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**CAPITOL LAND TRUST**  
A Washington Not For Profit Organization

**Financial Statements**

For the Years Ended December 31, 2022 and 2021

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## **Independent Auditor's Report**

To the Board of Directors  
Capitol Land Trust  
Lacey, WA

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of Capital Land Trust (the Trust), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as of December 31, 2022 and 2021, and the changes in its 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.

Aiken & Sanders, Inc., PS

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

Certified Public Accountants  
& Consultants

May 8, 2023

Montesano, WA

**Capitol Land Trust**  
**A Washington Not For Profit Organization**

**Statement of Financial Position**

<b>December 31,</b>	<b>2022</b>	<b>2021</b>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash	\$ 480,159	\$ 1,405,786
Grants Receivable	63,198	98,523
Prepaid Expenses	9,644	7,398
<b>Total Current Assets</b>	<b>553,001</b>	<b>1,511,707</b>
<b>Property &amp; Equipment:</b>		
Land Under Conservancy	16,994,933	16,508,326
Equipment	31,657	31,657
Accumulated Depreciation	(28,241)	(26,401)
<b>Total Property &amp; Equipment</b>	<b>16,998,349</b>	<b>16,513,582</b>
<b>Other Assets:</b>		
Investments	3,696,149	3,091,081
Maytown Conservation Fund	141,058	156,910
<b>Total Other Assets</b>	<b>3,837,207</b>	<b>3,247,991</b>
<b>Total Assets</b>	<b>\$ 21,388,557</b>	<b>\$ 21,273,280</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts Payable	\$ 23,351	\$ 18,437
Accrued Vacation	19,816	26,973
Payroll Expenses & Benefits Payable	34,309	34,252
<b>Total Current Liabilities</b>	<b>77,476</b>	<b>79,662</b>
<b>Long Term Liabilities:</b>		
Custodial Funds-Maytown Conservation Fund	141,058	156,910
<b>Total Long Term Liabilities</b>	<b>141,058</b>	<b>156,910</b>
<b>Net Assets:</b>		
Without Donor Restrictions	2,969,634	3,075,984
With Donor Restrictions	18,200,389	17,960,724
<b>Total Net Assets</b>	<b>21,170,023</b>	<b>21,036,708</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 21,388,557</b>	<b>\$ 21,273,280</b>

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

**Capitol Land Trust**  
**A Washington Not For Profit Organization**

**Statement of Activities and Changes in Net Assets**

<b>Year Ended December 31,</b>	<b>2022</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and Revenue:</b>			
Grants	\$ 1,760,190	\$ -	\$ 1,760,190
Contributions	711,919	693,604	1,405,523
Interest & Dividend Income	37,832	8,134	45,966
Inkind Donations	4,498	-	4,498
Miscellaneous Income	1,648	-	1,648
Released from Restrictions	363,744	(363,744)	-
<b>Total Support and Revenue</b>	<b>2,879,831</b>	<b>337,994</b>	<b>3,217,825</b>
<b>Expenses:</b>			
Program Services	2,245,140	-	2,245,140
Management and General	223,175	-	223,175
Fundraising	118,717	-	118,717
<b>Total Expenses</b>	<b>2,587,032</b>	<b>-</b>	<b>2,587,032</b>
<b>Other Revenue &amp; Expenses:</b>			
Investment Income (Loss)	(399,149)	(98,329)	(497,478)
<b>Total Other Revenue &amp; Expenses</b>	<b>(399,149)</b>	<b>(98,329)</b>	<b>(497,478)</b>
<b>Increase (Decrease) in Net Assets</b>	<b>(106,350)</b>	<b>239,665</b>	<b>133,315</b>
Net Assets, Beginning of Year	3,075,984	17,960,724	21,036,708
<b>Net Assets, End of Year</b>	<b>\$ 2,969,634</b>	<b>\$ 18,200,389</b>	<b>\$ 21,170,023</b>

