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**NORTH OLYMPIC LAND TRUST AND SUBSIDIARY**

**Board & Management Communication**

For the Year Ended  
December 31, 2020

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**Aiken & Sanders, Inc PS**

CERTIFIED PUBLIC ACCOUNTANTS  
& MANAGEMENT CONSULTANTS

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

We have audited the consolidated financial statements of North Olympic Land Trust and Subsidiary (the Trust) for the year ended December 31, 2020, and have issued our report thereon dated May 28, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We communicated such information to you in our engagement letter dated February 5, 2021. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Findings**

#### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Trust are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2020. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was the functional allocation of expenses.

Management's estimate of the functional allocation of expense is based on relative benefits provided to specific programs and activities. We evaluated the key factors and assumptions used to develop the functional allocations in determining that they are reasonable in relation to the financial statements taken as a whole.

*The financial statement disclosures are neutral, consistent, and clear.*

#### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has posted those adjustments to the financial records.

### ***Disagreements with Management***

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### ***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated May 28, 2021.

### ***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

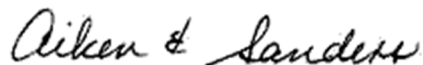
### ***Other Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### ***Other Information in Documents Containing Audited Financial Statements***

This information is intended solely for the use of the Board of Directors and management of the Trust and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



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

May 28, 2021

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**NORTH OLYMPIC LAND TRUST AND SUBSIDIARY**

**Consolidated Financial Statements**

For the Years Ended December 31, 2020 and 2019

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## **Independent Auditor's Report**

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

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

We have audited the accompanying consolidated financial statements of North Olympic Land Trust and Subsidiary (collectively, the Trust, a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated 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.

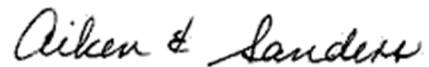
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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, 2020 and 2019, 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.

Aiken & Sanders, Inc., PS

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

Certified Public Accountants  
& Consultants

May 28, 2021

Montesano, WA

# North Olympic Land Trust & Subsidiary

Consolidated Statement of Financial Position  
As of December 31, 2020 and December 31, 2019

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	<b>Assets</b>	
	<u>2020</u>	<u>2019</u>
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 574,684	\$ 543,781
Grants receivable	18,645	16,946
Accounts receivable	938	-
Pledges receivable	2,000	142,470
Prepaid expenses	3,589	3,350
Deposits and advances	500	500
Total Current Assets	<u>600,356</u>	<u>707,047</u>
<b>Fixed Assets:</b>		
Vehicles	4,348	4,348
Land	6,792,541	6,147,541
Easements	78	78
	<u>6,796,967</u>	<u>6,151,967</u>
Less: accumulated depreciation	(4,203)	(3,334)
Fixed assets, net	<u>6,792,764</u>	<u>6,148,633</u>
<b>Other Assets:</b>		
Investments	<u>1,280,432</u>	<u>1,254,141</u>
Total Other Assets	<u>1,280,432</u>	<u>1,254,141</u>
Total Assets	<u>\$ 8,673,552</u>	<u>\$ 8,109,821</u>

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



# North Olympic Land Trust & Subsidiary

Consolidated Statement of Financial Position  
As of December 31, 2020 and December 31, 2019

	<b>Liabilities &amp; Net Assets</b>	
	<b>2020</b>	<b>2019</b>
<b>Current Liabilities:</b>		
Accounts payable	\$ 4,624	\$ 16,392
Vacation payable	20,267	11,802
Payroll taxes and benefits payable	11,065	1,325
Total Current Liabilities	<u>35,956</u>	<u>29,519</u>
<b>Long-Term Liabilities:</b>		
Total Long-Term Liabilities	<u>-</u>	<u>-</u>
<b>Net Assets:</b>		
Without donor restriction:		
Unrestricted-undesignated	932,576	451,667
Acquisition fund-board designated	93,530	151,562
Stewardship fund-board designated	153,189	79,516
Operating reserve fund-board designated	485,157	272,189
	<u>1,664,452</u>	<u>954,934</u>
With donor restrictions	<u>6,973,144</u>	<u>7,125,368</u>
Total Net Assets	<u>8,637,596</u>	<u>8,080,302</u>
Total Liabilities & Net Assets	<u>\$ 8,673,552</u>	<u>\$ 8,109,821</u>

