NISQUALLY LAND TRUST AND SUBSIDIARY

Consolidated Financial Statements

For the Years Ended
December 31, 2023 and 2022

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Aiken & Sanders, Inc PS
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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, 2023 and 2022, 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, 2023 and 2022, 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 9, 2024

Montesano, WA

Nisqually Land Trust and Subsidiary
A Washington Not For Profit Organization

Consolidated Statement of Financial Position
As of December 31, 2023 and December 31, 2022

Assets

	2023	2022
Current Assets:		
Cash and cash equivalents	$ 579,348	$ 2,018,699
Accounts receivable	62,513	4,258
Grants receivable	76,926	162,883
Prepaid expenses	8,874	8,725
Current portion note receivable	81,068	86,452
Total Current Assets	808,729	2,281,017
Property & Equipment:		
Land	45,869,074	44,739,074
Equipment	60,403	60,403
Less: Accumulated depreciation	(57,657)	(50,938)
Property & Equipment, net	45,871,820	44,748,539
Other Assets:		
Organization costs	1,170	2,340
Note receivable-net of current portion	-	-
Investments	3,080,402	1,888,205
Total Other Assets	3,081,572	1,890,545
Total Assets	$ 49,762,121	$ 48,920,101

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, 2023 and December 31, 2022

Liabilities & Net Assets

	2023	2022
Current Liabilities:		
Accounts payable	$ 36,340	$ 29,213
Payroll taxes and benefits payable	106,156	70,055
Current portion long term debt	-	794,558
Total Current Liabilities	142,496	893,826
Long Term Liabilities:		
Note payable	-	794,558
Less: current portion long term debt	-	(794,558)
Total Long Term Liabilities	-	-
Total Liabilities	142,496	893,826
Net Assets:		
Without donor restrictions		
Undesignated	2,431,500	2,381,631
Board designated	3,867,900	3,153,807
	6,299,400	5,535,438
With donor restrictions	43,320,225	42,490,837
Total Net Assets	49,619,625	48,026,275
Total Liabilities & Net Assets	$ 49,762,121	$ 48,920,101

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, 2023

	Without Donor Restrictions	With Donor Restrictions	Total 2023
Support and Revenues:			
Grants	$ 748,995	$ 671,000	$ 1,419,995
Contributions	340,094	68,912	409,006
Fee for service	97,977	-	97,977
Fundraising	123,084	78,010	201,094
Less: costs of direct benefits to donors	(21,415)	-	(21,415)
Interest & dividends	44,699	-	44,699
Inkind land and easement donations	-	59,000	59,000
Timber revenue	159,955	-	159,955
Miscellaneous revenue	81,470	-	81,470
Net assets released from restriction	47,534	(47,534)	-
Total Support and Revenue	1,622,393	829,388	2,451,781
Expenses:			
Program services	538,336	-	538,336
Management and general	466,575	-	466,575
Fundraising	78,983	-	78,983
Total Expenses	1,083,894	-	1,083,894
Other Revenue & Expenses:			
Investment gain (loss)	225,463	-	225,463
Total other revenue & expense	225,463	-	225,463
Change in Net Assets	763,962	829,388	1,593,350
Net Assets, Beginning of Year	5,535,438	42,490,837	48,026,275
Net Assets, End of Year	$ 6,299,400	$ 43,320,225	$ 49,619,625

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, 2022

	Without Donor Restrictions	With Donor Restrictions	Total 2022
Support and Revenues:			
Grants	$ 2,550,863	$ 2,268,608	$ 4,819,471
Contributions	363,815	1,163,107	1,526,922
Fee for service	54,780	-	54,780
Fundraising	241,304	-	241,304
Less: costs of direct benefits to donors	(31,978)	-	(31,978)
Interest & dividends	37,774	-	37,774
Inkind donations	260,000	135,000	395,000
Timber revenue	66,663	-	66,663
Miscellaneous revenue	184,604	253	184,857
Net assets released from restriction	40,326	(40,326)	-
Total Support and Revenue	3,768,151	3,526,642	7,294,793
Expenses:			
Program services	2,977,607	-	2,977,607
Management and general	376,663	-	376,663
Fundraising	73,946	-	73,946
Total Expenses	3,428,216	-	3,428,216
Other Revenue & Expenses:			
Investment gain (loss)	(235,926)	-	(235,926)
Total other revenue & expense	(235,926)	-	(235,926)
Change in Net Assets	104,009	3,526,642	3,630,651
Net Assets, Beginning of Year	5,431,429	38,964,195	44,395,624
Net Assets, End of Year	$ 5,535,438	$ 42,490,837	$ 48,026,275

