NISQUALLY 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
Nisqually Land Trust & Subsidiary
Lacey, WA

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Nisqually 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

Aiken & Sanders

Certified Public Accountants
& Consultants

September 22, 2022

Montesano, WA

Nisqually Land Trust and Subsidiary

A Washington Not For Profit Organization

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

Assets

	2021	2020
Current Assets:		
Cash and cash equivalents	$ 1,463,330	$ 1,237,096
Accounts receivable	-	107,382
Grants receivable	128,406	563,793
Prepaid expenses	5,225	5,359
Current portion note receivable	91,071	96,633
Total Current Assets	1,688,032	2,010,263
Property & Equipment:		
Land	41,225,288	36,728,786
Equipment	60,403	74,147
Less: Accumulated depreciation	(44,217)	(50,733)
Property & Equipment, net	41,241,474	36,752,200
Other Assets:		
Organization costs	3,510	4,680
Note receivable-net of current portion	-	-
Investments	1,614,154	1,464,455
Total Other Assets	1,617,664	1,469,135
Total Assets	$ 44,547,170	$ 40,231,598

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, 2021 and December 31, 2020

Liabilities & Net Assets

	2021	2020
Current Liabilities:		
Accounts payable	$ 70,208	$ 7,860
Payroll taxes and benefits payable	40,402	27,725
Security deposit payable	1,250	900
Current portion long term debt	39,686	342,650
Total Current Liabilities	151,546	379,135
Long Term Liabilities:		
Note payable	39,686	342,650
Less: current portion long term debt	(39,686)	(342,650)
Total Long Term Liabilities	-	-
Total Liabilities	151,546	379,135
Net Assets:		
Without donor restrictions		
Undesignated	2,277,622	2,229,203
Board designated	3,153,807	3,153,807
	5,431,429	5,383,010
With donor restrictions	38,964,195	34,469,453
Total Net Assets	44,395,624	39,852,463
Total Liabilities & Net Assets	$ 44,547,170	$ 40,231,598

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, 2021

	Without Donor Restrictions	With Donor Restrictions	Total 2021
Support and Revenues:			
Grants	$ 378,519	$ 4,416,502	$ 4,795,021
Contributions	131,468	60,000	191,468
Fee for service	119,229	-	119,229
Fundraising	143,567	-	143,567
Less: costs of direct benefits to donors	(2,917)	-	(2,917)
Interest & dividends	50,282	-	50,282
Inkind donations	-	80,000	80,000
Timber revenue	58,789	-	58,789
Miscellaneous revenue	6,487	-	6,487
Net assets released from restriction	61,760	(61,760)	-
Total Support and Revenue	947,184	4,494,742	5,441,926
Expenses:			
Program services	748,570	-	748,570
Management and general	254,884	-	254,884
Fundraising	41,084	-	41,084
Total Expenses	1,044,538	-	1,044,538
Other Revenue & Expenses:			
Investment gain (loss)	145,773	-	145,773
Total other revenue & expense	145,773	-	145,773
Change in Net Assets	48,419	4,494,742	4,543,161
Net Assets, Beginning of Year	5,383,010	34,469,453	39,852,463
Net Assets, End of Year	$ 5,431,429	$ 38,964,195	$ 44,395,624

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	1,450,642	1,788,927	3,239,569
Expenses:			
Program services	650,138	-	650,138
Management and general	247,956	-	247,956
Fundraising	51,110	-	51,110
Total Expenses	949,204	-	949,204
Other Revenue & Expenses:			
Investment gain (loss)	122,272	-	122,272
Total other revenue & expense	122,272	-	122,272
Change in Net Assets	623,710	1,788,927	2,412,637
Net Assets, Beginning of Year	4,759,300	32,680,526	37,439,826
Net Assets, End of Year	$ 5,383,010	$ 34,469,453	$ 39,852,463

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, 2021

	Program	Management and General	Fund-Raising	Total 2021
Salaries	$ 155,574	$ 173,428	$ 25,147	$ 354,149
Employee benefits	10,398	11,591	1,681	23,670
Payroll taxes	15,709	19,355	1,989	37,053
Office expense	6,953	7,011	9,136	23,100
Insurance	15,185	3,723	-	18,908
Volunteer expense	226	-	-	226
Property taxes	30,329	-	-	30,329
Professional services	439,299	22,063	137	461,499
Depreciation and amortization	8,185	214	-	8,399
Land stewardship & acquisition	52,840	-	-	52,840
Training & conferences	1,198	521	30	1,749
Travel	7,543	250	-	7,793
Taxes & fees-other	2,036	1,939	-	3,975
Event, facility, food expense	1,289	85	2,964	4,338
Interest expense	-	20	-	20
Occupancy	1,806	14,684	-	16,490
Total Expenses	$ 748,570	$ 254,884	$ 41,084	$ 1,044,538

Nisqually Land Trust and Subsidiary
A Washington Not For Profit Organization

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

	Program	Management and General	Fund-Raising	Total 2020
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	$ 650,138	$ 247,956	$ 51,110	$ 949,204

