
NISQUALLY 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
Nisqually Land Trust & Subsidiary
Lacey, WA

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Nisqually Land Trust and Subsidiary (collectively, NLT, 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.

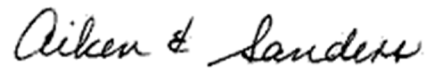
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or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

July 15, 2021

Montesano, WA

Nisqually Land Trust and Subsidiary

A Washington Not For Profit Organization

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

Assets		2020	2019
Current Assets:			
Cash and cash equivalents	\$	1,237,096	\$ 972,002
Accounts receivable		107,382	47,219
Grants receivable		563,793	39,794
Prepaid expenses		5,359	5,862
Current portion note receivable		96,633	103,012
Total Current Assets		<u>2,010,263</u>	<u>1,167,889</u>
 Property & Equipment:			
Land		36,728,786	35,067,774
Equipment		74,147	74,147
Less: Accumulated depreciation		<u>(50,733)</u>	<u>(42,791)</u>
Property & Equipment, net		<u>36,752,200</u>	<u>35,099,130</u>
 Other Assets:			
Organization costs		4,680	5,850
Note receivable-net of current portion		-	-
Investments		<u>1,464,455</u>	<u>1,232,418</u>
Total Other Assets		<u>1,469,135</u>	<u>1,238,268</u>
 Total Assets	\$	<u><u>40,231,598</u></u>	\$ <u><u>37,505,287</u></u>

The accompanying notes are an integral part of these financial statements

Nisqually Land Trust and Subsidiary

A Washington Not For Profit Organization

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

Liabilities & Net Assets		
	2020	2019
Current Liabilities:		
Accounts payable	\$ 7,860	\$ 38,469
Payroll taxes and benefits payable	27,725	20,092
Deferred revenue	-	6,000
Security deposit payable	900	900
Current portion long term debt	342,650	-
Total Current Liabilities	379,135	65,461
Long Term Liabilities:		
Note payable	342,650	-
Less: current portion long term debt	(342,650)	-
Total Long Term Liabilities	-	-
Total Liabilities	379,135	65,461
Net Assets:		
Without donor restrictions		
Undesignated	2,229,203	1,630,704
Board designated	3,153,807	3,128,596
	5,383,010	4,759,300
With donor restrictions	34,469,453	32,680,526
Total Net Assets	39,852,463	37,439,826
Total Liabilities & Net Assets	\$ 40,231,598	\$ 37,505,287

The accompanying notes are an integral part of these financial statements

Nisqually Land Trust and Subsidiary

A Washington Not For Profit Organization

Consolidated Statement of Activities and Changes in Net Assets

For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total 2020
Support and Revenues:			
Grants	\$ 780,991	\$ 1,503,000	\$ 2,283,991
Contributions	313,576	163,982	477,558
Fee for service	62,003	-	62,003
Fundraising	111,436	-	111,436
Less: costs of direct benefits to donors	(3,679)	-	(3,679)
Interest & dividends	39,819	-	39,819
Inkind donations	-	150,800	150,800
Timber revenue	102,979	-	102,979
Miscellaneous revenue	14,662	-	14,662
Net assets released from restriction	28,855	(28,855)	-
Total Support and Revenue	<u>1,450,642</u>	<u>1,788,927</u>	<u>3,239,569</u>
Expenses:			
Program services	650,138	-	650,138
Management and general	247,956	-	247,956
Fundraising	51,110	-	51,110
Total Expenses	<u>949,204</u>	<u>-</u>	<u>949,204</u>
Other Revenue & Expenses:			
Investment gain (loss)	122,272	-	122,272
Total other revenue & expense	<u>122,272</u>	<u>-</u>	<u>122,272</u>
Change in Net Assets	623,710	1,788,927	2,412,637
Net Assets, Beginning of Year	<u>4,759,300</u>	<u>32,680,526</u>	<u>37,439,826</u>
Net Assets, End of Year	<u><u>\$ 5,383,010</u></u>	<u><u>\$ 34,469,453</u></u>	<u><u>\$ 39,852,463</u></u>