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, 2023

	Program	Management and General	Fund-Raising	Total 2023
Salaries	$ 112,243	$ 300,264	$ 47,438	$ 459,945
Employee benefits	8,491	22,713	3,588	34,792
Payroll taxes	10,565	28,263	4,465	43,293
Office expense	11,143	17,949	12,754	41,846
Insurance	10,467	9,626	1,521	21,614
Property taxes	29,788	-	-	29,788
Professional services	292,903	53,582	2,914	349,399
Depreciation and amortization	7,676	214	-	7,890
Land stewardship & acquisition	14,489	-	-	14,489
Training & conferences	-	13,209	-	13,209
Travel	15,029	322	403	15,754
Taxes & fees-other	1,796	86	-	1,882
Event, facility, food expense	13,346	7,147	5,649	26,142
Interest expense	5,335	82	-	5,417
Occupancy	5,065	13,118	251	18,434
Total Expenses	$ 538,336	$ 466,575	$ 78,983	$ 1,083,894

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, 2022

	Program	Management and General	Fund-Raising	Total 2022
Salaries	$ 125,255	$ 262,040	$ 43,622	$ 430,917
Employee benefits	6,334	13,250	2,206	21,790
Payroll taxes	12,631	26,424	4,399	43,454
Office expense	10,023	15,744	14,157	39,924
Insurance	10,788	7,856	1,308	19,952
Volunteer expense	245	-	-	245
Property taxes	39,257	-	-	39,257
Professional services	487,450	21,751	1,286	510,487
Depreciation and amortization	7,676	214	-	7,890
Land stewardship & acquisition	10,718	-	-	10,718
Easement acquisition expense	2,240,000	-	-	2,240,000
Training & conferences	980	3,347	1,543	5,870
Travel	13,234	1,778	357	15,369
Taxes & fees-other	4,845	6,572	82	11,499
Event, facility, food expense	3,607	3,801	4,078	11,486
Interest expense	-	112	-	112
Occupancy	4,564	13,774	908	19,246
Total Expenses	$ 2,977,607	$ 376,663	$ 73,946	$ 3,428,216

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, 2023 and December 31, 2022

	2023	2022
Cash flows from operating activities:		
Cash received from grantors, donors and customers	$ 2,397,199	$ 6,855,262
Cash paid to suppliers and employees	(1,048,923)	(3,208,284)
Cash received from interest and dividends	44,699	37,774
Cash paid for interest	(5,417)	(112)
Net cash provided (used) by operating activities	1,387,558	3,684,640
Cash flows from investing activities:		
Cash paid for investments	(2,014,746)	(1,586,216)
Cash received from investments	1,048,011	1,076,240
Cash received from note	5,384	4,619
Cash paid for land	(1,071,000)	(3,378,786)
Net cash provided (used) by investing activities	(2,032,351)	(3,884,143)
Cash flows from financing activities:		
Cash paid on notes	(794,558)	(473,406)
Cash received from notes	-	1,228,278
Net cash provided (used) by financing activities	(794,558)	754,872
Net increase (decrease) in cash & cash equivalents	(1,439,351)	555,369
Cash & cash equivalents at beginning of year	2,018,699	1,463,330
Cash & cash equivalents at end of year	$ 579,348	$ 2,018,699

Nisqually Land Trust and Subsidiary
A Washington Not For Profit Organization

Consolidated Statement of Cash Flows
For the Years Ended December 31, 2023 and December 31, 2022