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, 2021 and December 31, 2020

	2021	2020
Cash flows from operating activities:		
Cash received from grantors, donors and customers	$ 5,857,680	$ 2,462,467
Cash paid to suppliers and employees	(963,877)	(961,990)
Cash received from interest and dividends	50,282	39,819
Cash paid for interest	(20)	(4,254)
Net cash provided (used) by operating activities	4,944,065	1,536,042
Cash flows from investing activities:		
Cash paid for investments	(84,132)	(109,782)
Cash received from investments	80,205	16
Cash received from note	5,562	6,379
Cash paid for equipment	-	-
Cash paid for land	(4,416,502)	(1,510,211)
Net cash provided (used) by investing activities	(4,414,867)	(1,613,598)
Cash flows from financing activities:		
Cash paid on notes	(342,650)	-
Cash received from notes	39,686	342,650
Net cash provided (used) by financing activities	(302,964)	342,650
Net increase (decrease) in cash & cash equivalents	226,234	265,094
Cash & cash equivalents at beginning of year	1,237,096	972,002
Cash & cash equivalents at end of year	$ 1,463,330	$ 1,237,096

Nisqually Land Trust and Subsidiary
A Washington Not For Profit Organization

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:	$ 4,543,161	$ 2,412,637
Adjustments:		
Depreciation and amortization	8,399	9,112
(Gain) Loss on sale of property	-	-
Donated land	(80,000)	(150,800)
Investment (gain) loss	(145,773)	(122,272)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	107,382	(60,163)
(Increase) decrease in grants receivable	435,387	(523,999)
(Increase) decrease in prepaid expense	134	503
Increase (decrease) in accounts payable	62,348	(30,609)
Increase (decrease) in payroll taxes & benefits	12,677	7,633
Increase (decrease) in deferred revenue	-	(6,000)
Increase (decrease) in security deposit payable	350	-
Net cash provided (used) by operating activities	$ 4,944,065	$ 1,536,042

Nisqually Land Trust and Subsidiary

A Washington Not For Profit Organization

Consolidating Statement of Financial Position

As of December 31, 2021

Assets	Nisqually Land Trust	Nisqually Community Forest	Eliminations	Consolidated 2021
Current Assets:				
Cash and cash equivalents	$ 1,226,887	$ 236,443	$ -	$ 1,463,330
Accounts receivable	-	-	-	-
Grants receivable	128,406	-	-	128,406
Prepaid expenses	5,225	-	-	5,225
Current portion note receivable	91,071	-	-	91,071
Total Current Assets	1,451,589	236,443	-	1,688,032
Property & Equipment:				
Land	28,227,836	12,997,452	-	41,225,288
Equipment	60,403	-	-	60,403
Less: Accumulated depreciation	(44,217)	-	-	(44,217)
Property & Equipment, net	28,244,022	12,997,452	-	41,241,474
Other Assets:				
Organization costs, net of amortization	-	3,510	-	3,510
Note receivable-net of current portion	-	-	-	-
Investments	14,617,456	-	(13,003,302)	1,614,154
Total Other Assets	14,617,456	3,510	(13,003,302)	1,617,664
Total Assets	$ 44,313,067	$ 13,237,405	$ (13,003,302)	$ 44,547,170
Liabilities & Net Assets				
Current Liabilities:				
Accounts payable	$ 70,208	$ -	$ -	$ 70,208
Payroll taxes and benefits payable	40,402	-	-	40,402
Security deposit payable	1,250	-	-	1,250
Current portion long term debt	39,686	-	-	39,686
Total Current Liabilities	151,546	-	-	151,546
Long Term Liabilities:				
Note payable	39,686	-	-	39,686
Less: current portion long term debt	(39,686)	-	-	(39,686)
Total Long Term Liabilities	-	-	-	-
Total Liabilities	151,546	-	-	151,546
Net Assets:				
Without donor restrictions				
Undesignated	2,032,780	13,237,404	(13,003,302)	2,266,882
Board designated	3,153,807	-	-	3,153,807
	5,186,587	13,237,404	(13,003,302)	5,420,689
With donor restrictions	38,964,195	-	-	38,964,195
Total Net Assets	44,150,782	13,237,404	(13,003,302)	44,384,884
Total Liabilities & Net Assets	$ 44,302,328	$ 13,237,404	$ (13,003,302)	$ 44,536,430

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, 2021

	Nisqually Land Trust	Nisqually Community Forest	Eliminations	Consolidated 2021
Support and Revenues:				
Grants	$ 4,795,021	$ -	$ -	$ 4,795,021
Contributions	181,468	10,000	-	191,468
Fee for service	86,750	32,479	-	119,229
Fundraising	143,567	-	-	143,567
Less: costs of direct benefits to donors	(2,917)	-	-	(2,917)
Interest & dividends	50,282	-	-	50,282
Inkind donations	80,000	-	-	80,000
Timber revenue	-	58,789	-	58,789
Miscellaneous revenue	6,487	-	-	6,487
Total Support and Revenue	5,340,658	101,268	-	5,441,926
Expenses:				
Program services	691,175	57,395	-	748,570
Management and general	254,884	-	-	254,884
Fundraising	41,084	-	-	41,084
Total Expenses	987,143	57,395	-	1,044,538
Other Revenue & Expenses:				
Investment gain (loss)	145,773	-	-	145,773
Total other revenue & expense	145,773	-	-	145,773
Change in Net Assets	4,499,288	43,873	-	4,543,161
Assets Transfers	-	3,641,277	(3,641,277)	-
Net Assets, Beginning of Year	39,662,234	9,552,254	(9,362,025)	39,852,463
Net Assets, End of Year	$ 44,161,522	$ 13,237,404	$(13,003,302)	$ 44,395,624