The accompanying notes are an integral part of these financial statements

Nisqually Land Trust and Subsidiary

A Washington Not For Profit Organization

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

	Without Donor Restrictions	With Donor Restrictions	Total 2019
Support and Revenues:			
Grants	\$ 203,069	\$ 1,753,116	\$ 1,956,185
Contributions	151,843	313,349	465,192
Fee for service	59,306	-	59,306
Fundraising	169,185	-	169,185
Less: costs of direct benefits to donors	(10,455)	-	(10,455)
Interest & dividends	50,917	-	50,917
Inkind donations	-	76,653	76,653
Timber revenue	148,138	-	148,138
Miscellaneous revenue	405	-	405
Net assets released from restriction	52,374	(52,374)	-
Total Support and Revenue	<u>824,782</u>	<u>2,090,744</u>	<u>2,915,526</u>
Expenses:			
Program services	538,585	-	538,585
Management and general	216,877	-	216,877
Fundraising	36,438	-	36,438
Total Expenses	<u>791,900</u>	<u>-</u>	<u>791,900</u>
Other Revenue & Expenses:			
Investment gain (loss)	188,232	-	188,232
Total other revenue & expense	<u>188,232</u>	<u>-</u>	<u>188,232</u>
Change in Net Assets	221,114	2,090,744	2,311,858
Net Assets, Beginning of Year	<u>4,538,186</u>	<u>30,589,782</u>	<u>35,127,968</u>
Net Assets, End of Year	<u>\$ 4,759,300</u>	<u>\$ 32,680,526</u>	<u>\$ 37,439,826</u>

The accompanying notes are an integral part of these financial statements

Nisqually Land Trust and Subsidiary

A Washington Not For Profit Organization

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	\$ 180,184	\$ 141,169	\$ 32,188	\$ 353,541
Employee benefits	17,108	14,515	3,310	34,933
Payroll taxes	17,635	14,382	3,279	35,296
Office expense	14,203	12,660	9,754	36,617
Insurance	9,995	1,895	-	11,890
Volunteer expense	15,585	98	-	15,683
Property taxes	34,332	-	-	34,332
Professional services	295,901	44,728	412	341,041
Depreciation and amortization	8,898	214	-	9,112
Land stewardship & acquisition	40,077	-	-	40,077
Training & conferences	65	1,419	-	1,484
Travel	8,697	142	62	8,901
Taxes & fees-other	1,160	3,621	75	4,856
Event, facility, food expense	262	96	1,230	1,588
Interest expense	4,226	28	-	4,254
Occupancy	1,810	12,989	800	15,599
Total Expenses	<u>\$ 650,138</u>	<u>\$ 247,956</u>	<u>\$ 51,110</u>	<u>\$ 949,204</u>

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

Nisqually Land Trust and Subsidiary

A Washington Not For Profit Organization

Consolidated Statement of Functional Expenses

For the Year Ended December 31, 2019

	<u>Program</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>Total 2019</u>
Salaries	\$ 215,549	\$ 138,828	\$ 10,960	\$ 365,337
Employee benefits	17,358	11,180	883	29,421
Payroll taxes	22,806	14,688	1,160	38,654
Office expense	11,569	9,799	14,642	36,010
Insurance	8,989	3,763	-	12,752
Volunteer expense	15,738	-	-	15,738
Property taxes	22,783	-	-	22,783
Professional services	132,323	23,040	-	155,363
Depreciation	5,017	214	-	5,231
Land stewardship & acquisition	15,304	-	-	15,304
Training & conferences	3,501	342	-	3,843
Travel	9,379	448	216	10,043
Supplies	628	-	2,501	3,129
Interest	30,305	-	-	30,305
Taxes & fees-other	4,499	986	-	5,485
Event, facility, food expense	13,944	1,922	5,210	21,076
Occupancy	8,893	11,667	866	21,426
Total Expenses	<u>\$ 538,585</u>	<u>\$ 216,877</u>	<u>\$ 36,438</u>	<u>\$ 791,900</u>