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**Capitol Land Trust**  
**A Washington Not For Profit Organization**

**Statement of Activities and Changes in Net Assets**

<b>Year Ended December 31,</b>	<b>2021</b>		
	<b>Without Donor Restriction</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and Revenue:</b>			
Grants	\$ 358,423	\$ 317,516	\$ 675,939
Contributions	525,335	180,250	705,585
Fundraising	161,548	-	161,548
Interest & Dividend Income	33,787	10,447	44,234
Forest Thinning, Net of \$121,803 in Expense	97,732	-	97,732
Miscellaneous Income	2,030	-	2,030
Released from Restrictions	228,820	(228,820)	-
<b>Total Support and Revenue</b>	<b>1,407,675</b>	<b>279,393</b>	<b>1,687,068</b>
<b>Expenses:</b>			
Program Services	608,601	-	608,601
Management and General	214,315	-	214,315
Fundraising	88,243	-	88,243
<b>Total Expenses</b>	<b>911,159</b>	<b>-</b>	<b>911,159</b>
<b>Other Revenue &amp; Expenses:</b>			
Investment Income (Loss)	198,840	75,004	273,844
<b>Total Other Revenue &amp; Expenses</b>	<b>198,840</b>	<b>75,004</b>	<b>273,844</b>
<b>Increase (Decrease) in Net Assets</b>	<b>695,356</b>	<b>354,397</b>	<b>1,049,753</b>
<b>Land Transfer (See Note O)</b>	<b>-</b>	<b>(126,000)</b>	<b>(126,000)</b>
Net Assets, Beginning of Year	2,380,628	17,732,327	20,112,955
<b>Net Assets, End of Year</b>	<b>\$ 3,075,984</b>	<b>\$ 17,960,724</b>	<b>\$ 21,036,708</b>

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**Capitol Land Trust**  
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**Statement of Cash Flows**

Years Ended December 31,	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received From Donors and Customers	\$ 1,762,072	\$ 1,088,738
Cash Received From Grantors	1,440,848	777,914
Cash Paid to Vendors	(1,960,810)	(455,086)
Cash Paid To/For Employees	(624,695)	(571,862)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>617,415</b>	<b>839,704</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Cash Paid For Land and Equipment	(486,607)	(322,822)
Cash Received From Investments	2,454,240	230,408
Cash Paid For Investments	(3,510,675)	(532,329)
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(1,543,042)</b>	<b>(624,743)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
<b>Net Cash Provided (Used) by Financing Activities</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(925,627)</b>	<b>214,961</b>
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	<b>1,405,786</b>	<b>1,190,825</b>
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<b>\$ 480,159</b>	<b>\$ 1,405,786</b>

**RECONCILIATION OF NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

<b>Cash Flows from Operating Activities:</b>		
Increase (Decrease) in Net Assets	\$ 133,315	\$ 1,049,753
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided (Used) in Operating Activities:		
Depreciation	1,695	1,695
Net Change in Investment Values	451,512	(318,078)
(Increase) Decrease in Grants Receivable	35,325	101,975
(Increase) Decrease in Pledges Receivable	-	40
(Increase) Decrease in Prepaid Expense	(2,246)	(597)
Increase (Decrease) in Accounts Payable	4,914	6,927
Increase (Decrease) in Accrued Vacation	(7,157)	(2,561)
Increase (Decrease) in Payroll Expenses & Benefits Payable	57	550
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 617,415</b>	<b>\$ 839,704</b>

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**Statement of Functional Expenses**