Nisqually Land Trust and Subsidiary
A Washington Not For Profit Organization

Consolidating Statement of Functional Expenses
For the Year Ended December 31, 2021

	Nisqually Land Trust Program Expense	Nisqually Community Forest Program Expense	Management and General	Fund-Raising	Eliminations	Consolidated 2021
Salaries	$ 155,574	$ -	$ 173,428	$ 25,147	$ -	$ 354,149
Employee benefits	10,398	-	11,591	1,681	-	23,670
Payroll taxes	15,709	-	19,355	1,989	-	37,053
Office expense	6,654	299	7,011	9,136	-	23,100
Insurance	8,945	6,240	3,723	-	-	18,908
Volunteer expense	226	-	-	-	-	226
Property taxes	28,028	2,301	-	-	-	30,329
Professional services	393,897	45,402	22,063	137	-	461,499
Depreciation and amortization	7,015	1,170	214	-	-	8,399
Land stewardship & acquisition	52,840	-	-	-	-	52,840
Training & conferences	698	500	521	30	-	1,749
Travel	7,543	-	250	-	-	7,793
Taxes & fees-other	553	1,483	1,939	-	-	3,975
Event, facility, food expense	1,289	-	85	2,964	-	4,338
Interest expense	-	-	20	-	-	20
Occupancy	1,806	-	14,684	-	-	16,490
Total Expenses	$ 691,175	$ 57,395	$ 254,884	$ 41,084	$ -	$ 1,044,538

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. 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.

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.

No events have occurred through September 22, 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.

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 2021 and 2020, 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, 2021 and 2020 was $0 and $0, respectively.

F. NET ASSETS COMPOSITION:

		2021		2020
Without Donor Restrictions:				
Board designated funds	$	3,153,807	$	3,153,807
Undesignated		2,277,622		2,229,203
Total Without Donor Restrictions:	$	5,431,429	$	5,383,010
With Donor Restrictions:				
Donor purpose restricted funds	$	373,520	$	375,280
Conserved land		38,590,675		34,094,173
Total With Donor Restrictions:	$	38,964,195	$	34,469,453
Total Net Assets:	$	**44,395,624**	$	**39,852,463**

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, 2021 and 2020, respectively, board designated assets totaled $3,153,807 and $3,153,807, 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, 2021 and 2020, respectively, the investments had a cost basis of $1,095,298 and $1,091,371 and a fair value of $1,614,154 and $1,464,455. Investment income on the statement of activities and changes in net assets is the following:

		2021		2020
Realized Gains (Losses)	$	598	$	16
Fees		(10,426)		(8,424)
Unrealized Gains (Losses)		155,601		130,680
Total	$	145,773	$	122,272

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) 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, 2021.

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.

The following table sets forth by level, within the fair value hierarchy, NLT'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
Common Stock	$ 4,267	$ -	$ -	$ 4,267
Bonds	108,537	-	-	108,537
Mutual Funds	-	1,447,279	-	1,447,279
Community Foundations	-	31,847	-	31,847
US Savings Bonds	-	22,224	-	22,224
Total Assets at Fair Value:	$ 112,804	$ 1,501,350	$ -	$ 1,614,154

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
Total Assets at Fair Value:	$ 144,028	$ 1,320,427	$ -	$ 1,464,455

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 2021 and 2020, there were bad debts of $0 and $0, respectively.

As of December 31, 2021, 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 2021 and 2020 valued at $80,000 and $150,800, 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 2018. 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, 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. 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 2021 and 2020, NLT performed stewardship services for the charitable trust and is compensated for acting as trustee. NLT received $161,706 and $0 for those services and costs advanced. The charitable trust owed NLT $0 and $85,781, respectively, at December 31, 2021 and 2020.

NLT, during 2021, received various amounts payable to the charitable trust. These amounts totaled $39,686 at December 31, 2021.

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 were repaid in 2021.

M. MANAGEMENT & GENERAL EXPENSES:

Management and general expenses were $254,884 and $247,956 in 2021 and 2020, respectively. During 2021, NLT disbursed $4,416,502 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 $5,461,040. Management and general expenses are approximately 5% of this total for 2021. 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.

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 $585,492 and $444,999 at December 31, 2021 and 2020, 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 $1,310,083 and $1,164,743 as of December 31, 2021 and 2020, 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, 2021, 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:		
2022	$	91,071
Total	$	91,071

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.