The accompanying notes are an integral part of these financial statements

Nisqually Land Trust and Subsidiary
A Washington Not For Profit Organization

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

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Cash received from grantors, donors and customers	\$ 2,462,467	\$ 2,842,352
Cash paid to suppliers and employees	(961,990)	(745,227)
Cash received from interest and dividends	39,819	50,917
Cash paid for interest	(4,254)	(30,305)
Net cash provided (used) by operating activities	<u>1,536,042</u>	<u>2,117,737</u>
Cash flows from investing activities:		
Cash paid for investments	(109,782)	(43,410)
Cash received from investments	16	463,618
Cash received from note	6,379	6,066
Cash paid for equipment	-	(32,529)
Cash paid for land	(1,510,211)	(1,173,712)
Net cash provided (used) by investing activities	<u>(1,613,598)</u>	<u>(779,967)</u>
Cash flows from financing activities:		
Cash paid on notes	-	(966,202)
Cash received from notes	342,650	-
Net cash provided (used) by financing activities	<u>342,650</u>	<u>(966,202)</u>
Net increase (decrease) in cash & cash equivalents	265,094	371,568
Cash & cash equivalents at beginning of year	<u>972,002</u>	<u>600,434</u>
Cash & cash equivalents at end of year	<u>\$ 1,237,096</u>	<u>\$ 972,002</u>

The accompanying notes are an integral part of these financial statements

Nisqually Land Trust and Subsidiary
A Washington Not For Profit Organization

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

	<u>2020</u>	<u>2019</u>
Reconciliation of increase (decrease) in net assets to net cash provided (used) by operating activities:		
Increase (decrease) in net assets:	\$ 2,412,637	\$ 2,311,858
Adjustments:		
Depreciation and amortization	9,112	5,231
(Gain) Loss on sale of property	-	-
Donated land	(150,800)	(76,653)
Investment (gain) loss	(122,272)	(188,232)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(60,163)	(47,219)
(Increase) decrease in grants receivable	(523,999)	96,660
(Increase) decrease in prepaid expense	503	(770)
Increase (decrease) in accounts payable	(30,609)	23,014
Increase (decrease) in payroll taxes & benefits	7,633	(652)
Increase (decrease) in deferred revenue	(6,000)	(6,000)
Increase (decrease) in security deposit payable	-	500
Net cash provided (used) by operating activities	<u>\$ 1,536,042</u>	<u>\$ 2,117,737</u>

The accompanying notes are an integral part of these financial statements

Nisqually Land Trust and Subsidiary

A Washington Not For Profit Organization

Consolidating Statement of Financial Position As of December 31, 2020

Assets	Nisqually Land Trust	Nisqually Community Forest	Eliminations	Consolidated 2020
Current Assets:				
Cash and cash equivalents	\$ 1,045,697	\$ 191,399	\$ -	\$ 1,237,096
Accounts receivable	107,382	-	-	107,382
Grants receivable	563,793	-	-	563,793
Prepaid expenses	5,359	-	-	5,359
Current portion note receivable	96,633	-	-	96,633
Total Current Assets	<u>1,818,864</u>	<u>191,399</u>	<u>-</u>	<u>2,010,263</u>
Property & Equipment:				
Land	27,372,611	9,356,175	-	36,728,786
Equipment	74,147	-	-	74,147
Less: Accumulated depreciation	<u>(50,733)</u>	<u>-</u>	<u>-</u>	<u>(50,733)</u>
Property & Equipment, net	<u>27,396,025</u>	<u>9,356,175</u>	<u>-</u>	<u>36,752,200</u>
Other Assets:				
Organization costs, net of amortization	-	4,680	-	4,680
Note receivable-net of current portion	-	-	-	-
Investments	<u>10,826,480</u>	<u>-</u>	<u>(9,362,025)</u>	<u>1,464,455</u>
Total Other Assets	<u>10,826,480</u>	<u>4,680</u>	<u>(9,362,025)</u>	<u>1,469,135</u>
Total Assets	<u>\$ 40,041,369</u>	<u>\$ 9,552,254</u>	<u>\$ (9,362,025)</u>	<u>\$ 40,231,598</u>
Liabilities & Net Assets				
Current Liabilities:				
Accounts payable	\$ 7,860	\$ -	\$ -	\$ 7,860
Payroll taxes and benefits payable	27,725	-	-	27,725
Deferred revenue	-	-	-	-
Security deposit payable	900	-	-	900
Current portion long term debt	<u>342,650</u>	<u>-</u>	<u>-</u>	<u>342,650</u>
Total Current Liabilities	<u>379,135</u>	<u>-</u>	<u>-</u>	<u>379,135</u>
Long Term Liabilities:				
Note payable	342,650	-	-	342,650
Less: current portion long term debt	<u>(342,650)</u>	<u>-</u>	<u>-</u>	<u>(342,650)</u>
Total Long Term Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>379,135</u>	<u>-</u>	<u>-</u>	<u>379,135</u>
Net Assets:				
Without donor restrictions				
Undesignated	2,038,974	9,552,254	(9,362,025)	2,229,203
Board designated	<u>3,153,807</u>	<u>-</u>	<u>-</u>	<u>3,153,807</u>
	5,192,781	9,552,254	(9,362,025)	5,383,010
With donor restrictions	<u>34,469,453</u>	<u>-</u>	<u>-</u>	<u>34,469,453</u>
Total Net Assets	<u>39,662,234</u>	<u>9,552,254</u>	<u>(9,362,025)</u>	<u>39,852,463</u>
Total Liabilities & Net Assets	<u>\$ 40,041,369</u>	<u>\$ 9,552,254</u>	<u>\$ (9,362,025)</u>	<u>\$ 40,231,598</u>

