
CAPITOL LAND TRUST
A Washington Not For Profit Organization

Financial Statements

For the Years Ended December 31, 2023 and 2022

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT.....	1
FINANCIAL STATEMENTS:	
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets-2023.....	4
Statement of Activities and Changes in Net Assets-2022.....	5
Statement of Cash Flows.....	6
Statement of Functional Expenses-2023	7
Statement of Functional Expenses-2022.....	8
Notes to Financial Statements.....	9

Independent Auditor's Report

To the Board of Directors
Capitol Land Trust
Tumwater, 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, 2023 and 2022, 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, 2023 and 2022, 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

June 24, 2024

Montesano, WA

Capitol Land Trust
A Washington Not For Profit Organization

Statement of Financial Position

December 31,	2023	2022
Assets		
Current Assets:		
Cash	\$ 239,806	\$ 480,159
Grants Receivable	56,883	63,198
Pledges Receivable-Current	27,500	-
Prepaid Expenses	9,053	9,644
Total Current Assets	333,242	553,001
Property & Equipment:		
Land Under Conservancy	18,638,004	16,994,933
Equipment	22,017	31,657
Accumulated Depreciation	(19,662)	(28,241)
Total Property & Equipment	18,640,359	16,998,349
Other Assets:		
Pledges Receivable-Long Term (Net of Discount)	34,661	-
Investments	4,354,121	3,696,149
Maytown Conservation Fund	144,809	141,058
Total Other Assets	4,533,591	3,837,207
Total Assets	\$ 23,507,192	\$ 21,388,557
Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable	\$ 20,606	\$ 23,351
Accrued Vacation	32,355	19,816
Payroll Expenses & Benefits Payable	42,264	34,309
Total Current Liabilities	95,225	77,476
Long Term Liabilities:		
Loan Payable	350,000	-
Custodial Funds-Maytown Conservation Fund	144,809	141,058
Total Long Term Liabilities	494,809	141,058
Net Assets:		
Without Donor Restrictions	3,761,698	2,969,634
With Donor Restrictions	19,155,460	18,200,389
Total Net Assets	22,917,158	21,170,023
Total Liabilities and Net Assets	\$ 23,507,192	\$ 21,388,557

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

Year Ended December 31,	2023		
	Without Donor Restriction	With Donor Restrictions	Total
Support and Revenue:			
Grants	\$ 447,945	\$ -	\$ 447,945
Contributions	777,231	732,621	1,509,852
Inkind Contributions-Land	170,000	755,000	925,000
Inkind Contributions-Other	21,420	-	21,420
Fundraising	7,650	-	7,650
Interest & Dividend Income	129,321	15,190	144,511
Miscellaneous Income	2,780	-	2,780
Gain on Sale	59,116	-	59,116
Released from Restrictions	253,260	(253,260)	-
Total Support and Revenue	1,868,723	1,249,551	3,118,274
Expenses:			
Program Services	931,118	-	931,118
Management and General	214,607	-	214,607
Fundraising	166,580	-	166,580
Total Expenses	1,312,305	-	1,312,305
Other Revenue & Expenses:			
Investment Income (Loss)	235,646	71,020	306,666
Total Other Revenue & Expenses	235,646	71,020	306,666
Increase (Decrease) in Net Assets	792,064	1,320,571	2,112,635
Land Transfer (See Note O)	-	(365,500)	(365,500)
Net Assets, Beginning of Year	2,969,634	18,200,389	21,170,023
Net Assets, End of Year	\$ 3,761,698	\$ 19,155,460	\$ 22,917,158

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

Year Ended December 31,	2022		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue:			
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)	-
Total Support and Revenue	2,879,831	337,994	3,217,825
Expenses:			
Program Services	2,245,140	-	2,245,140
Management and General	223,175	-	223,175
Fundraising	118,717	-	118,717
Total Expenses	2,587,032	-	2,587,032
Other Revenue & Expenses:			
Investment Income (Loss)	(399,149)	(98,329)	(497,478)
Total Other Revenue & Expenses	(399,149)	(98,329)	(497,478)
Increase (Decrease) in Net Assets	(106,350)	239,665	133,315
Net Assets, Beginning of Year	3,075,984	17,960,724	21,036,708
Net Assets, End of Year	\$ 2,969,634	\$ 18,200,389	\$ 21,170,023