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

## North Olympic Land Trust & Subsidiary

### Consolidated Statement of Activities and Changes in Net Assets For the Year Ended December 31, 2020

	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total 2020</b>
<b>Support and Revenues:</b>			
Grants	\$ 106,607	\$ 36,427	\$ 143,034
Contributions	334,098	431,522	765,620
Interest and dividend income	25,078	-	25,078
Inkind donations	38,062	11,923	49,985
Investment income (loss)	22,806	143,065	165,871
Gain (loss) on sale of assets	5,000	-	5,000
Net assets released from restriction	<u>775,161</u>	<u>(775,161)</u>	<u>-</u>
Total Support and Revenue	<u>1,306,812</u>	<u>(152,224)</u>	<u>1,154,588</u>
<b>Expenses:</b>			
Program services	356,063	-	356,063
Management and general	182,891	-	182,891
Fundraising	<u>58,340</u>	<u>-</u>	<u>58,340</u>
Total Expenses	<u>597,294</u>	<u>-</u>	<u>597,294</u>
<b>Change in Net Assets</b>	709,518	(152,224)	557,294
<b>Net Assets, Beginning of Year</b>	<u>954,934</u>	<u>7,125,368</u>	<u>8,080,302</u>
<b>Net Assets, End of Year</b>	<u>\$ 1,664,452</u>	<u>\$ 6,973,144</u>	<u>\$ 8,637,596</u>

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

## North Olympic Land Trust & Subsidiary

Consolidated Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2019

	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total 2019</b>
<b>Support and Revenues:</b>			
Grants	\$ 1,124,558	\$ -	\$ 1,124,558
Contributions	145,080	457,652	602,732
Fundraising-net of \$5,286 in direct benefits to donors	162,294	-	162,294
Interest and dividend income	10,088	18,099	28,187
Inkind donations	25,482	-	25,482
Other revenue	5,000	5,929	10,929
Investment income (loss)	70,987	127,366	198,353
Net assets released from restriction	<u>205,511</u>	<u>(205,511)</u>	<u>-</u>
Total Support and Revenue	<u>1,749,000</u>	<u>403,535</u>	<u>2,152,535</u>
<b>Expenses:</b>			
Program services	1,356,646	-	1,356,646
Management and general	183,415	-	183,415
Fundraising	<u>49,516</u>	<u>-</u>	<u>49,516</u>
Total Expenses	<u>1,589,577</u>	<u>-</u>	<u>1,589,577</u>
<b>Change in Net Assets</b>	159,423	403,535	562,958
<b>Net Assets, Beginning of Year</b>	<u>795,511</u>	<u>6,721,833</u>	<u>7,517,344</u>
<b>Net Assets, End of Year</b>	<u>\$ 954,934</u>	<u>\$ 7,125,368</u>	<u>\$ 8,080,302</u>

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

## North Olympic Land Trust & Subsidiary

### Consolidated Statement of Functional Expenses For the Year Ended December 31, 2020

	<u>Program</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>Total 2020</u>
Salaries and wages	\$ 144,974	\$ 90,782	\$ 35,407	\$ 271,163
Employee benefits	18,194	11,393	4,444	34,031
Payroll taxes	11,794	6,666	2,707	21,167
Grants	25,000	-	-	25,000
Occupancy	-	13,497	-	13,497
Insurance	4,637	8,375	-	13,012
Supplies	3,459	6,390	4,974	14,823
Printing and publications	3,099	1,188	3,301	7,588
Licenses and taxes	5,536	-	-	5,536
Professional services	111,755	8,114	2,300	122,169
Information technology	1,453	5,701	173	7,327
Conferences, meetings, and events	971	691	250	1,912
Travel, mileage, and meals	4,211	189	112	4,512
Dues and subscriptions	-	4,959	-	4,959
Bank and credit card charges	6,550	980	3,527	11,057
Miscellaneous expense	1,407	146	413	1,966
Depreciation expense	870	-	-	870
Inkind expense	12,153	23,820	732	36,705
Total Expenses	<u>\$ 356,063</u>	<u>\$ 182,891</u>	<u>\$ 58,340</u>	<u>\$ 597,294</u>

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

## North Olympic Land Trust & Subsidiary

### Consolidated Statement of Functional Expenses For the Year Ended December 31, 2019

	<b>Program</b>	<b>Management and General</b>	<b>Fund- Raising</b>	<b>Total 2019</b>
Salaries and wages	\$ 114,668	\$ 88,357	\$ 36,084	\$ 239,109
Employee benefits	12,453	8,735	3,432	24,620
Payroll taxes	8,929	4,925	2,595	16,449
Occupancy	-	13,558	-	13,558
Insurance	4,335	7,460	-	11,795
Supplies	806	1,041	643	2,490
Printing and publications	1,122	751	3,140	5,013
Licenses and taxes	3,028	-	-	3,028
Professional services	72,615	18,800	-	91,415
Information technology	1,226	5,296	425	6,947
Easement acquisition expense	1,129,999	-	-	1,129,999
Conferences, meetings, and events	894	2,705	77	3,676
Travel, mileage, and meals	4,360	2,307	405	7,072
Dues and subscriptions	75	4,250	-	4,325
Bank and credit card charges	-	1,131	2,702	3,833
Miscellaneous expense	328	279	-	607
Depreciation expense	870	-	-	870
Inkind expense	938	23,820	13	24,771
Total Expenses	\$ 1,356,646	\$ 183,415	\$ 49,516	\$ 1,589,577

