
NORTH OLYMPIC LAND TRUST AND SUBSIDIARY

Consolidated Financial Statements

For the Years Ended December 31, 2021 and 2020

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

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, 2021 and 2020, 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.

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, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Trust and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Trust's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 11-13 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and to certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Aiken & Sanders, Inc., PS



Certified Public Accountants
& Consultants

May 25, 2022

Montesano, WA

North Olympic Land Trust & Subsidiary

Consolidated Statement of Financial Position
As of December 31, 2021 and December 31, 2020

	Assets	
	<u>2021</u>	<u>2020</u>
Current Assets:		
Cash and cash equivalents	\$ 526,821	\$ 574,684
Grants receivable	13,838	18,645
Accounts receivable	501	938
Pledges receivable	-	2,000
Prepaid expenses	4,002	3,589
Deposits and advances	113,320	500
Total Current Assets	<u>658,482</u>	<u>600,356</u>
Fixed Assets:		
Vehicles	4,348	4,348
Land	6,676,919	6,792,541
Easements	78	78
	<u>6,681,345</u>	<u>6,796,967</u>
Less: accumulated depreciation	(4,348)	(4,203)
Fixed assets, net	<u>6,676,997</u>	<u>6,792,764</u>
Other Assets:		
Investments	<u>2,025,521</u>	<u>1,280,432</u>
Total Other Assets	<u>2,025,521</u>	<u>1,280,432</u>
Total Assets	<u>\$ 9,361,000</u>	<u>\$ 8,673,552</u>

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, 2021 and December 31, 2020

	Liabilities & Net Assets	
	2021	2020
Current Liabilities:		
Accounts payable	\$ 19,633	\$ 4,624
Vacation payable	17,820	20,267
Payroll taxes and benefits payable	1,512	11,065
Deferred revenue	112,820	-
Total Current Liabilities	<u>151,785</u>	<u>35,956</u>
Long-Term Liabilities:		
Total Long-Term Liabilities	<u>-</u>	<u>-</u>
Net Assets:		
Without donor restriction:		
Unrestricted-undesignated	783,921	932,576
Acquisition fund-board designated	186,707	93,530
Stewardship fund-board designated	522,266	153,189
Operating reserve fund-board designated	599,225	485,157
	2,092,119	1,664,452
With donor restrictions	<u>7,117,096</u>	<u>6,973,144</u>
Total Net Assets	<u>9,209,215</u>	<u>8,637,596</u>
Total Liabilities & Net Assets	<u>\$ 9,361,000</u>	<u>\$ 8,673,552</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, 2021

	Without Donor Restriction	With Donor Restriction	Total 2021
Support and Revenues:			
Grants and contracts	\$ 147,129	\$ 7,934	\$ 155,063
Contributions	680,854	57,059	737,913
Interest and dividend income	8,213	14,889	23,102
Inkind donations	31,407	25,000	56,407
Other revenue	2,101	-	2,101
Investment income (loss)	82,488	149,540	232,028
Sale of assets gain (loss)	(60,846)	-	(60,846)
Net assets released from restriction	110,470	(110,470)	-
Total Support and Revenue	<u>1,001,816</u>	<u>143,952</u>	<u>1,145,768</u>
Expenses:			
Program services	317,839	-	317,839
Management and general	136,287	-	136,287
Fundraising	120,023	-	120,023
Total Expenses	<u>574,149</u>	<u>-</u>	<u>574,149</u>
Change in Net Assets	427,667	143,952	571,619
Net Assets, Beginning of Year	<u>1,664,452</u>	<u>6,973,144</u>	<u>8,637,596</u>
Net Assets, End of Year	<u>\$ 2,092,119</u>	<u>\$ 7,117,096</u>	<u>\$ 9,209,215</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, 2020

	Without Donor Restriction	With Donor Restriction	Total 2020
Support and Revenues:			
Grants and contracts	\$ 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>
Expenses:			
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>
Change in Net Assets	709,518	(152,224)	557,294
Net Assets, Beginning of Year	<u>954,934</u>	<u>7,125,368</u>	<u>8,080,302</u>
Net Assets, End of Year	<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 Functional Expenses For the Year Ended December 31, 2021