<b>Year Ended December 31,</b>	<b>2022</b>			
	<b>Program Services</b>	<b>Management &amp; General</b>	<b>Fundraising</b>	<b>Total</b>
Salaries & Wages	\$ 273,631	\$ 148,527	\$ 73,601	\$ 495,759
Employee Benefits	56,542	19,390	2,213	78,145
Payroll Taxes	24,271	13,087	6,333	43,691
Contracted Labor	-	-	20,000	20,000
Rent Expense	17,565	8,239	3,539	29,343
Telephone	4,987	2,299	933	8,219
Insurance	10,293	3,431	1,487	15,211
Supplies	12,064	9,822	4,165	26,051
Printing & Postage	7,091	725	1,530	9,346
Property Taxes	7,541	-	-	7,541
Dues	5,095	4,671	114	9,880
Licenses & Permits	398	109	52	559
Professional Services	62,141	5,624	3,387	71,152
Land Stewardship & Restoration	173,208	-	-	173,208
Easement Acquisition Expense	1,531,413	-	-	1,531,413
Travel	10,114	875	695	11,684
Advertising	1,962	206	-	2,168
Equipment R&M	859	-	-	859
Equipment Rental	6,851	-	-	6,851
Property R&M	34,787	-	-	34,787
Inkind Expense	2,488	1,346	668	4,502
Bank/Commission Fees	-	4,824	-	4,824
Depreciation	1,839	-	-	1,839
<b>Total</b>	<b>\$ 2,245,140</b>	<b>\$ 223,175</b>	<b>\$ 118,717</b>	<b>\$ 2,587,032</b>

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**Statement of Functional Expenses**

<b>Year Ended December 31,</b>	<b>2021</b>			
	<b>Program Services</b>	<b>Management &amp; General</b>	<b>Fundraising</b>	<b>Total</b>
Salaries & Wages	\$ 242,284	\$ 154,547	\$ 58,185	\$ 455,016
Employee Benefits	50,270	18,718	5,848	74,836
Payroll Taxes	21,431	13,452	5,116	39,999
Contracted Labor	15,200	-	-	15,200
Rent Expense	16,166	8,076	4,175	28,417
Telephone	4,335	2,187	1,171	7,693
Insurance	9,434	385	1,291	11,110
Supplies	6,382	3,524	2,378	12,284
Printing & Postage	11,770	384	3,300	15,454
Property Taxes	6,788	-	-	6,788
Dues	8,215	1,777	1,499	11,491
Licenses & Permits	267	140	50	457
Professional Services	41,561	4,108	1,926	47,595
Land Stewardship & Restoration	133,410	-	-	133,410
Advertising	3,994	725	-	4,719
Travel	9,119	2,521	1,090	12,730
Depreciation Expense	1,695	-	-	1,695
Equipment R&M	3,382	-	-	3,382
Equipment Rental	4,367	-	-	4,367
Property R&M	18,531	-	-	18,531
Bank/Commission Fees	-	3,771	2,214	5,985
<b>Total</b>	<b>\$ 608,601</b>	<b>\$ 214,315</b>	<b>\$ 88,243</b>	<b>\$ 911,159</b>

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

**Capitol Land Trust**  
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**Notes to Financial Statements**

**December 31, 2022 and 2021**

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

**Organization, purpose and principal program--**

The mission of Capitol Land Trust (The Trust) is to strategically conserve vital natural areas and working lands in the South Puget Sound and Chehalis Basin watersheds, for their ecological and community benefits.

The Trust receives a substantial amount of its annual support in the form of government grants. In the event one or more of the government programs from which the grants are received were to end or experience significant budget cuts, The Trust could experience a significant loss of support.

**Basis of accounting--**

The Trust'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--**

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

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

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

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

**Estimates--**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Capitol Land Trust**  
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**Notes to Financial Statements**

**December 31, 2022 and 2021**

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**Land, buildings and equipment--**

Land, buildings and equipment are recorded at cost. Property and equipment donated to The Trust are capitalized at their estimated fair market value. It is The Trust's policy to expense the acquisition cost of equipment in the year of purchase for items with a unit cost of less than \$5,000. 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.

