization's programs and activities.

### Income Taxes

The Organization is classified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, is not subject to taxes on income derived from its exempt activities. The Organization has been classified as an organization that is not a private foundation under section 509(a)(2). The Organization's Department of Treasury information returns are generally available for examination for three years after the filing date.

### Investment Policy

The Organization's investment policy intends for the Organization to invest in assets that would produce results exceeding the investment's purchase price and incur a significant yield of return, while assuming a moderate level of investment risk. The Organization expects its investments, over time, to provide a reasonable rate of return, to satisfy the long-term rate-of-return object, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on marketable equities, fixed income, and money market accounts to achieve its long-term return objectives within prudent risk constraints.

### New Accounting Pronouncements

On February 25, 2016, the Financial Accounting Standards Board (FASB) issued Leases (Topic: 842): Leases (ASU 2016-02). The objective of ASU 2016-02 is to increase the transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing agreements. The effective date for this pronouncement is for fiscal years beginning after December 15, 2019. Early adoption of this pronouncement is permitted.

In May 2014, the Financial Accounting Standards Board (FASB) issued guidance related to recognition of revenue from contracts with customers. This guidance required an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers and requires certain qualitative and quantitative

## WEST VIRGINIA LAND STEWARDSHIP CORPORATION

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### Notes to Financial Statements

June 30, 2019 and 2018

disclosures regarding revenue arising from contracts with customers. This Accounting Standards Update (ASU) will replace most existing revenue recognition guidance in U.S. generally accepted accounting principles (GAAP) when it becomes effective. The guidance permits the use of either a retrospective or modified retrospective (cumulative effect) transition method. In August 2015, the FASB issued an amendment to defer the effective dates for all entities by one year. During 2016, the FASB has issued varied guidance with the purpose of clarifying the ASU. Such clarification included: improving the operability and understandability of the implementation guidance on principal versus agent consideration; identifying performance obligation and also to improve the operability and understandability of the licensing implementation guidance; clarifying the objective of the collectability criterion for applying paragraph 606-10-25-7; permitting an entity to exclude amounts collected from customers for all sales (and other similar) taxes from the transaction price; specifying that the measurement date for noncash consideration is contract inception; providing a practical expedient that permits an entity to reflect the aggregate effect of all modifications that occur before the beginning of the earliest period presented when identifying the satisfied and unsatisfied performance obligations; determining the transaction price and allocating the transaction price to the satisfied and unsatisfied performance obligations' clarifying that a completed contract for purposes of transition is a contract for which all (or substantially all) of the revenue was recognized under legacy GAAP before the date of initial application; and clarifying that an entity that retrospectively applies the guidance in Topic 606 to each prior reporting period is not required to disclose the effect of the accounting change for the period adoption. This guidance is effective for public entities with annual reporting periods beginning after December 15, 2016, including interim reporting periods within the reporting period. For all other entities (nonpublic entities), the amendments in these ASUs will be effective for annual reporting periods beginning after December 15, 2019. A nonpublic entity may elect to apply this guidance earlier, subject to certain limitations.

Management is currently evaluating the impact these pronouncements will have on the Organization's financial statements and has elected not to early implement these pronouncement at this time.

#### Change in Accounting Principle

On August 18, 2016, the Financial Account Standards Board (FASB) issued Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities (ASU 2016-14). The objective of ASU 2016-14 is to improve the current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entities liquidity, financial performance, and cash flows. The effective date for this pronouncement is for fiscal years beginning after December 15, 2017. For the year ended June 30, 2019, the Organization implemented the provisions of ASU 2016-14.

## WEST VIRGINIA LAND STEWARDSHIP CORPORATION

Notes to Financial Statements  
June 30, 2019 and 2018

### 2 – LIQUIDITY

Financial assets available for general expenditure, this is, without donor or other restrictions limiting their use, within one year of June 30, 2019 and 2018, comprise the following:

Cash	\$ 141,927	\$ 239,126
Grants receivable	<u>367,552</u>	<u>-</u>
	<u>\$ 509,479</u>	<u>\$ 239,126</u>

As part of the Organization'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.

### 3 – SUMMARY OF FAIR VALUE MEASUREMENTS

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

Level 1: Quoted prices in active markets for identical securities.

Exchange traded products and bonds – Valued at the closing market price on the stock exchange where they are traded.

Cash equivalents – Composed of funds invested in savings accounts at various financial institutions and a money market mutual fund valued at the closing price reported by the fund sponsor from an actively traded exchange.

Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spreads, credit risk, etc.).

Level 3: Significant unobservable inputs (including the Organization's own assumptions in determining the fair value of investments)

The inputs and methodology used for valuing the Organization's financial assets and liabilities are not indicators of the risks associated with those assets and liabilities.

The Organization sold all investments prior to the close of fiscal year ended June 30, 2019.