	Program	Management and General	Fund- Raising	Total 2021
Salaries and wages	\$ 153,693	\$ 85,265	\$ 78,864	\$ 317,822
Employee benefits	12,601	10,176	6,489	29,266
Payroll taxes	12,706	6,924	6,519	26,149
Occupancy	7,201	2,989	3,587	13,777
Insurance	9,598	1,995	2,394	13,987
Supplies	12,067	6,075	176	18,318
Printing and publications	8,469	949	1,954	11,372
Licenses and taxes	4,318	-	-	4,318
Professional services	67,569	7,693	136	75,398
Information technology	5,097	1,436	1,823	8,356
Conferences, meetings, and events	95	1,090	6,848	8,033
Travel, mileage, and meals	3,808	196	1,172	5,176
Dues and subscriptions	-	5,729	-	5,729
Bank and credit card charges	-	20	3,618	3,638
Miscellaneous expense	461	570	227	1,258
Depreciation expense	145	-	-	145
Inkind expense	20,011	5,180	6,216	31,407
Total Expenses	\$ 317,839	\$ 136,287	\$ 120,023	\$ 574,149

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 Cash Flows For the Years Ended December 31, 2021 and December 31, 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Cash received from grantors, donors and customers	\$ 1,015,142	\$ 1,046,487
Cash paid to suppliers and employees	(652,821)	(553,521)
Cash received from interest and dividends	23,102	25,078
Net cash provided (used) by operating activities	<u>385,423</u>	<u>518,044</u>
Cash flows from investing activities:		
Cash paid for land	(1)	(1,266,720)
Cash paid for investments	(553,293)	(125,796)
Cash received from land sales	80,460	635,000
Cash received from sale of investments	39,548	270,375
Net cash provided (used) by investing activities	<u>(433,286)</u>	<u>(487,141)</u>
Cash flows from financing activities:		
Cash received from notes	-	600,000
Cash paid on notes	-	(600,000)
Net cash provided (used) by financing activities	<u>-</u>	<u>-</u>
Net increase (decrease) in cash & cash equivalents	(47,863)	30,903
Cash & cash equivalents at beginning of year	<u>574,684</u>	<u>543,781</u>
Cash & cash equivalents at end of year	<u>\$ 526,821</u>	<u>\$ 574,684</u>

The accompanying notes are an integral part of these financial statements

North Olympic Land Trust & Subsidiary

Consolidated Statement of Cash Flows
For the Years Ended December 31, 2021 and December 31, 2020

	2021	2020
Reconciliation of increase (decrease) in net assets to net cash provided (used) by operating activities:		
Increase (decrease) in net assets:	\$ 571,619	\$ 557,294
Adjustments:		
Depreciation and amortization	145	870
Capitalized inkind donations	(24,999)	(13,280)
Loss (gain) on disposition of assets	60,846	(5,000)
Unrealized (gains) losses on investments	(217,558)	(61,657)
Realized (gains) losses on investments	(14,470)	(104,214)
Changes in assets and liabilities:		
(Increase) decrease in grants receivable	4,807	(1,699)
(Increase) decrease in accounts receivable	437	(938)
(Increase) decrease in pledges receivable	2,000	140,470
(Increase) decrease in prepaid expense	(413)	(239)
(Increase) decrease in deposits & advances	(112,820)	-
Increase (decrease) in accounts payable	15,009	(11,768)
Increase (decrease) in vacation payable	(2,447)	8,465
Increase (decrease) in payroll taxes and benefits payable	(9,553)	9,740
Increase (decrease) in deferred revenue	112,820	-
Net cash provided (used) by operating activities	\$ 385,423	\$ 518,044