**Functional Allocation of Expenses--**

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

**Cash and Cash Equivalents--**

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

**Advertising--**

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

**B. 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.

**Capitol Land Trust**  
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**Notes to Financial Statements**

**December 31, 2022 and 2021**

**C. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:**

The Trust, although it expects to receive current support to fund operations for 2023 and later years, has \$761,187 and \$837,850 of financial assets available within one year of the statement of financial position dates on December 31, 2022 and 2021, respectively, to meet cash needs for general operating expenditures of The Trust. The Trust also has \$2,272,863 and \$2,305,143, of board designated assets as of December 31, 2022 and 2021, respectively, that can be reallocated for general expenditures if needed. Financial assets available within one year consist of the following:

	<u>2022</u>	<u>2021</u>
Financial assets at year end	\$ 4,239,506	\$ 4,595,390
Donor restricted to purpose	(1,205,456)	(1,452,397)
Board designations	<u>(2,272,863)</u>	<u>(2,305,143)</u>
Financial assets available to meet cash needs within one year	<u>\$ 761,187</u>	<u>\$ 837,850</u>

**D. NET ASSETS COMPOSITION:**

	<u>2022</u>	<u>2021</u>
<b>Without Donor Restrictions:</b>		
Board designated stewardship fund	\$ 1,934,187	\$ 2,285,294
Board designated quasi-endowment fund	16,849	19,849
Board designated operating reserve	152,532	-
Board designated restoration fund	84,868	-
Board designated public access fund	84,427	-
Undesignated	<u>696,771</u>	<u>770,841</u>
Total:	<u>\$ 2,969,634</u>	<u>\$ 3,075,984</u>
<b>With Donor Restrictions:</b>		
Donor restricted stewardship fund	\$ 508,893	\$ 588,353
Endowment	26,133	31,050
Other restricted purpose donations	670,430	832,995
Conserved land	<u>16,994,933</u>	<u>16,508,326</u>
Total:	<u>\$ 18,200,389</u>	<u>\$ 17,960,724</u>

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**Notes to Financial Statements**

**December 31, 2022 and 2021**

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**E. ECONOMIC DEPENDENCY:**

For 2022 and 2021, the funding used to acquire land was primarily provided by the State of Washington Recreation and Conservation Office, State of Washington Department of Ecology, and the Thurston County Resource Stewardship office, and private donations .

**F. INVESTMENTS & FAIR VALUE MEASUREMENTS:**

The investments in mutual funds and money market funds are accounted for at fair value. As of December 31, 2022, the investments had a cost basis of \$3,055,760 and a fair value of \$3,696,149. As of December 31, 2021, the investments had a cost basis of \$2,301,246 and a fair value of \$3,091,081. Investment income on the statement of activities and changes in net assets is the following:

	<u>2022</u>	<u>2021</u>
Unrealized gain	\$ (497,981) \$	\$ 226,258
Realized gain	503	47,586
Total:	\$ <u>(497,478) \$</u>	<u>273,844</u>

The Trust adopted Accounting Standards Codification 958 as of January 1, 2009. ASC 958, Fair Value Measurements, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 Measurements) and the lowest priority to unobservable inputs (Level 3 Measurements). The three levels of the fair value hierarchy under ASC 958 are described as follows:

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

Level 2: Inputs to valuation methodology include: Quoted prices for similar assets or liabilities in active markets. Quoted prices for identical or similar assets or liabilities in inactive markets. Inputs other than quoted prices that are observable for the asset or liability. 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.

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**December 31, 2022 and 2021**

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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, 2022.

Mutual Funds: Valued at the net asset value (NAV) of shares held by The Trust at year end.

Common Stock: Market value on public exchanges.

Certificates of Deposit: Valued at original investment plus received and accrued interest.

