
NORTH OLYMPIC LAND TRUST
A Washington Not For Profit Organization

Financial Statements

For the Years Ended December 31, 2017 and 2016

Aiken & Sanders, Inc PS

CERTIFIED PUBLIC ACCOUNTANTS
& MANAGEMENT CONSULTANTS

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of North Olympic Land Trust (the Trust), which comprise the statement of financial position as of December 31, 2017 and 2016, and the related statements of activities and changes in net assets, 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

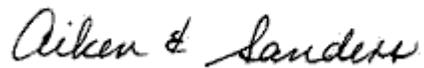
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about 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 the Trust, as of December 31, 2017 and 2016, and changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Aiken & Sanders".

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

April 27, 2018

North Olympic Land Trust
A Washington Not For Profit Organization

Statement of Financial Position
As of December 31, 2017 and December 31, 2016

Assets	<u>2017</u>	<u>2016</u>
Current Assets:		
Cash and cash equivalents	\$ 237,729	\$ 277,639
Grants receivable	-	4,594
Accounts receivable	-	2,575
Pledges receivable	-	5,115
Prepaid expenses	2,727	6,883
Deposits and advances	500	500
Total Current Assets	<u>240,956</u>	<u>297,306</u>
 Fixed Assets:		
Vehicles	4,348	4,348
Land	5,390,341	5,401,441
Easements	77	76
	<u>5,394,766</u>	<u>5,405,865</u>
Less: accumulated depreciation	(1,594)	(725)
Fixed assets, net	<u>5,393,172</u>	<u>5,405,140</u>
 Other Assets:		
Investments	1,120,355	998,623
Total Other Assets	<u>1,120,355</u>	<u>998,623</u>
Total Assets	<u>\$ 6,754,483</u>	<u>\$ 6,701,069</u>

The accompanying notes are an integral part of these financial statements

North Olympic Land Trust
A Washington Not For Profit Organization

Statement of Financial Position
As of December 31, 2017 and December 31, 2016

	Liabilities & Net Assets	
	<u>2017</u>	<u>2016</u>
Current Liabilities:		
Accounts payable	\$ 5,422	\$ 2,395
Vacation payable	10,869	10,909
Payroll taxes and benefits payable	627	4,572
Total Current Liabilities	<u>16,918</u>	<u>17,876</u>
Long-Term Liabilities:		
Total Long-Term Liabilities	<u>-</u>	<u>-</u>
Net Assets:		
Unrestricted		
Unrestricted-undesignated	359,936	363,056
Sustainable agriculture fund-board designated	30,514	-
Opportunity fund-board designated	98,450	59,333
Stewardship fund-board designated	61,514	31,000
Operations fund-board designated	228,015	202,296
	778,429	655,685
Temporarily restricted	917,216	985,588
Permanently restricted	5,041,920	5,041,920
Total Net Assets	<u>6,737,565</u>	<u>6,683,193</u>
Total Liabilities & Net Assets	<u>\$ 6,754,483</u>	<u>\$ 6,701,069</u>

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North Olympic Land Trust
A Washington Not For Profit Organization

Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2017</u>
Support and Revenues:				
Grants	\$ 314,008	\$ -	\$ -	\$ 314,008
Contributions	210,322	29,294	-	239,616
Fundraising-net of \$8,769 in direct benefits to donors	68,932	-	-	68,932
Fee for service and earned income	75	-	-	75
Interest and dividend income	4,181	14,747	-	18,928
Inkind donations	246,480	-	-	246,480
Other revenue	710	-	-	710
Investment income (loss)	28,602	100,859	-	129,461
Gain (loss) on sale of assets	(62,177)	-	-	(62,177)
Net assets released from restriction	<u>213,272</u>	<u>(213,272)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>1,024,405</u>	<u>(68,372)</u>	<u>-</u>	<u>956,033</u>
Expenses:				
Program services	670,187	-	-	670,187
Management and general	179,256	-	-	179,256
Fundraising	<u>52,218</u>	<u>-</u>	<u>-</u>	<u>52,218</u>
Total Expenses	<u>901,661</u>	<u>-</u>	<u>-</u>	<u>901,661</u>
Change in Net Assets	122,744	(68,372)	-	54,372
Net Assets, Beginning of Year	<u>655,685</u>	<u>985,588</u>	<u>5,041,920</u>	<u>6,683,193</u>
Net Assets, End of Year	<u>\$ 778,429</u>	<u>\$ 917,216</u>	<u>\$ 5,041,920</u>	<u>\$ 6,737,565</u>