		2023		2022
Reconciliation of increase (decrease) in net assets to net cash provided (used) by operating activities:				
Increase (decrease) in net assets:	$	1,593,350	$	3,630,651
Adjustments:				
Depreciation and amortization		7,890		7,890
(Gain) Loss on sale of property		-		-
Donated land		(59,000)		(135,000)
Investment (gain) loss		(225,463)		235,926
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable		(58,255)		(4,258)
(Increase) decrease in grants receivable		85,957		(34,477)
(Increase) decrease in prepaid expense		(149)		(3,500)
Increase (decrease) in accounts payable		7,127		(40,995)
Increase (decrease) in payroll taxes & benefits		36,101		29,653
Increase (decrease) in security deposit payable		-		(1,250)
Net cash provided (used) by operating activities	$	1,387,558	$	3,684,640

Nisqually Land Trust and Subsidiary
A Washington Not For Profit Organization

Consolidating Statement of Financial Position
As of December 31, 2023

Assets	Nisqually Land Trust	Nisqually Community Forest	Eliminations	Consolidated 2023
Current Assets:				
Cash and cash equivalents	$ 449,569	$ 129,779	$ -	$ 579,348
Accounts receivable	62,513	-	-	62,513
Grants receivable	76,926	-	-	76,926
Prepaid expenses	8,874	-	-	8,874
Current portion note receivable	81,068	-	-	81,068
Total Current Assets	678,950	129,779	-	808,729
Property & Equipment:				
Land	32,871,622	12,997,452	-	45,869,074
Equipment	60,403	-	-	60,403
Less: Accumulated depreciation	(57,657)	-	-	(57,657)
Property & Equipment, net	32,874,368	12,997,452	-	45,871,820
Other Assets:				
Organization costs, net of amortization	-	1,170	-	1,170
Note receivable-net of current portion	-	-	-	-
Investments	15,746,720	336,984	(13,003,302)	3,080,402
Total Other Assets	15,746,720	338,154	(13,003,302)	3,081,572
Total Assets	$ 49,300,038	$ 13,465,385	$ (13,003,302)	$ 49,762,121
Liabilities & Net Assets				
Current Liabilities:				
Accounts payable	$ 36,340	$ -	$ -	$ 36,340
Payroll taxes and benefits payable	106,156	-	-	106,156
Current portion long term debt	-	-	-	-
Total Current Liabilities	142,496	-	-	142,496
Long Term Liabilities:				
Note payable	-	-	-	-
Less: current portion long term debt	-	-	-	-
Total Long Term Liabilities	-	-	-	-
Total Liabilities	142,496	-	-	142,496
Net Assets:				
Without donor restrictions				
Undesignated	1,969,417	13,465,385	(13,003,302)	2,431,500
Board designated	3,867,900	-	-	3,867,900
	5,837,317	13,465,385	(13,003,302)	6,299,400
With donor restrictions	43,320,225	-	-	43,320,225
Total Net Assets	49,157,542	13,465,385	(13,003,302)	49,619,625
Total Liabilities & Net Assets	$ 49,300,038	$ 13,465,385	$ (13,003,302)	$ 49,762,121

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, 2023

	Nisqually Land Trust	Nisqually Community Forest	Eliminations	Consolidated 2023
Support and Revenues:				
Grants	$ 1,419,995	$ -	$ -	$ 1,419,995
Contributions	487,016	-	-	487,016
Fee for service	97,977	-	-	97,977
Fundraising	123,084	-	-	123,084
Less: costs of direct benefits to donors	(21,415)	-	-	(21,415)
Interest & dividends	38,880	5,819	-	44,699
Inkind land and easement donations	59,000	-	-	59,000
Timber revenue	-	159,955	-	159,955
Miscellaneous revenue	33,946	47,524	-	81,470
Total Support and Revenue	2,238,483	213,298	-	2,451,781
Expenses:				
Program services	473,121	65,215	-	538,336
Management and general	466,575	-	-	466,575
Fundraising	78,983	-	-	78,983
Total Expenses	1,018,679	65,215	-	1,083,894
Other Revenue & Expenses:				
Investment gain (loss)	194,501	30,962	-	225,463
Total other revenue & expense	194,501	30,962	-	225,463
Change in Net Assets	1,414,305	179,045	-	1,593,350
Net Assets, Beginning of Year	47,743,237	13,286,340	(13,003,302)	48,026,275
Net Assets, End of Year	$ 49,157,542	$ 13,465,385	$ (13,003,302)	$ 49,619,625