Nisqually Land Trust and Subsidiary

A Washington Not For Profit Organization

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

	<u>Nisqually Land Trust</u>	<u>Nisqually Community Forest</u>	<u>Eliminations</u>	<u>Consolidated 2020</u>
Support and Revenues:				
Grants	\$ 2,283,991	\$ -	\$ -	\$ 2,283,991
Contributions	477,558	-	-	477,558
Fee for service	62,003	-	-	62,003
Fundraising	111,436	-	-	111,436
Less: costs of direct benefits to donors	(3,679)	-	-	(3,679)
Interest & dividends	39,819	-	-	39,819
Inkind donations	150,800	-	-	150,800
Timber revenue	2,000	100,979	-	102,979
Miscellaneous revenue	14,662	-	-	14,662
Total Support and Revenue	<u>3,138,590</u>	<u>100,979</u>	<u>-</u>	<u>3,239,569</u>
Expenses:				
Program services	606,700	43,438	-	650,138
Management and general	247,956	-	-	247,956
Fundraising	51,110	-	-	51,110
Total Expenses	<u>905,766</u>	<u>43,438</u>	<u>-</u>	<u>949,204</u>
Other Revenue & Expenses:				
Investment gain (loss)	122,272	-	-	122,272
Total other revenue & expense	<u>122,272</u>	<u>-</u>	<u>-</u>	<u>122,272</u>
Change in Net Assets	2,355,096	57,541	-	2,412,637
Assets Transfers	-	9,362,025	(9,362,025)	-
Net Assets, Beginning of Year	<u>37,307,138</u>	<u>132,688</u>	<u>-</u>	<u>37,439,826</u>
Net Assets, End of Year	<u>\$ 39,662,234</u>	<u>\$ 9,552,254</u>	<u>\$ (9,362,025)</u>	<u>\$ 39,852,463</u>