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North Olympic Land Trust
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Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2016</u>
Support and Revenues:				
Grants	\$ 129,625	\$ -	\$ 62,166	\$ 191,791
Contributions	160,481	75,230	76	235,787
Fundraising-net of \$8,347 in direct benefits to donors	62,631	-	-	62,631
Fee for service and earned income	4,922	-	-	4,922
Interest and dividend income	2,743	16,626	-	19,369
Inkind donations	197,863	-	-	197,863
Other revenue	2,138	-	-	2,138
Investment income (loss)	9,263	56,133	-	65,396
Net assets released from restriction	74,345	(74,345)	-	-
Total Support and Revenue	<u>644,011</u>	<u>73,644</u>	<u>62,242</u>	<u>779,897</u>
Expenses:				
Program services	438,357	-	-	438,357
Management and general	149,271	-	-	149,271
Fundraising	43,174	-	-	43,174
Total Expenses	<u>630,802</u>	<u>-</u>	<u>-</u>	<u>630,802</u>
Change in Net Assets	13,209	73,644	62,242	149,095
Net Assets, Beginning of Year	<u>642,476</u>	<u>911,944</u>	<u>4,979,678</u>	<u>6,534,098</u>
Net Assets, End of Year	<u>\$ 655,685</u>	<u>\$ 985,588</u>	<u>\$ 5,041,920</u>	<u>\$ 6,683,193</u>

The accompanying notes are an integral part of these financial statements

North Olympic Land Trust
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Statement of Functional Expenses
For the Year Ended December 31, 2017

	<u>Program</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>Total 2017</u>
Salaries and wages	\$ 113,711	\$ 72,752	\$ 36,232	\$ 222,695
Employee benefits	11,972	7,660	3,815	23,447
Payroll taxes	8,661	5,794	2,739	17,194
Occupancy	-	16,036	-	16,036
Insurance	4,473	6,068	-	10,541
Supplies	5,048	3,394	416	8,858
Printing and publications	3,335	1,051	2,630	7,016
Licenses and taxes	2,567	-	-	2,567
Professional services	28,357	22,911	-	51,268
Information technology	-	6,825	-	6,825
Easement acquisition expense	479,999	-	-	479,999
Conferences, meetings, and events	366	2,126	-	2,492
Travel, mileage, and meals	6,162	1,238	191	7,591
Dues and subscriptions	300	3,648	-	3,948
Bank and credit card charges	-	176	2,558	2,734
Miscellaneous expense	234	3,148	518	3,900
Depreciation expense	870	-	-	870
Inkind expense	4,132	26,429	3,119	33,680
Total Expenses	<u>\$ 670,187</u>	<u>\$ 179,256</u>	<u>\$ 52,218</u>	<u>\$ 901,661</u>

The accompanying notes are an integral part of these financial statements

North Olympic Land Trust
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Statement of Functional Expenses
For the Year Ended December 31, 2016

	<u>Program</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>Total 2016</u>
Salaries and wages	\$ 103,718	\$ 79,586	\$ 30,588	\$ 213,892
Employee benefits	3,710	2,939	1,094	7,743
Payroll taxes	9,099	5,647	2,633	17,379
Occupancy	-	11,120	-	11,120
Insurance	4,132	4,365	-	8,497
Supplies	4,850	5,897	475	11,222
Printing and publications	3,301	504	4,376	8,181
Licenses and taxes	5,277	71	-	5,348
Professional services	106,398	8,120	723	115,241
Information technology	30	2,402	-	2,432
Easement acquisition expense	183,235	-	-	183,235
Conferences, meetings, and events	5,382	1,255	75	6,712
Travel, mileage, and meals	4,331	1,671	220	6,222
Dues and subscriptions	-	10,334	-	10,334
Bank and credit card charges	308	462	2,205	2,975
Miscellaneous expense	1,354	3,407	155	4,916
Depreciation expense	725	-	-	725
Inkind expense	2,507	11,491	630	14,628
Total Expenses	<u>\$ 438,357</u>	<u>\$ 149,271</u>	<u>\$ 43,174</u>	<u>\$ 630,802</u>

