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**NORTH OLYMPIC LAND TRUST**  
A Washington Not For Profit Organization

**Financial Statements**

For the Years Ended December 31, 2015 and 2014

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**Aiken & Sanders, Inc PS**

CERTIFIED PUBLIC ACCOUNTANTS  
& MANAGEMENT CONSULTANTS

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To the Board of Directors of:  
North Olympic Land Trust  
Port Angeles, WA

We have reviewed the accompanying financial statements of North Olympic Land Trust (The Trust), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

#### **Management's Responsibility for the Financial Statements**

Management of The Trust 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.

#### **Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

#### **Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

#### **Prior Year Financial Statements**

The 2014 financial statements of The Trust were audited by us and we expressed an unqualified opinion on them in our report dated April 10, 2015, but we have not performed any auditing procedures since that date.

*Aiken & Sanders*

Aiken & Sanders, Inc., PS  
Certified Public Accountants  
& Management Consultants

April 30, 2016

**North Olympic Land Trust**  
**A Washington Not For Profit Organization**

**Statement of Financial Position**

<b>December 31,</b>	<b>2015 (Reviewed)</b>	<b>2014 (Audited)</b>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 170,284	\$ 277,901
Grants Receivable	38,125	34,084
Accounts Receivable	-	3,750
Pledge Receivable	3,800	1,676
Deposits and Advances	500	500
<b>Total Current Assets</b>	<b>212,709</b>	<b>317,911</b>
<b>Property &amp; Equipment:</b>		
Land	5,339,275	5,298,524
<b>Total Property &amp; Equipment</b>	<b>5,339,275</b>	<b>5,298,524</b>
<b>Other Assets:</b>		
Investments	1,025,602	956,419
<b>Total Other Assets</b>	<b>1,025,602</b>	<b>956,419</b>
<b>Total Assets</b>	<b>\$ 6,577,586</b>	<b>\$ 6,572,854</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts Payable	\$ 19,750	\$ 17,081
Deferred Revenue	11,500	-
Vacation Payable	9,331	6,926
Payroll Taxes & Benefits Payable	2,907	7,924
<b>Total Current Liabilities</b>	<b>43,488</b>	<b>31,931</b>
<b>Net Assets:</b>		
Unrestricted-Undesignated	359,503	318,844
Opportunity Fund-Board Designated	59,877	68,770
Stewardship Fund-Board Designated	31,000	17,000
Operations Fund-Board Designated	192,096	198,089
Total Unrestricted	642,476	602,703
Temporarily Restricted	911,944	958,542
Permanently Restricted	4,979,678	4,979,678
<b>Total Net Assets</b>	<b>6,534,098</b>	<b>6,540,923</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 6,577,586</b>	<b>\$ 6,572,854</b>

*See accompanying notes and independent accountant's review report*

**North Olympic Land Trust**  
**A Washington Not For Profit Organization**

**Statement of Activities and Changes in Net Assets**

<b>Year Ended December 31,</b>	<b>2015 (Reviewed)</b>			
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
<b>Support and Revenue:</b>				
Grants	\$ 139,285	\$ -	\$ -	\$ 139,285
Contributions	68,581	89,220	-	157,801
Fundraising-net of \$11,398 in Direct Benefits to Donors	55,219	-	-	55,219
Fee for Service & Earned Income	13,704	-	-	13,704
Interest & Dividend Income	1,714	-	-	1,714
Inkind Donations	453,579	-	-	453,579
Other Income	2,334	-	-	2,334
Released from Restrictions	141,951	(141,951)	-	-
<b>Total Support and Revenue</b>	<b>876,367</b>	<b>(52,731)</b>	<b>-</b>	<b>823,636</b>
<b>Expenses:</b>				
Program Services	648,824	-	-	648,824
Management and General	154,100	-	-	154,100
Fundraising	31,719	-	-	31,719
<b>Total Expenses</b>	<b>834,643</b>	<b>-</b>	<b>-</b>	<b>834,643</b>
<b>Other Revenue &amp; Expenses:</b>				
Investment Income (Loss)	(1,951)	6,133	-	4,182
<b>Total Other Revenue &amp; Expenses</b>	<b>(1,951)</b>	<b>6,133</b>	<b>-</b>	<b>4,182</b>
<b>Increase (Decrease) in Net Assets</b>	<b>39,773</b>	<b>(46,598)</b>	<b>-</b>	<b>(6,825)</b>
Net Assets, Beginning of Year	602,703	958,542	4,979,678	6,540,923
<b>Net Assets, End of Year</b>	<b>\$ 642,476</b>	<b>\$ 911,944</b>	<b>\$ 4,979,678</b>	<b>\$ 6,534,098</b>