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

**North Olympic Land Trust & Subsidiary**

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Consolidated Statement of Cash Flows  
For the Years Ended December 31, 2020 and December 31, 2019

	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities:</b>		
Cash received from grantors, donors and customers	\$ 1,046,487	\$ 1,784,144
Cash paid to suppliers and employees	(553,521)	(1,558,357)
Cash received from interest and dividends	25,078	28,187
Net cash provided (used) by operating activities	518,044	253,974
<b>Cash flows from investing activities:</b>		
Cash paid for land	(1,266,720)	-
Cash paid for investments	(125,796)	(130,870)
Cash received from land sales	635,000	-
Cash received from sale of investments	270,375	139,595
Net cash provided (used) by investing activities	(487,141)	8,725
<b>Cash flows from financing activities:</b>		
Cash received from notes	600,000	-
Cash paid on notes	(600,000)	-
Net cash provided (used) by financing activities	-	-
<b>Net increase (decrease) in cash &amp; cash equivalents</b>	30,903	262,699
Cash & cash equivalents at beginning of year	543,781	281,082
<b>Cash &amp; cash equivalents at end of year</b>	\$ 574,684	\$ 543,781

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

**North Olympic Land Trust & Subsidiary**

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Consolidated Statement of Cash Flows  
For the Years Ended December 31, 2020 and December 31, 2019

	<b>2020</b>	<b>2019</b>
<b>Reconciliation of increase (decrease) in net assets to net cash provided (used) by operating activities:</b>		
Increase (decrease) in net assets:	\$ 557,294	\$ 562,958
<b>Adjustments:</b>		
Depreciation and amortization	870	870
Capitalized inkind donations	(13,280)	-
Loss (gain) on disposition of assets	(5,000)	-
Unrealized (gains) losses on investments	(61,657)	(162,044)
Realized (gains) losses on investments	(104,214)	(36,309)
<b>Changes in assets and liabilities:</b>		
(Increase) decrease in grants receivable	(1,699)	(12,214)
(Increase) decrease in accounts receivable	(938)	29
( Increase) decrease in pledges receivable	140,470	(109,470)
(Increase) decrease in prepaid expense	(239)	(380)
Increase (decrease) in accounts payable	(11,768)	7,447
Increase (decrease) in vacation payable	8,465	2,253
Increase (decrease) in payroll taxes and benefits payable	9,740	834
Net cash provided (used) by operating activities	\$ 518,044	\$ 253,974

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

# North Olympic Land Trust & Subsidiary

## Notes to Consolidated Financial Statements

December 31, 2020 and 2019

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

#### **Organization, purpose and principal programs**

The North Olympic Land Trust (the Land Trust) is a Washington not-for-profit corporation. The mission of the Land Trust is to preserve land and wildlife habitat. The Land Trust receives conservation easements on various properties and receives grant funds for landowner education, easement purchases, property acquisitions, and general operations. The Land Trust has voluntarily adopted and implemented the Land Trust Standards and Practices as promulgated by the Land Trust Alliance (a National Land Trust Organization).

On October 3, 2014, Olympic Peninsula Conservation Resources, LLC (the LLC) was formed with the Land Trust as its only member. The LLC was formed for the purpose of purchasing and holding land for conservation purposes.

#### **Principles of consolidation**

These financial statements consolidate the statements of the Land Trust and the LLC (collectively, "the Trust"). Inter-organization balances and transactions have been eliminated in consolidation.

#### **Basis of accounting**

The consolidated financial statements of the Trust have been prepared on the accrual basis of accounting. Revenue is recognized when earned, and expenditures are recognized when incurred.

#### **Concentrations**

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.

#### **Financial Statement Presentation**

The Trust follows accounting prescribed by the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958 Not-for Profit Entities. Under ASC 958, the Trust is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions, and without donor restrictions.

**With Donor Restrictions:** Net assets that result from contributions whose use by the Trust is restricted by donor imposed stipulations that may expire with the passage of time or can be fulfilled or otherwise removed by actions of the Trust.