Nisqually Land Trust and Subsidiary

A Washington Not For Profit Organization

Consolidating Statement of Functional Expenses

For the Year Ended December 31, 2020

	<u>Nisqually Land Trust Program Expense</u>	<u>Nisqually Community Forest Program Expense</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>Eliminations</u>	<u>Consolidated 2020</u>
Salaries	\$ 162,468	\$ 17,716	\$ 141,169	\$ 32,188	\$ -	\$ 353,541
Employee benefits	16,706	402	14,515	3,310	-	34,933
Payroll taxes	16,552	1,083	14,382	3,279	-	35,296
Office expense	13,402	801	12,660	9,754	-	36,617
Insurance	5,787	4,208	1,895	-	-	11,890
Volunteer expense	15,585	-	98	-	-	15,683
Property taxes	32,489	1,843	-	-	-	34,332
Professional services	286,965	8,936	44,728	412	-	341,041
Depreciation and amortization	7,728	1,170	214	-	-	9,112
Land stewardship & acquisition	34,955	5,122	-	-	-	40,077
Training & conferences	65	-	1,419	-	-	1,484
Travel	8,588	109	142	62	-	8,901
Taxes & fees-other	-	1,160	3,621	75	-	4,856
Event, facility, food expense	38	224	96	1,230	-	1,588
Interest expense	3,562	664	28	-	-	4,254
Occupancy	1,810	-	12,989	800	-	15,599
Total Expenses	<u>\$ 606,700</u>	<u>\$ 43,438</u>	<u>\$ 247,956</u>	<u>\$ 51,110</u>	<u>\$ -</u>	<u>\$ 949,204</u>

Nisqually Land Trust
A Washington Not for Profit Organization

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization, purpose and principal program--

The Nisqually Land Trust (The Trust) is a not for profit organization exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and is not classified as a private foundation. The Trust was organized to provide for the conservation, preservation, and enhancement of property located in the Nisqually River and Delta area of Washington State.

On July 24, 2014, the Nisqually Community Forest (NCF) was formed for the purpose of supporting The Trust. The primary purpose of NCF is to hold and manage lands in support of The Trust's mission. NCF has been determined to be exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and is classified as a Type 1 supporting organization.

Principles of Consolidation--

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

Basis of accounting--

The consolidated financial statements of NLT have been prepared on the accrual basis of accounting.

Basis of accounting--

NLT'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. If an expenditure results in an asset having an estimated useful life which extends substantially beyond the year of acquisition, the expenditure is capitalized and depreciated or amortized over the estimated useful life of the asset.

Financial Statement Presentation--

NLT follows accounting prescribed by the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958 Not-for Profit Entities. Under ASC 958, NLT 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 NLT is restricted by donor imposed stipulations that may expire with the passage of time or can be fulfilled or otherwise removed by actions of NLT.

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

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 NLT intends to protect the land in perpetuity. Gifts of land, which the donor stipulates may be sold, are reported as without donor restriction.

Nisqually Land Trust
A Washington Not for Profit Organization

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

Functional Allocation of Expenses--

NLT records its expenses by function. Program expenses represent expenses incurred to fulfill NLT'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.

Concentrations--

NLT 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, NLT could experience a significant loss of support.

Cash and Cash Equivalents--

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

Advertising--

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

Land, buildings and equipment--

Land, buildings and equipment are recorded at cost. Property and equipment donated to NLT are capitalized at their estimated fair market value. It is NLT's policy to expense the acquisition cost of equipment in the year of purchase for items with a unit cost of less than \$1,000. Depreciation is provided using the straight-line method. A five-year life is used for both purchased and donated equipment. 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.

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.

B. 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 NLT to make adjustments to operating practice and delivery of services. NLT has continued its work. Management is closely monitoring the evolution of this pandemic, including how it may affect the economy and the general population.

Nisqually Land Trust
A Washington Not for Profit Organization

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

No events have occurred through July 15, 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.

C. RECOGNITION OF CONTRIBUTION REVENUE:

Contributions are recognized when received or when a donor makes an unconditional promise to give to the organization. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Unconditional promises to give (pledges receivable) are recognized as revenues in the period the pledge is received. Long term pledges (collection expected in greater than one year) are discounted to the net present value of future cash flows. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promise becomes unconditional.

D. ECONOMIC DEPENDENCY:

For 2020 and 2019, funding used to acquire land was primarily provided by the State of Washington Department of Natural Resources (Using US Department of Interior Funding), Pierce County Conservation Futures Program, Natural Resources Conservation Service, The Nisqually Indian Tribe, Washington State Department of Ecology, and the State of Washington Recreation and Conservation Office.