*See accompanying notes and independent accountant's review report*

**North Olympic Land Trust**  
**A Washington Not For Profit Organization**

**Statement of Activities and Changes in Net Assets**

<b>Year Ended December 31,</b>	<b>2014 (Audited)</b>			
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
<b>Support and Revenue:</b>				
Grants	\$ 51,495	\$ 10,287	\$ 3,212,157	\$ 3,273,939
Contributions	43,679	258,176	-	301,855
Fundraising-net of \$9,691 in Direct				
Benefits to Donors	55,362	-	-	55,362
Fee for Service & Earned Income	14,010	-	-	14,010
Interest & Dividend Income	1,230	-	-	1,230
Inkind Donations	186,637	-	-	186,637
Other Income	27	-	-	27
Released from Restrictions	155,192	(155,192)	-	-
<b>Total Support and Revenue</b>	<b>507,632</b>	<b>113,271</b>	<b>3,212,157</b>	<b>3,833,060</b>
<b>Expenses:</b>				
Program Services	331,370	-	-	331,370
Management and General	117,634	-	-	117,634
Fundraising	27,618	-	-	27,618
<b>Total Expenses</b>	<b>476,622</b>	<b>-</b>	<b>-</b>	<b>476,622</b>
<b>Other Revenue &amp; Expenses:</b>				
Investment Income (Loss)	15,310	54,670	-	69,980
<b>Total Other Revenue &amp; Expenses</b>	<b>15,310</b>	<b>54,670</b>	<b>-</b>	<b>69,980</b>
<b>Increase (Decrease) in Net Assets</b>	<b>46,320</b>	<b>167,941</b>	<b>3,212,157</b>	<b>3,426,418</b>
Net Assets, Beginning of Year	556,383	790,601	1,767,521	3,114,505
<b>Net Assets, End of Year</b>	<b>\$ 602,703</b>	<b>\$ 958,542</b>	<b>\$ 4,979,678</b>	<b>\$ 6,540,923</b>

*See accompanying notes and independent accountant's review report*

**North Olympic Land Trust**  
**A Washington Not For Profit Organization**

**Statement of Cash Flows**

<b>Year Ended December 31,</b>	<b>2015 (Reviewed)</b>	<b>2014 (Audited)</b>
<b>Cash Flows from Operating Activities:</b>		
Increase (Decrease) in Net Assets	\$ (6,825)	\$ 3,426,418
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided (Used) in Operating Activities:		
Capitalized Inkind Donations	(40,752)	(40,719)
Unrealized (Gains) Losses on Investments	12,997	(56,663)
Realized (Gains) Losses on Investments	(76)	(148)
(Increase) Decrease in Grants Receivable	(4,041)	(9,184)
(Increase) Decrease in Accounts Receivable	3,750	(3,750)
(Increase) Decrease in Pledges Receivable	(2,124)	124
(Increase) Decrease in Prepaid Expense	-	550
Increase (Decrease) in Accounts Payable	2,669	16,934
Increase (Decrease) in Other Current Liabilities	11,500	
Increase (Decrease) in Vacation Payable	2,405	1,009
Increase (Decrease) in Payroll Taxes & Benefits Payable	(5,017)	3,047
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(25,514)</b>	<b>3,337,618</b>
<b>Cash Flows from Investing Activities:</b>		
Purchase of Investments	(117,103)	(438,755)
Sale of Investments	35,000	123,241
Land Purchase	-	(3,212,157)
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(82,103)</b>	<b>(3,527,671)</b>
<b>Cash Flows from Financing Activities:</b>		
<b>Net Cash Provided (Used) by Financing Activities</b>	<b>-</b>	<b>-</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(107,617)</b>	<b>(190,053)</b>
Cash at Beginning of Year	277,901	467,954
<b>Cash at End of Year</b>	<b>\$ 170,284</b>	<b>\$ 277,901</b>
<b>Supplemental Disclosures of Cash Flow Information:</b>		
Cash Paid During the Year for Interest	\$ -	\$ -