Money Market Funds: The investments are reported at face value plus accrued interest.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although The Trust believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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

Assets at Fair Value as of December 31, 2022

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ -	\$ 2,169,128	\$ -	\$ 2,169,128
Common stock	20,672	-	-	20,672
Money market funds & CD's	-	1,506,349	-	1,506,349
<b>Total Assets at Fair Value:</b>	<b>\$ 20,672</b>	<b>\$ 3,675,477</b>	<b>\$ -</b>	<b>\$ 3,696,149</b>

The following table sets forth by level, within the fair value hierarchy, The Trust's assets at fair value as of December 31, 2021:

**Capitol Land Trust**  
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**Notes to Financial Statements**

**December 31, 2022 and 2021**

Assets at Fair Value as of December 31, 2021

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ -	\$ 2,806,512	\$ -	\$ 2,806,512
Money market funds	-	284,569	-	284,569
<b>Total Assets at Fair Value:</b>	<b>\$ -</b>	<b>\$ 3,091,081</b>	<b>\$ -</b>	<b>\$ 3,091,081</b>

**G. GRANTS RECEIVABLE:**

Grants receivable are recorded to the extent of qualifying grant expenditures made during the current year that are to be reimbursed after year end.

Historically, bad debts have been immaterial. The Trust uses the direct write-off method, which is not in accordance with generally accepted accounting principles. When an amount becomes uncollectible, it is charged to expense in the year it is deemed to be uncollectible. During 2022 and 2021, there were bad debts of \$0. As of December 31, 2022 and 2021, management estimated that all accounts receivable were collectible. The Trust considers all receivables over 90 days as past due. No interest is charged on past due receivables. As of December 31, 2022, no receivable amounts were past due.

**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 The Trust if so determined in the future. It is management's belief that no material amounts received or receivable will be required to be returned in the future.

**I. INKIND REVENUE:**

The Trust received donated inkind use of space during 2022 valued at \$4,498. The donations are recorded as inkind revenue and expense in the financial statements.

**J. INCOME TAX & UNCERTAIN TAX POSITIONS:**

The Trust is a tax exempt non-profit organization under the Internal Revenue Code Section 501(c)(3) and is not classified as a private foundation. Accordingly, the financial statements do not include any provision for income taxes.

The Trust files income tax returns in the U.S. federal jurisdiction. The Trust is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2019.

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Currently, there are no examinations or pending examinations with the Internal Revenue Service (IRS).

The Trust adopted the provisions of FASB ASC 740-10, Accounting for Uncertainty in Income Taxes, on January 1, 2009. As of December 31, 2022, there are no tax positions for which the deductibility is certain but for which there is uncertainty regarding the timing of such deductibility.

**K. PLEDGES RECEIVABLE:**

The Trust received, in 2020, several unconditional promises to give. The promises were recorded as pledge receivable and contribution revenue for 2020. All outstanding pledges were collected during the 2021 year.

**L. SUBSEQUENT EVENTS:**

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

No other events have occurred through May 8, 2023, 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, 2022.

**M. MAYTOWN CONSERVATION FUND:**

The Trust, during 2011, entered into an agreement with the Black Hills Audubon Society (BHAS) to act as fund administrator for a mitigation fund called the Maytown Conservation Fund (Fund). The Fund was created as a result of a settlement agreement with a private company.

The Trust agreed to act as custodian of the Fund and to process invoices submitted by BHAS as qualifying expenditures are made. The Trust, per the agreement, has sole discretion to determine that expenditures submitted for payment are for activities that are consistent with the settlement agreement and an annual work plan submitted by BHAS.

The Fund is presented as an other asset and liability in the statement of financial position.

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**N. PAYCHECK PROTECTION PROGRAM LOAN:**

On February 22, 2021, the Trust received a loan of \$116,659 loan from Umpqua Bank. The loan was part of the Paycheck Protection Program, which is a United States Government program intended to mitigate the economic impact of the Covid-19 Pandemic. The loan was guaranteed by the United States Small Business Administration and 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 the Trust. The Trust used the loan proceeds for eligible expenses during 2021 and has recorded \$116,659 as grant income in the financial statements. The loan was formally forgiven in 2021.

**O. LAND TRANSFER:**

The Trust transferred land with an original basis of \$126,000 to the City of Shelton, Washington, during 2021, for no consideration. This transfer has been reflected as a reduction of net assets for 2021 on the statement of activities.