The accompanying notes are an integral part of these financial statements

NORTH OLYMPIC LAND TRUST AND SUBSIDIARY

Consolidating Statement of Financial Position

Year Ended December 31, 2021

	North Olympic Land Trust	Olympic Peninsula Conservation Resources, LLC	Subtotal	Eliminations	Consolidated 2021
Assets					
Current Assets:					
Cash and cash equivalents	\$ 495,106	\$ 31,715	\$ 526,821	\$ -	\$ 526,821
Grants receivable	13,838	-	13,838	-	13,838
Accounts receivable	743,745	-	743,745	(743,244)	501
Prepaid expenses	4,002	-	4,002	-	4,002
Deposits and advances	113,320	-	113,320	-	113,320
Total Current Assets	1,370,011	31,715	1,401,726	(743,244)	658,482
Fixed Assets:					
Vehicles	4,348	-	4,348	-	4,348
Land	6,086,919	590,000	6,676,919	-	6,676,919
Easements	78	-	78	-	78
	6,091,345	590,000	6,681,345	-	6,681,345
Less: accumulated depreciation	(4,348)	-	(4,348)	-	(4,348)
Total Fixed Assets	6,086,997	590,000	6,676,997	-	6,676,997
Other Assets:					
Investments	2,025,521	-	2,025,521	-	2,025,521
Total Other Assets	2,025,521	-	2,025,521	-	2,025,521
Total Assets	\$ 9,482,529	\$ 621,715	\$ 10,104,244	\$ (743,244)	\$ 9,361,000
Liabilities					
Current Liabilities					
Accounts payable	\$ 19,132	\$ 743,745	\$ 762,877	\$ (743,244)	\$ 19,633
Vacation payable	17,820	-	17,820	-	17,820
Payroll taxes and benefits payable	1,512	-	1,512	-	1,512
Deferred Revenue	112,820	-	112,820	-	112,820
Total Current Liabilities	151,284	743,745	895,029	(743,244)	151,785
Net Assets					
With Donor Restrictions	7,117,096	-	7,117,096	-	7,117,096
Without Donor Restrictions	2,214,149	(122,030)	2,092,119	-	2,092,119
Total Net Assets	9,331,245	(122,030)	9,209,215	-	9,209,215
Liabilities & Net Assets	\$ 9,482,529	\$ 621,715	\$ 10,104,244	\$ (743,244)	\$ 9,361,000

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

NORTH OLYMPIC LAND TRUST AND SUBSIDIARY

Consolidating Statement of Activities

Year Ended December 31, 2021

	North Olympic Land Trust	Olympic Peninsula Conservation Resources, LLC	Subtotal	Eliminations	Consolidated 2021
Revenues					
Grants and contracts	\$ 155,063	\$ -	\$ 155,063	\$ -	\$ 155,063
Contributions	737,913	-	737,913	-	737,913
Interest and dividend income	23,102	-	23,102	-	23,102
Inkind donations	56,407	-	56,407	-	56,407
Other revenue	3,696	2,100	5,796	(3,695)	2,101
Investment income (loss)	232,028	-	232,028	-	232,028
Sale of assets gain (loss)	(60,846)	-	(60,846)	-	(60,846)
Total Revenues	1,147,363	2,100	1,149,463	(3,695)	1,145,768
Program Expenses					
North Olympic Land Trust	316,836	-	316,836	-	316,836
Olympic Peninsula Conservation Resources, LLC	-	4,698	4,698	(3,695)	1,003
Total Program Expenses	316,836	4,698	321,534	(3,695)	317,839
Management and general	136,287	-	136,287	-	136,287
Fundraising	120,023	-	120,023	-	120,023
Total Expenses	573,146	4,698	577,844	(3,695)	574,149
Change in Net Assets	574,217	(2,598)	571,619	-	571,619
Net assets - Beginning of Year	8,757,028	(119,432)	8,637,596	-	8,637,596
Net assets - End of the Year	\$ 9,331,245	\$ (122,030)	\$ 9,209,215	\$ -	\$ 9,209,215

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

NORTH OLYMPIC LAND TRUST AND SUBSIDIARY

Consolidating Statement of Functional Expenses

Year Ended December 31, 2021

	North Olympic Land Trust	Olympic Peninsula Conservation Resources, LLC	Total Program Services	Management & General	Fundraising	Eliminations	Consolidated 2021
Salaries and wages	\$ 153,693	\$ 1,808	\$ 155,501	\$ 85,265	\$ 78,864	\$ (1,808)	\$ 317,822
Employee benefits	12,601	-	12,601	10,176	6,489	-	29,266
Payroll taxes	12,706	-	12,706	6,924	6,519	-	26,149
Occupancy	7,201	-	7,201	2,989	3,587	-	13,777
Insurance	9,598	51	9,649	1,995	2,394	(51)	13,987
Supplies	12,067	-	12,067	6,075	176	-	18,318
Printing and publications	8,469	-	8,469	949	1,954	-	11,372
Licenses and taxes	3,315	1,504	4,819	-	-	(501)	4,318
Professional services	67,569	555	68,124	7,693	136	(555)	75,398
Information technology	5,097	-	5,097	1,436	1,823	-	8,356
Conferences, meetings, and events	95	-	95	1,090	6,848	-	8,033
Travel, mileage, and meals	3,808	174	3,982	196	1,172	(174)	5,176
Dues and subscriptions	-	-	-	5,729	-	-	5,729
Bank and credit card charges	-	-	-	20	3,618	-	3,638
Miscellaneous expense	461	606	1,067	570	227	(606)	1,258
Depreciation expense	145	-	145	-	-	-	145
Inkind expense	20,011	-	20,011	5,180	6,216	-	31,407
Total Expenses	\$ 316,836	\$ 4,698	\$ 321,534	\$ 136,287	\$ 120,023	\$ (3,695)	\$ 574,149