**Without Donor Restrictions:** Net assets that are not restricted by donor stipulation.



# North Olympic Land Trust & Subsidiary

## Notes to Consolidated Financial Statements

December 31, 2020 and 2019

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Gifts of goods and equipment are reported as without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of land are reported as donor restricted if the Trust intends to protect the land in perpetuity. Gifts of land, which the donor stipulates may be sold, are reported as without donor restriction.

### **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.

### **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.

### **Functional Allocation of Expenses**

The Trust records its expenses by function. Program expenses represent expenses incurred to fulfill the Trust's exempt purposes. Management and general expenses support that exempt purpose while fundraising expenses are incurred to raise resources to carry out program activities. Expenses are recorded, when appropriate, to the function receiving direct benefit. When expenses benefit more than one function, an allocation is made based on relative benefits provided to each function.

### **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.

### **Revenue Recognition**

All contributions are considered available for the Trust's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as having donor restrictions and increase net assets with donor restrictions. Contributions received with restrictions that are met in the same reporting period are reported as unrestricted support and increase net assets without donor restrictions. Investment income that is limited to specific uses by donor

# North Olympic Land Trust & Subsidiary

## Notes to Consolidated Financial Statements

December 31, 2020 and 2019

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restrictions is reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as the income is recognized.

### **B. ECONOMIC DEPENDENCY:**

For 2020 and 2019, grant funding was primarily provided by the State of Washington Recreation and Conservation Office, United States Department of Agriculture-Natural Resource Conservation Service, and Washington State Conservation Commission.

### **C. 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.

### **D. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:**

The Trust, although it expects to receive current support to fund operations for 2021 and later years, has \$27,977 and \$135,623 of financial assets available within one year of the statement of financial position dates on December 31, 2020 and 2019, respectively, to meet cash needs for general operating expenditures of the Trust. The Trust also has \$731,876 and \$503,267, of board designated assets as of December 31, 2020 and 2019, respectively, that can be reallocated for general expenditures if needed. Financial assets available within one year consist of the following:

	<u>2020</u>		<u>2019</u>
Financial assets at year end	\$ 1,876,699	\$	1,957,338
Donor restricted to purpose	(1,116,846)		(1,318,448)
Board designations	<u>(731,876)</u>		<u>(503,267)</u>
Financial assets available to meet cash needs within one year	<u>\$ 27,977</u>	\$	<u>135,623</u>

# North Olympic Land Trust & Subsidiary

## Notes to Consolidated Financial Statements

December 31, 2020 and 2019

### E. NET ASSETS COMPOSITION:

	<u>2020</u>	<u>2019</u>
<b>Without Donor Restrictions:</b>		
Undesignated	\$ 932,576	\$ 451,667
Acquisition fund-board designated	93,530	151,562
Stewardship fund-board designated	153,189	79,516
Operating reserve fund-board designated	<u>485,157</u>	<u>272,189</u>
Total:	<u>\$ 1,664,452</u>	<u>\$ 954,934</u>
<b>With Donor Restrictions:</b>		
Stewardship fund-donor restricted	\$ 988,304	\$ 814,280
Sustainable agriculture fund-donor restricted	124,301	146,683
Opportunity fund-donor restricted	-	339,435
Other restricted funds	4,241	18,050
Conserved land	<u>5,856,298</u>	<u>5,806,920</u>
Total:	<u>\$ 6,973,144</u>	<u>\$ 7,125,368</u>

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

**Sustainable Agriculture Fund:** Board Designated for supporting and sustaining agriculture.

**Acquisition Fund:** Board Designated to provide landowners with assistance during property and easement acquisitions and to aid in acquisitions.

**Stewardship Fund:** Board Designated for stewardship activities.

**Operating Reserve Fund:** Board Designated as an operating reserve.

### The Trust has received donor restricted funds with the following restrictions:

**Stewardship Fund:** Donor restricted for stewardship activities.

**Sustainable Agriculture Fund:** Donor restricted for supporting and sustaining agriculture.

**Acquisition Fund:** Donor restricted to provide landowners with assistance during property and easement acquisitions and to aid in acquisitions.