Nisqually Land Trust and Subsidiary

A Washington Not For Profit Organization

Consolidating Statement of Functional Expenses
For the Year Ended December 31, 2023

	Nisqually Land Trust Program Expense	Nisqually Community Forest Program Expense	Management and General	Fund-Raising	Eliminations	Consolidated 2023
Salaries	$ 112,243	$ -	$ 300,264	$ 47,438	$ -	$ 459,945
Employee benefits	8,491	-	22,713	3,588	-	34,792
Payroll taxes	10,565	-	28,263	4,465	-	43,293
Office expense	9,647	1,496	17,949	12,754	-	41,846
Insurance	3,598	6,869	9,626	1,521	-	21,614
Property taxes	26,446	3,342	-	-	-	29,788
Professional services	245,052	47,851	53,582	2,914	-	349,399
Depreciation and amortization	6,506	1,170	214	-	-	7,890
Land stewardship & acquisition	14,489	-	-	-	-	14,489
Training & conferences	-	-	13,209	-	-	13,209
Travel	14,910	119	322	403	-	15,754
Taxes & fees-other	-	1,796	86	-	-	1,882
Event, facility, food expense	13,346	-	7,147	5,649	-	26,142
Interest expense	5,335	-	82	-	-	5,417
Occupancy	2,493	2,572	13,118	251	-	18,434
Total Expenses	$ 473,121	$ 65,215	$ 466,575	$ 78,983	$ -	$ 1,083,894

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:

No events have occurred through September 9, 2024, 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, 2023.

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 2023 and 2022, 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, Thurston County, 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, 2023 and 2022 was $0 and $0, respectively.

F. NET ASSETS COMPOSITION:

NLT has received donor restricted contributions to fund property purchases, provide funding for ongoing and long term stewardship of owned lands and lands protected by easement, legal defense of fee owned lands and easements, and specific contributions restricted to various outreach and operating activities. Those funds are accounted for as donor restricted. Composition of those funds is as detailed below. Conservation lands purchased with donor restricted funds are restricted in perpetuity. Other purpose restricted funds are treated as donor restricted in the financial records, and reflected as released from restrictions when expended for restricted purposes.

The NLT board of directors has designated various amounts for stewardship of acquired lands, legal defense of property and conservation easements, budget and benefit reserves for operations, and specific funds received from carbon credit sales for future property stewardship.

NLT has also 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. Composition of board designated funds are as detailed below.

	2023	2022
Without Donor Restrictions:		
Board designated stewardship reserve	$ 28,315	$ 26,471
Board designated legal defense	214,000	214,000
Board designated long-term stewardship	166,450	-
Board designated budget reserve	426,000	426,000
Board designated employee benefit reserve	38,500	38,500
Board designated carbon credit reserve	443,552	297,753
Board designated conservation lands	2,551,083	2,151,083
Undesignated	2,431,500	2,381,631
Total Without Donor Restrictions:	$ 6,299,400	$ 5,535,438
With Donor Restrictions:		
Donor restricted stewardship reserve	$ 322,500	$ 315,000
Donor restricted legal defense	18,500	11,000
Donor restricted long-term stewardship	13,014	-
Donor restricted operations funds	13,965	6,465
Donor restricted specific stewardship funds	268,449	229,392
Donor restricted outreach funds	89,245	56,175
Donor restricted for strategic planning	16,290	24,543
Conserved land	42,578,262	41,848,262
Total With Donor Restrictions:	$ 43,320,225	$ 42,490,837
Total Net Assets:	$ **49,619,625**	$ **48,026,275**

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, 2023 and 2022, respectively, the investments had a cost basis of $2,572,009 and $1,605,274 and a fair value of $3,080,402 and $1,888,205. Investment income on the statement of activities and changes in net assets is the following:

	2023	2022
Realized Gains (Losses)	$ 1,789	$ 61,174
Fees	(3,065)	(5,393)
Unrealized Gains (Losses)	226,739	(291,707)
Total	$ 225,463	$ (235,926)

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, 2023.