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

North Olympic Land Trust
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Statement of Cash Flows
For the Years Ended December 31, 2017 and December 31, 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Cash received from grantors, donors and customers	\$ 644,394	\$ 523,756
Cash paid to suppliers and employees	(802,683)	(461,556)
Cash received from interest and dividends	18,928	19,369
Cash paid for interest	-	-
Net cash provided (used) by operating activities	<u>(139,361)</u>	<u>81,569</u>
Cash flows from investing activities:		
Cash paid for equipment and improvements	-	(4,348)
Cash paid for investments	(245,000)	(72,700)
Cash received from land sales	91,541	-
Cash paid for land	-	(62,166)
Cash received from sale of investments	252,910	165,000
Net cash provided (used) by investing activities	<u>99,451</u>	<u>25,786</u>
Cash flows from financing activities:		
Net cash provided (used) by financing activities	<u>-</u>	<u>-</u>
Net increase (decrease) in cash & cash equivalents	(39,910)	107,355
Cash & cash equivalents at beginning of year	<u>277,639</u>	<u>170,284</u>
Cash & cash equivalents at end of year	<u>\$ 237,729</u>	<u>\$ 277,639</u>

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North Olympic Land Trust
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Statement of Cash Flows
For the Years Ended December 31, 2017 and December 31, 2016

	2017	2016
Reconciliation of increase (decrease) in net assets to net cash provided (used) by operating activities:		
Increase (decrease) in net assets:	\$ 54,372	\$ 149,095
Adjustments:		
Depreciation and amortization	870	725
Capitalized inkind donations	(142,801)	-
Loss (gain) on disposition of assets	62,177	-
Unrealized (gains) losses on investments	(55,057)	(61,224)
Realized (gains) losses on investments	(74,404)	(4,173)
Changes in assets and liabilities:		
(Increase) decrease in grants receivable	4,594	33,531
(Increase) decrease in accounts receivable	2,575	(2,575)
(Increase) decrease in pledges receivable	5,115	(1,315)
(Increase) decrease in prepaid expense	4,156	(6,883)
Increase (decrease) in accounts payable	3,027	(17,355)
Increase (decrease) in deferred revenue	-	(11,500)
Increase (decrease) in vacation payable	(40)	1,578
Increase (decrease) in payroll taxes and benefits payable	(3,945)	1,665
Net cash provided (used) by operating activities	\$ (139,361)	\$ 81,569

The accompanying notes are an integral part of these financial statements

North Olympic Land Trust
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Notes to Financial Statements

December 31, 2017 and 2016

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.

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.

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Notes to Financial Statements

December 31, 2017 and 2016

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, 2017 and 2016, the permanently restricted net assets balance was \$5,041,920 and \$5,041,920, respectively.

D. ECONOMIC DEPENDENCY:

For 2017 and 2016, the funding used to acquire land and easements was primarily provided by the State of Washington Recreation and Conservation Office and Washington State Conservation Commission.

North Olympic Land Trust
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Notes to Financial Statements

December 31, 2017 and 2016

E. TEMPORARILY RESTRICTED AND BOARD DESIGNATED NET ASSETS:

Temporarily restricted net assets balance as of December 31, 2017 and 2016, were \$917,216 and \$985,588, respectively, and were comprised of \$757,179 and \$730,064, respectively, of donor contributions that are restricted for use in stewardship activities, \$160,037 and \$255,524, respectively, in funds restricted to use for farmland acquisition, farmland development rights acquisition, and activities and projects directly associated with sustaining agriculture.

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

Sustainable Agriculture Fund: Board Designated for supporting and sustaining agriculture. The fund had a balance of \$30,514 as of December 31, 2017.