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

North Olympic Land Trust & Subsidiary

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

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, 2021 and 2020

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, 2021 and 2020

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 2021 and 2020, 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 2022 and later years, has \$22,685 and \$27,977 of financial assets available within one year of the statement of financial position dates on December 31, 2021 and 2020, respectively, to meet cash needs for general operating expenditures of the Trust. The Trust also has \$1,308,198 and \$731,876, of board designated assets as of December 31, 2021 and 2020, respectively, that can be reallocated for general expenditures if needed. Financial assets available within one year consist of the following:

	2021	2020
Financial assets at year end	\$ 2,566,681	\$ 1,876,699
Donor restricted to purpose	(1,235,798)	(1,116,846)
Board designations	<u>(1,308,198)</u>	<u>(731,876)</u>
Financial assets available to meet cash needs within one year	<u>\$ 22,685</u>	<u>\$ 27,977</u>

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E. NET ASSETS COMPOSITION:

	<u>2021</u>	<u>2020</u>
Without Donor Restrictions:		
Undesignated	\$ 783,921	\$ 932,576
Acquisition fund-board designated	186,707	93,530
Stewardship fund-board designated	522,266	153,189
Operating reserve fund-board designated	<u>599,225</u>	<u>485,157</u>
Total:	<u>\$ 2,092,119</u>	<u>\$ 1,664,452</u>
With Donor Restrictions:		
Stewardship fund-donor restricted	\$ 1,063,588	\$ 988,304
Sustainable agriculture fund-donor restricted	142,925	124,301
Opportunity fund-donor restricted	29,285	-
Other restricted funds	-	4,241
Conserved land	<u>5,881,298</u>	<u>5,856,298</u>
Total:	<u>\$ 7,117,096</u>	<u>\$ 6,973,144</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.

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F. LEASES:

The Trust conducts its operations from leased facilities. The office lease expense for the years ended December 31, 2021 and 2020 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 \$2,935 per month. The Trust is required to pay a total of \$950 a month. The difference of \$1,985 a month has been recorded as inkind revenue and expense for 2021 and 2020. The lease is currently on a month to month basis.

G. INVESTMENTS & FAIR VALUE MEASUREMENTS:

The investments in mutual funds and common stock are accounted for at fair value. As of December 31, 2021 and 2020, the investments had a cost basis of \$1,262,813 and \$749,068 and a fair value of \$2,025,521 and \$1,280,432, respectively. Investment income on the statement of activities and changes in net assets is the following:

	<u>2021</u>	<u>2020</u>
Unrealized Gain (Loss)	\$ 217,558	\$ 61,657
Realized Gain (Loss)	<u>14,470</u>	<u>104,214</u>
Total	\$ <u>232,028</u>	\$ <u>165,871</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.

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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, 2021.

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, 2021:

	Assets at Fair Value as of December 31, 2021			
	Level 1	Level 2	Level 3	Total
Stock Mutual Funds	\$ 1,356,117	\$ -	\$ -	\$ 1,356,117
Bond Mutual Funds	669,404	-	-	669,404
Total Assets at Fair Value:	\$ <u>2,025,521</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>2,025,521</u>

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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, 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:	\$ <u>1,280,432</u>	\$ <u>-</u>	\$ <u>-</u>	<u>1,280,432</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 2021 and 2020, respectively, there were bad debts of \$0. As of December 31, 2021, 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, 2021, 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 2021 and 2020, the Trust received property donations with a fair market value of \$24,999 and \$13,280, respectively. 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 2021 and 2020.

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 2018.

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, 2021, 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 25, 2022, 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, 2021.

M. PLEDGES RECEIVABLE:

The Trust received contribution pledges from various donors during 2020. The pledges at December 31, 2020 were collected in 2021.

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 2021 and 2020.

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O. VACATION LIABILITY:

The Trust provides for vacation benefits in accordance with current policy. As of December 31, 2021 and 2020, respectively, the vacation benefit liability was \$17,820 and \$20,267.

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 were the same as for the first loan. The Trust used the loan proceeds for eligible expenses during 2021 and has recorded \$56,145 as grant income in the financial statements. The loan was formally forgiven in 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.