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

Capitol Land Trust
A Washington Not For Profit Organization

Statement of Cash Flows

Years Ended December 31,	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received From Donors and Customers	\$ 1,458,121	\$ 1,762,072
Cash Received From Grantors	454,260	1,440,848
Cash Paid to Vendors	(658,187)	(1,960,810)
Cash Paid To/For Employees	(613,297)	(624,695)
Net Cash Provided (Used) by Operating Activities	<u>640,897</u>	<u>617,415</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash Paid For Land and Equipment	(903,571)	(486,607)
Cash Received From Land & Equipment Sales	228,731	-
Cash Received From Investments	976,036	2,454,240
Cash Paid For Investments	(1,182,446)	(3,510,675)
Net Cash Provided (Used) by Investing Activities	<u>(881,250)</u>	<u>(1,543,042)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net Cash Provided (Used) by Financing Activities	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(240,353)	(925,627)
BEGINNING CASH AND CASH EQUIVALENTS	<u>480,159</u>	<u>1,405,786</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 239,806</u>	<u>\$ 480,159</u>

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

Cash Flows from Operating Activities:		
Increase (Decrease) in Net Assets	\$ 2,112,635	\$ 133,315
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided (Used) in Operating Activities:		
Depreciation	1,061	1,695
Gain on Asset Sales	(59,116)	-
Inkind Property Donations	(925,000)	-
Net Change in Investment Values	(451,177)	451,512
(Increase) Decrease in Grants Receivable	6,315	35,325
(Increase) Decrease in Pledges Receivable	(62,161)	-
(Increase) Decrease in Prepaid Expense	591	(2,246)
Increase (Decrease) in Accounts Payable	(2,745)	4,914
Increase (Decrease) in Accrued Vacation	12,539	(7,157)
Increase (Decrease) in Payroll Expenses & Benefits Payable	7,955	57
Net Cash Provided (Used) by Operating Activities	<u>\$ 640,897</u>	<u>\$ 617,415</u>

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

Capitol Land Trust
A Washington Not For Profit Organization

Statement of Functional Expenses

Year Ended December 31,	2023			
	Program Services	Management & General	Fundraising	Total
Salaries & Wages	\$ 280,471	\$ 145,340	\$ 94,195	\$ 520,006
Employee Benefits	46,567	18,330	3,469	68,366
Payroll Taxes	25,025	12,417	7,977	45,419
Contracted Labor	12,500	-	5,000	17,500
Rent Expense	8,922	3,494	5,016	17,432
Telephone	4,452	1,892	1,089	7,433
Insurance	15,558	2,860	2,115	20,533
Supplies	14,532	5,794	15,673	35,999
Printing & Postage	6,227	792	2,211	9,230
Property Taxes	8,527	-	-	8,527
Dues	8,375	1,551	1,930	11,856
Licenses & Permits	1,037	100	330	1,467
Professional Services	54,051	5,386	20,426	79,863
Land Stewardship & Restoration	371,341	-	-	371,341
Easement Acquisition Expense	5,357	-	-	5,357
Advertising	743	20	-	763
Travel	17,716	6,545	1,944	26,205
Depreciation Expense	1,061	-	-	1,061
Equipment R&M	2,621	-	478	3,099
Equipment Rental	9,411	-	-	9,411
Property R&M	23,022	36	846	23,904
Inkind Expense	11,553	5,987	3,880	21,420
Interest Expense	2,020	-	-	2,020
Bank/Commission Fees	29	4,063	1	4,093
Total	\$ 931,118	\$ 214,607	\$ 166,580	\$ 1,312,305

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

Capitol Land Trust
A Washington Not For Profit Organization

Statement of Functional Expenses

Year Ended December 31,	2022			
	Program Services	Management & General	Fundraising	Total
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
Total	\$ 2,245,140	\$ 223,175	\$ 118,717	\$ 2,587,032

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

Capitol Land Trust
A Washington Not For Profit Organization

Notes to Financial Statements

December 31, 2023 and 2022

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
A Washington Not For Profit Organization

Notes to Financial Statements

December 31, 2023 and 2022

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
A Washington Not For Profit Organization

Notes to Financial Statements

December 31, 2023 and 2022

C. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The Trust, although it expects to receive current support to fund operations for 2024 and later years, has \$507,603 and \$761,187 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 The Trust. The Trust also has \$2,942,745 and \$2,272,863, of board designated assets as of December 31, 2023 and 2022, respectively, that can be reallocated for general expenditures if needed. Financial assets available within one year consist of the following:

	2023	2022
Financial assets at year end	\$ 4,678,310	\$ 4,239,506
Donor restricted to purpose	(1,227,962)	(1,205,456)
Board designations	(2,942,745)	(2,272,863)
Financial assets available to meet cash needs within one year	\$ 507,603	\$ 761,187

D. NET ASSETS COMPOSITION:

	2023	2022
Without Donor Restrictions:		
Board designated stewardship fund	\$ 2,349,549	\$ 1,934,187
Board designated quasi-endowment fund	19,270	16,849
Board designated operating reserve	168,432	152,532
Board designated restoration fund	6,590	84,868
Board designated community outreach	60,000	-
Board designated DEIJ	24,656	-
Board designated strategic goals	217,324	-
Board designated public access fund	96,924	84,427
Undesignated	818,953	696,771
Total:	\$ 3,761,698	\$ 2,969,634
With Donor Restrictions:		
Donor restricted stewardship fund	\$ 502,844	\$ 508,893
Endowment	30,101	26,133
Other restricted purpose donations	695,017	670,430
Conserved land	17,927,498	16,994,933
Total:	\$ 19,155,460	\$ 18,200,389

Capitol Land Trust
A Washington Not For Profit Organization

Notes to Financial Statements

December 31, 2023 and 2022

E. ECONOMIC DEPENDENCY:

For 2023 and 2022, 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, 2023, the investments had a cost basis of \$3,262,170 and a fair value of \$4,354,121. As of December 31, 2022, the investments had a cost basis of \$3,055,760 and a fair value of \$3,696,149. Investment income on the statement of activities and changes in net assets is the following:

	<u>2023</u>	<u>2022</u>
Realized/Unrealized gains and losses	\$ <u>306,666</u>	\$ <u>(497,478)</u>
Total:	\$ <u>306,666</u>	\$ <u>(497,478)</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.

Capitol Land Trust
A Washington Not For Profit Organization

Notes to Financial Statements

December 31, 2023 and 2022

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.

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, 2023:

Assets at Fair Value as of December 31, 2023

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ -	\$ 2,522,351	\$ -	\$ 2,522,351
Money market funds	-	1,831,770	-	1,831,770
Total Assets at Fair Value:	\$ -	\$ 4,354,121	\$ -	\$ 4,354,121

Capitol Land Trust
A Washington Not For Profit Organization

Notes to Financial Statements

December 31, 2023 and 2022

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
Total Assets at Fair Value:	\$	20,672	\$ 3,675,477	\$ -	\$ 3,696,149

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 2023 and 2022, there were bad debts of \$0. As of December 31, 2023 and 2022, 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, 2023, 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 2023 and 2022 valued at \$21,420 and \$4,498, respectively. The donations are recorded as inkind revenue and expense in the financial statements. The Trust also received a donated non-conservation land parcel valued at \$170,000 that was sold during 2023 and conservation lands during 2023 valued at \$755,000, which are recorded as inkind revenue and conservation land assets in the financial statements.

Capitol Land Trust
A Washington Not For Profit Organization

Notes to Financial Statements

December 31, 2023 and 2022

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 2020.

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, 2023, 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 2023, several unconditional promises to give. The promises are recorded as pledge receivables and contribution revenue for 2023. Pledges to be collected in greater than one year from the statement of financial position date are discounted to present value using a discount rate of 5%. Total discount applied to long term pledges is \$3,839 for 2023. Gross pledges to be collected in 2024 and 2025 are \$27,500 and \$38,500, respectively.

L. SUBSEQUENT EVENTS:

No events have occurred through June 24, 2024, which is the date the financial statements were available to be issued based on Trust facts and circumstances, for events requiring recording or disclosure in the financial statements for the year ended December 31, 2023.

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.

Capitol Land Trust
A Washington Not For Profit Organization

Notes to Financial Statements

December 31, 2023 and 2022

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

N. LOAN PAYABLE:

The Trust entered into a loan agreement and signed a promissory note for \$350,000 on November 7, 2023, in connection with a land purchase transaction. The loan requires one payment of principal and all accrued interest, at 3.89%, on November 7, 2025. The loan is secured by the purchased property.

O. LAND TRANSFERS:

The Trust transferred land with an original basis of \$350,000 and \$15,500, respectively, to the Cowlitz Indian Tribe and the Center for Natural Lands Management, respectively, during 2023, for no consideration. These transfers have been reflected as a reduction of net assets for 2023 on the statement of activities.