*See accompanying notes and independent accountant's review report*



**North Olympic Land Trust**  
**A Washington Not For Profit Organization**

**Statement of Functional Expenses**

**Year Ended December 31,**

**2015 (Reviewed)**

	<b>Program Services</b>	<b>Management &amp; General</b>	<b>Fundraising</b>	<b>Total</b>
Salaries & Wages	\$ 82,456	\$ 100,030	\$ 17,353	\$ 199,839
Employee Benefits	-	4,805	-	4,805
Payroll Taxes	7,188	8,074	1,481	16,743
Occupancy	48	12,961	-	13,009
Insurance	4,056	6,870	-	10,926
Supplies	61,321	196	780	62,297
Printing & Publications	5,320	-	1,654	6,974
Licenses and Taxes	3,764	-	-	3,764
Professional Services	58,225	12,913	6,974	78,112
Information Technology	492	1,819	-	2,311
Easement Acquisition Expense	400,000	-	-	400,000
Conferences, Meetings, & Events	7,220	200	-	7,420
Travel, Mileage, and Meals	4,946	2,238	534	7,718
Dues & Subscriptions	100	3,530	-	3,630
Bank & Credit Card Charges	-	363	1,303	1,666
Misc	2,622	1	617	3,240
Inkind Expense	11,066	100	1,023	12,189
<b>Total</b>	<b>\$ 648,824</b>	<b>\$ 154,100</b>	<b>\$ 31,719</b>	<b>\$ 834,643</b>

*See accompanying notes and independent accountant's review report*

**North Olympic Land Trust**  
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**Statement of Functional Expenses**

**Year Ended December 31,**

**2014 (Audited)**

	<b>Program Services</b>	<b>Management &amp; General</b>	<b>Fundraising</b>	<b>Total</b>
Salaries & Wages	\$ 88,715	\$ 83,874	\$ 15,364	\$ 187,953
Employee Benefits	2,164	2,050	376	4,590
Payroll Taxes	7,398	6,912	1,252	15,562
Occupancy	6,215	5,818	1,218	13,251
Insurance	6,197	2,455	450	9,102
Supplies	22,277	882	4,007	27,166
Printing & Publications	2,389	36	2,334	4,759
Licenses and Taxes	4,364	-	-	4,364
Professional Services	38,360	6,204	1,140	45,704
Information Technology	375	1,610	70	2,055
Easement Acquisition Expense	140,000	-	-	140,000
Conferences, Meetings, & Events	2,884	1,810	-	4,694
Travel, Mileage, and Meals	4,308	1,318	525	6,151
Dues and Subscriptions	-	3,903	-	3,903
Bank & Credit Card Charges	5	699	882	1,586
Inkind Expense	5,719	63	-	5,782
<b>Total</b>	<b>\$ 331,370</b>	<b>\$ 117,634</b>	<b>\$ 27,618</b>	<b>\$ 476,622</b>

*See accompanying notes and independent accountant's review report*

**North Olympic Land Trust**  
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**Notes to Financial Statements**

**December 31, 2015 (Reviewed) and 2014 (Audited)**

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**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**Organization, purpose and principal program--**

The mission of the North Olympic Land Trust (The Trust) is to preserve land and wildlife habitat. The Trust receives conservation easements on various properties and receives grant funds for landowner education, easement purchases, property acquisitions, and general operations. The Trust has voluntarily adopted and implemented the Land Trust Standards and Practices as promulgated by the Land Trust Alliance (a National Land Trust Organization).