E. LEASES:

During 2010, NLT entered into a memo of understanding with the United States Fish and Wildlife Service (USFWS). USFWS agreed to provide office space to NLT free of charge at the Nisqually Wildlife Refuge. NLT is responsible for utilities and janitorial services. The office lease expense for the years ended December 31, 2020 and 2019 was \$0 and \$0, respectively.

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F. NET ASSETS COMPOSITION:

	<u>2020</u>	<u>2019</u>
Without Donor Restrictions:		
Board designated funds	\$ 3,153,807	\$ 3,128,596
Undesignated	<u>2,229,203</u>	<u>1,630,704</u>
Total Without Donor Restrictions:	\$ <u>5,383,010</u>	\$ <u>4,759,300</u>
With Donor Restrictions:		
Donor purpose restricted funds	\$ 375,280	\$ 240,153
Conserved land	<u>34,094,173</u>	<u>32,440,373</u>
Total With Donor Restrictions:	\$ <u>34,469,453</u>	\$ <u>32,680,526</u>
Total Net Assets:	\$ <u><u>39,852,463</u></u>	\$ <u><u>37,439,826</u></u>

NLT has purchased property located in the Nisqually River and Delta area of Washington State with unrestricted monies. The Board of Directors has designated the property for conservation, preservation, and enhancement. The Board has also designated certain funds to be used for specific purposes. As of December 31, 2020 and 2019, respectively, board designated assets totaled \$3,153,807 and \$3,128,596, respectively.

G. INVESTMENTS & FAIR VALUE MEASUREMENTS:

NLT investments in common stock, bonds, mutual funds, United States savings bonds, and investments with local community foundations are accounted for at fair value. As of December 31, 2020 and 2019, respectively, the investments had a cost basis of \$1,091,371 and \$981,605 and a fair value of \$1,464,455 and \$1,232,418. Investment income on the statement of activities and changes in net assets is the following:

	<u>2020</u>	<u>2019</u>
Realized Gains (Losses)	\$ 16	\$ (4,920)
Fees	(8,424)	(8,398)
Unrealized Gains (Losses)	<u>130,680</u>	<u>201,550</u>
Total	\$ <u><u>122,272</u></u>	\$ <u><u>188,232</u></u>

NLT follows United States generally accepted accounting principles which requires establishing 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)

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and the lowest priority to unobservable inputs (Level 3 Measurements). The three levels of the fair value hierarchy under FASB ASC are described as follows:

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

Level 2: Inputs to valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are principally from or corroborated by observable market data by correlation or other means.

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

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2020.

Common Stock: Quoted prices on public exchanges.

Bonds: Quoted prices on public exchanges.

United States Savings Bonds: The investments are reported at original cost plus accrued interest.

Mutual Funds: Valued at net asset value of fund holdings.

Community Foundation Investments: Valued at Trust share of Foundation investments as reported by the custodian.

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 NLT 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.

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The following table sets forth by level, within the fair value hierarchy, NLT'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
Bonds	\$ 144,028	\$ -	\$ -	\$ 144,028
Mutual Funds	-	1,270,714	-	1,270,714
Community Foundations	-	28,351	-	28,351
US Savings Bonds	-	21,362	-	21,362
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets at Fair Value:	\$ <u>144,028</u>	\$ <u>1,320,427</u>	\$ <u>-</u>	\$ <u>1,464,455</u>

The following table sets forth by level, within the fair value hierarchy, NLT'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
Common Stock	\$ 21,328	\$ -	\$ -	\$ 21,328
Bonds	170,107	-	-	170,107
Mutual Funds	-	994,525	-	994,525
Community Foundations	-	25,859	-	25,859
US Savings Bonds	-	20,599	-	20,599
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets at Fair Value:	\$ <u>191,435</u>	\$ <u>1,040,983</u>	\$ <u>-</u>	\$ <u>1,232,418</u>

H. 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 NLT 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.

I. 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. NLT 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, there were bad debts of \$0 and \$0, respectively.

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As of December 31, 2020, management estimated that all grants and accounts receivable were collectible. NLT considers accounts due over 90 days as past due. No interest is charged on past due receivables.