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 \$98,450 and \$59,333 as of December 31, 2017 and 2016, respectively.

Stewardship Fund: Board Designated for stewardship activities. The fund had a balance of \$61,514 and \$31,000 as of December 31, 2017 and 2016, respectively.

Operations Fund: Board Designated as an operating reserve. The fund had a balance of \$228,015 and \$202,296 as of December 31, 2017 and 2016, respectively.

F. LEASES:

The Trust conducts its operations from leased facilities. The office lease expense for the years ended December 31, 2017 and 2016 was \$10,080 and \$8,435, respectively. The Trust relocated to a new space during July of 2016 and signed a twenty four (24) month lease agreement. The fair market value of the premises is estimated to be \$2,875 per month. The Trust is required to pay a total of \$840 a month. The difference of \$2,035 a month has been recorded as inkind revenue and expense for 2017 and 2016. Future minimum rents due under currently executed leases are as follows:

2018	\$	<u>5,248</u>
Total	\$	<u><u>5,248</u></u>

North Olympic Land Trust
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Notes to Financial Statements

December 31, 2017 and 2016

G. INVESTMENTS & FAIR VALUE MEASUREMENTS:

The investments in mutual funds and common stock are accounted for at fair value. As of December 31, 2017 and 2016, the investments had a cost basis of \$751,011 and \$758,921 and a fair value of \$1,120,355 and \$998,623, respectively. Investment income on the statement of activities and changes in net assets is the following:

	<u>2017</u>		<u>2016</u>
Unrealized Gain (Loss)	\$ 55,057	\$	61,223
Realized Gain (Loss)	<u>74,404</u>		<u>4,173</u>
Total	\$ <u>129,461</u>	\$	<u>65,396</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.

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Notes to Financial Statements

December 31, 2017 and 2016

G. INVESTMENTS & FAIR VALUE MEASUREMENTS (CONTINUED):

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, 2017.

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, 2017:

Assets at Fair Value as of December 31, 2017

	Level 1	Level 2	Level 3	Total
Mutal Funds	\$ 905,767	\$ -	\$ -	\$ 905,767
Certificates of Deposit	-	214,588	-	214,588
Total Assets at Fair Value:	\$ 905,767	\$ 214,588	\$ -	\$ 1,120,355

The following table sets forth by level, within the fair value hierarchy, The Trust's assets at fair value as of December 31, 2016:

Assets at Fair Value as of December 31, 2016

	Level 1	Level 2	Level 3	Total
Mutal Funds	\$ 913,525	\$ -	\$ -	\$ 913,525
Certificates of Deposit	-	85,098	-	85,098
Total Assets at Fair Value:	\$ 913,525	\$ 85,098	\$ -	\$ 998,623

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December 31, 2017 and 2016

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 2017 and 2016, respectively, there were bad debts of \$0. As of December 31, 2017, no receivables were due.

Management considers accounts outstanding over 90 days to be past due. No interest is charged on past due receivables. As of December 31, 2017, there were no receivable balances.

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 2017, The Trust received property donations with a fair market value of \$142,800. These donations were recorded as inkind revenue and capitalized as land on the statement of financial position. During 2017 and 2016, The Trust received donated easements with a fair market value of \$70,000 and \$183,235. These donations were recorded as inkind revenue and, along with purchased easements, 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, space (Note F) and goods during 2017 and 2016. These donations have been recorded both as inkind revenue and expense in the financial statements.

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Notes to Financial Statements

December 31, 2017 and 2016

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 2014. 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, 2017, 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 27, 2018, 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, 2017.

M. PLEDGES RECEIVABLE:

The Trust received contribution pledges from various donors during 2016 and 2015. The pledges were collected in 2017. 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 pledges were expected to be, and were, 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. A nominal value of \$1 per easement has been recorded in the financial records for 2017 and 2016.

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December 31, 2017 and 2016

O. VACATION LIABILITY:

The Trust provides for vacation benefits in accordance with current policy. As of December 31, 2017 and 2016, respectively, the vacation benefit liability was \$10,869 and \$10,909.

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.