The Trust receives a substantial amount of its annual support in the form of government grants. In the event one or more of the government programs from which the grants are received were to end or experience significant budget cuts, The Trust could experience a significant loss of support.

**Basis of accounting--**

The Trust's policy is to prepare its financial statements on the accrual basis of accounting. Revenue is recognized when earned, and expenditures are recognized when incurred.

Grant funds are accounted for as unrestricted, temporarily restricted, or permanently restricted as provided in the particular terms of the respective grant contracts. When restrictions on grant funds are met in the same year the funds are awarded, it is The Trust's policy to record the grant funds as unrestricted on the statement of activities and changes in net assets.

**Property and equipment--**

Property and equipment are recorded at cost. Property and equipment donated to The Trust are capitalized at their estimated fair market value. Depreciation is provided using the straight-line method. Maintenance and repairs are charged to expense as incurred; major renewals and improvements are capitalized. When items of equipment are sold or are otherwise disposed of, the appropriate cost and related accumulated depreciation amounts are removed from the accounts and any gain or loss is included in income.

Management has elected to capitalize only equipment purchases in excess of \$5,000. As of December 31, 2015 and 2014, no equipment purchases exceeded this policy.

**Estimates--**

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

**North Olympic Land Trust**  
**A Washington Not For Profit Organization**

**Notes to Financial Statements**

**December 31, 2015 (Reviewed) and 2014 (Audited)**

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**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**Advertising--**

The Trust's policy is to expense advertising costs as they are incurred.

**Cash and Cash Equivalents--**

For purposes of the Statement of Cash Flows, The Trust considers cash, checking, and money market accounts to be cash and cash equivalents.

**B. RECOGNITION OF CONTRIBUTION REVENUE:**

The Trust reports gifts of cash and other assets as restricted support if they are received with donor stipulations limiting the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.

The Trust reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets having explicit restrictions specifying how the assets are to be used, and gifts of cash or other assets to be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how those long-lived assets must be maintained, The Trust reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

If the restrictions on a contribution are met in the same year that the contribution is received, it is The Trust's policy to record the contribution as unrestricted on the statement of activities and changes in net assets.

**C. PERMANENTLY RESTRICTED NET ASSETS:**

Permanently restricted net assets include land that was purchased with grant contracts and donor contributions that permanently restrict the land use. As of December 31, 2015 and 2014, the permanently restricted net assets balance was \$4,979,678 and \$4,979,678, respectively.

**D. ECONOMIC DEPENDENCY:**

For 2014, the funding used to acquire land and conservation easements was primarily provided by Clallam County and the State of Washington Recreation and Conservation Office.

**North Olympic Land Trust**  
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**Notes to Financial Statements**

**December 31, 2015 (Reviewed) and 2014 (Audited)**

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**E. TEMPORARILY RESTRICTED AND BOARD DESIGNATED NET ASSETS:**

Temporarily restricted net assets balance as of December 31, 2015 and 2014, were \$911,944 and \$958,542, respectively, and were comprised of \$703,093 and \$738,301, respectively, of donor contributions that are restricted for use in stewardship activities, \$207,751 and \$179,888, respectively, in funds restricted to use for farmland acquisition, farmland development rights acquisition, and activities and projects directly associated with sustaining agriculture and \$1,100 and \$40,853, respectively, in donor contributions which can be used for Trust operating expenses excluding salary and personnel costs. As of December 31, 2015 and 2014, respectively, temporarily restricted net assets also include an additional \$0 and \$(500) in opportunity funds.

The Trust board has designated funds for the following specific purposes:

**Opportunity Fund:** Board Designated to provide landowners with assistance during property and easement acquisitions and to aid in acquisitions. The fund had a balance of \$59,877 and \$68,770 as of December 31, 2015 and 2014, respectively.