## WEST VIRGINIA LAND STEWARDSHIP CORPORATION

Notes to Financial Statements  
June 30, 2019 and 2018

The following tables provide fair value measurement information for financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2018.

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Exchange traded products	\$ 5,852,879	\$ 5,852,879	\$ -	\$ -
Bonds	<u>545,941</u>	<u>545,941</u>	<u>-</u>	<u>-</u>
Assets measured at fair value	<u>6,398,820</u>	<u>6,398,820</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents	<u>590,123</u>			
Total investments	<u>\$ 6,988,943</u>			

#### 4 – GRANTS

The majority of the grant revenue is received from the West Virginia Department of Environmental Protection Agency and is predominately to be used for land reclamation and water treatment at various sites in West Virginia.

In 2019, the Organization refunded previously received grant money that had not yet been expended for its original grant purpose. This refund was set aside for the Organization to make reimbursement requests of all future expenditures. Reimbursement requests for the year ended June 30, 2019 totaled \$5,466,523.

	<u>June 30, 2018</u>			
	<u>Restricted Grants 2017</u>	<u>Grants Received</u>	<u>Expenditures</u>	<u>Restricted Grants 2018</u>
In Lieu Fee Phase 1, LB 15-01	\$ -	\$ 6,137	\$ (6,137)	\$ -
In Lieu Fee Phase 2, LB 17-01	10,596	-	-	10,596
Special Reclamation Assistance Pilot Project, VLSP-15-01	1,054,262	-	(95,858)	958,404
Special Reclamation Assistance Pilot Project, VLSP-17-01	12,428,983	(11,057)	(432,176)	11,985,750
Voluntary Remediation Program VLSP-17-02	<u>13,508</u>	<u>-</u>	<u>(11,197)</u>	<u>2,311</u>
Total	<u>\$ 13,507,349</u>	<u>\$ (4,920)</u>	<u>\$ (545,368)</u>	<u>\$ 12,957,061</u>

## WEST VIRGINIA LAND STEWARDSHIP CORPORATION

Notes to Financial Statements  
June 30, 2019 and 2018

### 5 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were made up of the following for the year ended June 30, 2019:

	Restricted Net Assets 2018	Received	Released From Restriction	Restricted Net Assets 2019
USE:				
WVDEP	\$ 12,957,061	\$ -	\$(12,757,061)	\$ 200,000
Interest earned on investments	<u>63,391</u>	<u>-</u>	<u>(63,391)</u>	<u>-</u>
Total	<u>\$ 13,020,452</u>	<u>\$ -</u>	<u>\$(12,820,452)</u>	<u>\$ 200,000</u>

Net assets with donor restrictions were made up of the following for the year ended June 30, 2018:

	Restricted Net Assets 2017	Received/ Earned	Released From Restriction	Restricted Net Assets 2018
USE:				
WVDEP	\$ 13,507,349	\$ (11,057)	\$ (539,231)	\$ 12,957,061
Interest earned on investments	<u>23,349</u>	<u>40,042</u>	<u>-</u>	<u>63,391</u>
Total	<u>\$ 13,530,698</u>	<u>\$ 28,985</u>	<u>\$ (539,231)</u>	<u>\$ 13,020,452</u>

### 6 – OPERATING LEASE

The Organization leases office space under an annual operating lease. For the year ended June 30, 2019, the total rental costs were \$4,140.

### 7 – CONCENTRATION

The Organization receives substantially all of its funding from state grants. A significant reduction in the level of this funding may have a significant impact on the Organization's programs and activities. The ability of these grant agencies to continue funding the operations of the Organization is dependent upon both legislative appropriations and economic conditions.

### 8 – SUBSEQUENT EVENTS

The Organization's management has evaluated events and transactions occurring after June 30, 2019 through the date of the Auditor's Report, which is the date the financial statements were available to be issued. No significant events were noted requiring adjustments to or disclosure in the financial statements.

## **SUPPLEMENTARY INFORMATION**

## WEST VIRGINIA LAND STEWARDSHIP CORPORATION

Schedule of West Virginia State Grants  
For the Year Ended June 30, 2019 and 2018

<u>Granting Agency</u>	<u>Grant Number</u>	<u>Balance at Beginning of Year</u>	<u>Amount Received</u>	<u>Amount Disbursed</u>	<u>Balance at End of Year</u>
West Virginia Department of Environmental Protection Agency Resources:					
In Lieu Fee Program Assistance	ILF1036	\$ -	\$ 20,428	\$ 20,428	\$ -
Special Reclamation Program Assistance Pilot Project	VLSP-15-01	<u>\$ -</u>	<u>\$5,446,095</u>	<u>\$5,446,095</u>	<u>\$ -</u>
		<u>\$ -</u>	<u>\$5,466,523</u>	<u>\$5,466,523</u>	<u>\$ -</u>