**Conserved Land:** Land to be conserved in perpetuity.

# North Olympic Land Trust & Subsidiary

## Notes to Consolidated Financial Statements

December 31, 2020 and 2019

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### **F. LEASES:**

The Trust conducts its operations from leased facilities. The office lease expense for the years ended December 31, 2020 and 2019 was \$11,400 and \$11,400, respectively. The Trust relocated to a new space during July of 2016 and signed a twenty four (24) month lease agreement. The lease was extended during 2018 until July 30, 2021. The fair market value of the premises is estimated to be \$2,875 per month. The Trust is required to pay a total of \$950 a month. The difference of \$2,035 a month has been recorded as inkind revenue and expense for 2020 and 2019. Future minimum rents due under currently executed leases are as follows:

2021	\$	<u>6,650</u>
Total	\$	<u><u>6,650</u></u>

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

The investments in mutual funds and common stock are accounted for at fair value. As of December 31, 2020 and 2019, the investments had a cost basis of \$733,781 and \$749,068 and a fair value of \$1,280,432 and \$1,254,141, respectively. Investment income on the statement of activities and changes in net assets is the following:

		<u>2020</u>		<u>2019</u>
Unrealized Gain (Loss)	\$	61,657	\$	162,044
Realized Gain (Loss)		<u>104,214</u>		<u>36,309</u>
Total	\$	<u><u>165,871</u></u>	\$	<u><u>198,353</u></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.

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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, 2020.

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, 2020:

	Assets at Fair Value as of December 31, 2020			
	Level 1	Level 2	Level 3	Total
Stock Mutual Funds	\$ 1,009,384	\$ -	\$ -	\$ 1,009,384
Bond Mutual Funds	271,048	-	-	271,048
Total Assets at Fair Value:	\$ 1,280,432	\$ -	\$ -	\$ 1,280,432

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The following table sets forth by level, within the fair value hierarchy, the Trust's assets at fair value as of December 31, 2019:

	Assets at Fair Value as of December 31, 2019			
	Level 1	Level 2	Level 3	Total
Mutal Funds	\$ 1,087,152	\$ -	\$ -	\$ 1,087,152
Common Stock	76,513	-	-	76,513
Certificates of Deposit	-	90,476	-	90,476
Total Assets at Fair Value:	\$ <u>1,163,665</u>	\$ <u>90,476</u>	\$ <u>-</u>	\$ <u>1,254,141</u>

### **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 2020 and 2019, respectively, there were bad debts of \$0. As of December 31, 2020, management considers all grant and accounts receivable collectable.

Management considers accounts outstanding over 90 days to be past due. No interest is charged on past due receivables. As of December 31, 2020, there were no receivable balances past due.

### **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 2020, the Trust received property donations with a fair market value of \$13,280. These donations were recorded as inkind revenue and capitalized as land on the statement of financial position. The Trust also received inkind donations of professional services, space, and goods during 2020 and 2019. These donations have been recorded both as inkind revenue and expense in the financial statements.

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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 2017.

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, 2020, 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:**

On March 11, 2020, the World Health Organization officially declared COVID-19, the disease caused by the novel coronavirus, a pandemic. COVID-19 has required the Trust to make adjustments to operating practice and delivery of services. The Trust has continued its work. Management is closely monitoring the evolution of this pandemic, including how it may affect the economy and the general population.

No other events have occurred through May 28, 2021, 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, 2020.

### **M. PLEDGES RECEIVABLE:**

The Trust received contribution pledges from various donors during 2020 and 2019. The pledges at December 31, 2020, are to be collected in 2021. No allowance for uncollectible pledges has been recorded as pledges are expected to 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. A nominal value of \$1 per easement has been recorded in the financial records for 2020 and 2019.

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### **O. VACATION LIABILITY:**

The Trust provides for vacation benefits in accordance with current policy. As of December 31, 2020 and 2019, respectively, the vacation benefit liability was \$20,267 and \$11,802.

### **P. PAYCHECK PROTECTION PROGRAM LOAN:**

On April 10, 2020, the Trust received a loan of \$54,700 from Sound Community Bank. The loan was part of the Paycheck Protection Program, which is a United States Government program intended to mitigate the economic impact of the Covid-19 Pandemic. The loan was guaranteed by the United States Small Business Administration and carries a stated interest rate of 1%. The loan term was two years from inception, with interest payments starting on the 7th month following origination. However, the loan was eligible for forgiveness if the loan proceeds were used to subsidize payroll and certain occupancy costs of the Trust. The Trust used the loan proceeds for eligible expenses during 2020 and has recorded \$54,700 as grant income in the financial statements. The loan was formally forgiven in December of 2020.

On February 12, 2021, the Trust received a second loan of \$56,145 as part of a second round of Paycheck Protection Program loans. The loan terms are the same as for the first loan and the Trust anticipates receiving forgiveness of this loan during 2021.

### **Q. NOTE PAYABLE:**

The Trust signed a loan arrangement during 2020 with Sound Community Bank for \$600,000 to facilitate a property acquisition. The loan was secured by the acquired property and was paid in full during 2020. Interest on the note, along with loan costs, are presented as expense in the 2020 financial statements.