**Stewardship Fund:** Board Designated for stewardship activities. The fund had a balance of \$31,000 and \$17,000 as of December 31, 2015 and 2014, respectively.

**Operations Fund:** Board Designated as an operating reserve. The fund had a balance of \$192,096 and \$198,089 as of December 31, 2015 and 2014, respectively.

**F. LEASES:**

The Trust conducts its operations from leased facilities. The office lease expense for the years ended December 31, 2015 and 2014 was \$6,600 and \$6,600, respectively. The lease is a month to month lease.

**G. INVESTMENTS & FAIR VALUE MEASUREMENTS:**

The investments in mutual funds and common stock are accounted for at fair value. As of December 31, 2015 and 2014, the investments had a cost basis of \$848,922 and \$765,030 and a fair value of \$1,025,602 and \$956,419, respectively. Investment income on the statement of activities and changes in net assets is the following:

**North Olympic Land Trust**  
**A Washington Not For Profit Organization**

**Notes to Financial Statements**

**December 31, 2015 (Reviewed) and 2014 (Audited)**

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**G. INVESTMENTS & FAIR VALUE MEASUREMENTS (CONTINUED):**

	<u>2015</u>		<u>2014</u>
Unrealized Gain (Loss)	\$ (12,997)	\$	56,663
Dividends & Interest	17,103		13,169
Realized Gain (Loss)	<u>76</u>		<u>148</u>
Total	\$ <u>4,182</u>	\$	<u>69,980</u>

The Trust adopted Accounting Standards Codification 958 as of January 1, 2009. ASC 958, Fair Value Measurements, establishes 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 under ASC 958 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that The Trust has the ability to access.

Level 2: Inputs to valuation methodology include:

Quoted prices for similar assets or liabilities in active markets.

Quoted prices for identical or similar assets or liabilities in inactive markets.

Inputs other than quoted prices that are observable for the asset or liability.

Inputs that are principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2015.

**North Olympic Land Trust**  
**A Washington Not For Profit Organization**

**Notes to Financial Statements**

**December 31, 2015 (Reviewed) and 2014 (Audited)**

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**G. INVESTMENTS & FAIR VALUE MEASUREMENTS (CONTINUED):**

Mutual funds: Valued at the net asset value (NAV) of shares held by The Trust at year end.

Common Stock: Quoted market prices on public exchanges.

Certificates of Deposit: Original cost with market adjustment based on current rates.

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

The following table sets forth by level, within the fair value hierarchy, The Trust's assets at fair value as of December 31, 2015:

Assets at Fair Value as of December 31, 2015				
	Level 1	Level 2	Level 3	Total
Mutal Funds	\$ 830,573	\$ -	\$ -	\$ 830,573
Certificates of Deposit	-	195,029	-	195,029
<b>Total Assets at Fair Value:</b>	<b>\$ 830,573</b>	<b>\$ 195,029</b>	<b>\$ -</b>	<b>\$ 1,025,602</b>

The following table sets forth by level, within the fair value hierarchy, The Trust's assets at fair value as of December 31, 2014:

Assets at Fair Value as of December 31, 2014				
	Level 1	Level 2	Level 3	Total
Mutal Funds	\$ 756,782	\$ -	\$ -	\$ 756,782
Certificates of Deposit	-	199,637	-	199,637
<b>Total Assets at Fair Value:</b>	<b>\$ 756,782</b>	<b>\$ 199,637</b>	<b>\$ -</b>	<b>\$ 956,419</b>

**North Olympic Land Trust**  
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**Notes to Financial Statements**

**December 31, 2015 (Reviewed) and 2014 (Audited)**

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**H. GRANTS AND ACCOUNTS RECEIVABLE:**

Grants and accounts receivable are recorded to the extent of qualifying grant expenditures made during the current year that are to be reimbursed after year end.