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, 2023:

Assets at Fair Value as of December 31, 2023

	Level 1	Level 2	Level 3	Total
Common Stock	$ 20,799	$ -	$ -	$ 20,799
Bonds	84,887	-	-	84,887
Mutual Funds	-	2,922,286	-	2,922,286
Community Foundations	-	30,206	-	30,206
US Savings Bonds	-	22,224	-	22,224
Total Assets at Fair Value:	$ 105,686	$ 2,974,716	$ -	$ 3,080,402

The following table sets forth by level, within the fair value hierarchy, NLT's assets at fair value as of December 31, 2022:

Assets at Fair Value as of December 31, 2022

	Level 1	Level 2	Level 3	Total
Bonds	$ 189,474	$ -	$ -	$ 189,474
Mutual Funds	-	1,649,478	-	1,649,478
Community Foundations	-	26,858	-	26,858
US Savings Bonds	-	22,395	-	22,395
Total Assets at Fair Value:	$ 189,474	$ 1,698,731	$ -	$ 1,888,205

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. Grants and accounts receivable totaled $139,439 and $167,141 at December 31, 2023 and 2022, respectively.

Amounts that have been received but not earned are included in deferred revenue. Deferred revenue was $0 and $0 at December 31, 2023 and 2022, respectively.

Historically, bad debts have been immaterial. NLT uses the direct write-off method. When an amount becomes uncollectible, it is charged to expense in the year it is deemed to be uncollectible. During 2023 and 2022, there were bad debts of $0 and $0, respectively.

As of December 31, 2023, 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 2023 and 2022 valued at $59,000 and $135,000, 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 easements values, 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 2020. 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, 2023, 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 2023 and 2022, NLT performed stewardship services for the charitable trust and is compensated for acting as trustee. NLT received $113,621 and $173,524 for those services and costs advanced. The charitable trust owed NLT $62,513 and $0, respectively, at December 31, 2023 and 2022.

NLT, during 2023 and 2022, received various amounts payable to the charitable trust. These amounts totaled $0 and $0 at December 31, 2023 and 2022, respectively.

NLT, during 2022, received three loans that totaled $728,278 from the charitable trust to assist in the acquisition of several parcels of property. NLT owed a net amount of $344,558 to the charitable trust at December 31, 2022, which was repaid during 2023.

M. MANAGEMENT & GENERAL EXPENSES:

Management and general expenses were $466,575 and $376,663 in 2023 and 2022, respectively. During 2023, NLT disbursed $1,071,000 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 $2,154,894. Management and general expenses are approximately 22% of this total for 2023. During 2022, NLT disbursed $3,378,786 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 $6,807,002. Management and general expenses are approximately 6% of this total for 2022.

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 $58,128 and $775,745 at December 31, 2023 and 2022, 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 $2,527,972 and $1,688,820 as of December 31, 2023 and 2022, 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, 2023. The loan is secured by a personal residence. Future maturities of the loan, due to NLT, are as follows:

Year Ended December 31:		
2024	$	81,068
Total	$	81,068

P. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

NLT, although it expects to receive current support to fund operations for 2024 and later years, has $2,563,440 and $3,157,773 of financial assets available within one year of the statement of financial position dates on December 31, 2023 and 2022, respectively, to meet cash needs for general operating expenditures of NLT. NLT also has $1,316,817 and $1,002,724 of board designated financial assets as of December 31, 2023 and 2022, respectively, that can be made available for operations if necessary Financial assets available within one year consist of the following:

		2023		2022
Financial assets at year end	$	3,880,257	$	4,160,497
Donor restricted to purpose		(741,963)		(642,575)
Board designated		(1,316,817)		(1,002,724)
Financial assets available to meet cash needs within one year	$	2,563,440	$	3,157,773