J. INKIND REVENUE:

NLT received donations of land during 2020 and 2019 valued at \$150,800 and \$76,653, respectively. The donations are recorded as inkind donations on the statement of activity and land on the statement of financial position. NLT also receives, at times, various inkind donations of material and services for use in activities. These donated amounts are reflected as inkind revenue and expense in the financial statements.

K. INCOME TAX & UNCERTAIN TAX POSITIONS :

NLT 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.

NLT files income tax returns in the U.S. federal jurisdiction. NLT 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) or any other state or federal taxing authority.

NLT follows generally accepted accounting principles in determining and reporting any uncertain tax positions. 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. RELATED PARTY TRANSACTIONS & LONG TERM DEBT:

NLT is a trustee of a nonexempt charitable trust. The purpose of the charitable trust is to purchase property in the Nisqually Delta area of Washington State for preservation and stewardship.

During 2020 and 2019, NLT performed stewardship services for the charitable trust and is compensated for acting as trustee. NLT received \$0 and \$47,219 for those services and costs advanced. The charitable trust owed NLT \$85,781 and \$47,219, respectively, at December 31, 2020 and 2019.

NLT, during 2020, received two loans that totaled \$342,650 from the charitable trust to assist in the acquisition of several parcels of property. These loans are to be repaid in 2021. NLT, during 2018, received two short term loans totaling \$225,000. NLT repaid the charitable trust \$225,000 during 2019 and 2018.

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NLT, to facilitate the purchase of conservation property, borrowed \$775,000 from the Conservation Fund and signed a promissory note dated April 6, 2018. The note required annual interest accrual at 3.8% a year but no payments were required until April 6, 2021, when the entire principal balance, plus all accrued interest, was due. NLT was allowed, following an initial 90 day period, to pay the note in full with no penalty. NLT repaid the note in full during 2019.

M. MANAGEMENT & GENERAL EXPENSES:

Management and general expenses were \$247,956 and \$216,877 in 2020 and 2019, respectively. During 2020, NLT disbursed \$1,510,211 for property which has been capitalized on the statement of financial position. The capitalized expenditures plus total expenses on the statement of functional expenses totals \$2,459,415. Management and general expenses are approximately 10% of this total for 2020. During 2019, NLT disbursed \$1,173,712 for property which has been capitalized on the statement of financial position. The capitalized expenditures plus total expenses on the statement of functional expenses totals \$1,965,612. Management and general expenses are approximately 11% of this total for 2019.

N. EXCESS DEPOSITS:

NLT, at times, maintains cash balances in financial institutions in excess of the FDIC insurance level of \$250,000. NLT had cash balances in excess of FDIC coverage of \$444,999 and \$62,104 at December 31, 2020 and 2019, respectively. Additionally, investments are insured by the SIPC for a maximum of \$500,000 in coverage per institution, with a limit of \$250,000 for cash balances. NLT had balances in excess of SPIC coverage of \$1,164,743 and \$972,471 as of December 31, 2020 and 2019, respectively. Management does not believe NLT is subject to substantial risk of loss related to these balances.

O. NOTE RECEIVABLE:

NLT, in cooperation with the charitable trust, provided a loan on December 30, 2016 to the owners of land that NLT was acquiring. The loan was necessary to complete the transaction and to provide mortgage refinancing to the sellers of the land. The loan was for a total of \$235,000, \$120,000 of which was provided by NLT and \$115,000 which was provided by the charitable trust. The loan bears interest at 5% per annum and requires monthly payments of \$1,858.37. The remaining balance of the loan was due on December 30, 2020 but was extended for one year to allow borrower time to refinance. The loan is secured by a personal residence. Future maturities of the loan, due to NLT, are as follows:

Year Ended December 31:

2021	\$	<u>96,633</u>
Total	\$	<u><u>96,633</u></u>

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P. PAYCHECK PROTECTION PROGRAM LOAN:

In April of 2020, NLT received a loan of \$75,147 from Twin Star Credit Union. 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 carried 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 NLT. NLT used the loan proceeds for eligible expenses during 2020 and recognized grant income in the financial records for 2020. Formal loan forgiveness occurred in April of 2021.