Historically, bad debts have been immaterial. The Trust uses the direct write-off method, which is not in accordance with generally accepted accounting principles. When an amount becomes uncollectible, it is charged to expense in the year it is deemed to be uncollectible. During 2015 and 2014, respectively, there were bad debts of \$0. As of December 31, 2015, management estimated that all grants receivable were collectible.

Management considers accounts outstanding over 90 days to be past due. No interest is charged on past due receivables. As of December 31, 2015, there were no past due accounts.

**I. CONTINGENCIES:**

Amounts received or receivable from federal and state government agencies are subject to audit and potential adjustment by the contracting agencies. Any disallowed claims, including amounts already collected, would become a liability of The Trust if so determined in the future. It is management's belief that no material amounts received or receivable will be required to be returned in the future.

**J. INKIND REVENUE:**

During 2015 and 2014, The Trust received property donations with a fair market value of \$40,752 and \$40,000, respectively. These donations were recorded as inkind revenue and capitalized as land on the statement of financial position. During 2015 and 2014, The Trust received donated easements with a fair market value of \$400,000 and \$140,000. These donations were recorded as inkind revenue and easement acquisition expense in the statement of activities and changes in net assets and the statement of functional expenses, respectively. The Trust also received inkind donations of professional services and goods during 2015 and 2014. These donations have been recorded both as inkind revenue and expense in the financial records.



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**Notes to Financial Statements**

**December 31, 2015 (Reviewed) and 2014 (Audited)**

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**K. INCOME TAX & UNCERTAIN TAX POSITION:**

The Trust is a tax exempt non-profit organization under the Internal Revenue Code Section 501(c)(3) and is not classified as a private foundation. Accordingly, the financial statements do not include any provision for income taxes.

The Trust files income tax returns in the U.S. federal jurisdiction. The Trust is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2012. Currently, there is no examination or pending examination with the Internal Revenue Service (IRS).

The Trust adopted the provisions of FASB ASC 740-10, Accounting for Uncertainty in Income Taxes, on January 1, 2009. As of December 31, 2015, there are no tax positions for which the deductibility is certain but for which there is uncertainty regarding the timing of such deductibility.

**L. SUBSEQUENT EVENTS:**

No events have occurred through April 30, 2016, which is the date the financial statements were available to be issued, based on client facts and circumstances, for events requiring recording or disclosure in the financial statements for the year ended December 31, 2015.

**M. PLEDGES RECEIVABLE:**

The Trust received contribution pledges from various donors during 2015 and 2014. The pledges are scheduled to be collected in 2016. No discount to present value has been presented as the amount is immaterial to the financial statements. No allowance for uncollectible pledges has been recorded as management believes all pledges will be collected as scheduled.

**N. EASEMENTS:**

The Trust holds a number of conservation easements. The Trust has determined that these easements have no measurable value as they include no affirmative rights and require The Trust to monitor and defend the easements on an ongoing basis. This practice is in line with the approach advocated by the Land Trust Alliance.

**O. VACATION LIABILITY:**

The Trust provides for vacation benefits in accordance with current policy. As of December 31, 2015 and 2014, respectively, the vacation benefit liability was \$9,331 and \$6,926.

**North Olympic Land Trust**  
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**Notes to Financial Statements**

**December 31, 2015 (Reviewed) and 2014 (Audited)**

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**P. CONCENTRATIONS OF CREDIT RISK:**

The Trust, at times, maintains investment balances that exceed insurance coverage amounts provided by the Securities Investor Protection Corporation. The SIPC provides a maximum of \$500,000 coverage per institution, with a limit of \$250,000 for cash balances. Although the Trust keeps cash balances below insured levels, investment balances at times exceed insurance limits. Management does not believe The Trust is subject to significant risk as a result of these excess balances.

**Q. DEFERRED REVENUE:**

The Trust, in 2015, received a contribution of \$11,500 to fund a stewardship reserve for an anticipated property purchase. However, if the property purchase is not completed, the money will need to be returned to the donor. The contribution has been recorded as deferred revenue pending purchase.