

NORTH COAST LAND CONSERVANCY, INC.

FINANCIAL STATEMENTS

Year Ended September 30, 2022



KERN ▲ THOMPSON
CERTIFIED PUBLIC ACCOUNTANTS

NORTH COAST LAND CONSERVANCY, INC.

FINANCIAL STATEMENTS

Year Ended September 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
North Coast Land Conservancy, Inc.
Seaside, Oregon

Opinion

We have audited the accompanying financial statements of North Coast Land Conservancy, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of North Coast Land Conservancy, Inc. as of September 30, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 North Coast Land Conservancy, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 North Coast Land Conservancy, Inc.'s ability to continue as a going concern within 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 generally accepted auditing standards 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, including omissions, 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.

To the Board of Directors
North Coast Land Conservancy, Inc.

In performing an audit in accordance with generally accepted auditing standards, 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 North Coast Land Conservancy, Inc.'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 North Coast Land Conservancy, Inc.'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.

Report on Summarized Comparative Information

We have previously audited North Coast Land Conservancy, Inc.'s 2021 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated March 8, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Kern & Thompson, LLC

Portland, Oregon
April 20, 2023

NORTH COAST LAND CONSERVANCY, INC.

STATEMENT OF FINANCIAL POSITION

Year Ended September 30, 2022

(With Comparative Totals as of September 30, 2021)

ASSETS

	2022	2021
Cash and cash equivalents	\$ 877,719	\$ 479,670
Contracts receivable	17,050	8,339
Investments (Note C)	1,900,246	8,938,323
Prepaid expenses	6,741	2,789
Deposit for property acquisition	1,250	148,820
Property and equipment, net (Note E)	255,952	212,497
Conservation land (Note F)	24,447,672	16,259,812
Beneficial interest in assets held by others (Note G)	356,898	398,092
	\$ 27,863,528	\$ 26,448,342

LIABILITIES AND NET ASSETS

Accounts payable	\$ 333	\$ 1,417
Payroll and related liabilities	92,580	69,197
Grants payable to others (Note D)	349,701	200,060
Total liabilities	442,614	270,674
Net assets		
Without donor restrictions		
Available for operations	1,194,624	1,197,403
Board designated (Note J)	1,273,087	1,390,497
Invested in land (Note F)	24,447,672	16,259,812
Total without donor restrictions	26,915,383	18,847,712
With donor restrictions (Note J)	505,531	7,329,956
Total net assets	27,420,914	26,177,668
Total liabilities and net assets	\$ 27,863,528	\$ 26,448,342

See notes to financial statements.

NORTH COAST LAND CONSERVANCY, INC.

STATEMENT OF ACTIVITIES

Year Ended September 30, 2022

(With Comparative Amounts as of September 30, 2021)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2022	2021
Operating revenue				
Grants and contracts	\$ -	\$ 399,074	\$ 399,074	\$ 280,654
Rainforest Reserve grants	-	1,364,351	1,364,351	6,060,645
Arch Cape/Neskowin grants	-	349,701	349,701	200,060
Other contributions	1,005,165	38,996	1,044,161	348,737
Gain from property sale	64,949	-	64,949	-
Property income	23,208	-	23,208	-
Grant of conservation property	-	-	-	147,000
Paycheck Protection Program grant	-	-	-	85,698
Other	-	-	-	18,607
	1,093,322	2,152,122	3,245,444	7,141,401
Net assets released from restrictions				
Satisfaction of purpose	8,976,547	(8,976,547)	-	-
Total operating revenue	10,069,869	(6,824,425)	3,245,444	7,141,401
Expenses				
Program services				
Conservation of land	761,422	-	761,422	193,171
Stewardship of owned lands	314,631	-	314,631	273,517
Education and outreach	237,584	-	237,584	114,018
Total program services	1,313,637	-	1,313,637	580,706
Supporting services				
Management and general	115,107	-	115,107	134,355
Fundraising	148,041	-	148,041	134,039
Total expenses	1,576,785	-	1,576,785	849,100
Change in net assets before non-operating activities	8,493,084	(6,824,425)	1,668,659	6,292,301
Grant of conserved land	-	-	-	(2,150,846)
Dividends and interest	73,413	-	73,413	76,956
Net realized and unrealized gain (loss) on investments	(498,826)	-	(498,826)	275,816
Change in net assets	8,067,671	(6,824,425)	1,243,246	4,494,227
Net assets, beginning of year	18,847,712	7,329,956	26,177,668	21,683,441
Net assets, end of year	\$ 26,915,383	\$ 505,531	\$ 27,420,914	\$ 26,177,668

See notes to financial statements.

NORTH COAST LAND CONSERVANCY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended September 30, 2022

(With Comparative Totals as of September 30, 2021)

	PROGRAM SERVICES				SUPPORTING SERVICES		Total	
	Conservation of Land	Stewardship of Owned Lands	Education and Outreach	Program Total	Management and General	Fundraising	2022	2021
Payroll and benefits	\$ 185,233	\$ 197,757	\$ 155,728	\$ 538,718	\$ 49,768	\$ 116,326	\$ 704,812	\$ 523,562
Professional services	157,450	22,585	26,021	206,056	32,725	13,629	252,410	119,146
Land management and acquisition	14,051	55,571	-	69,622	-	-	69,622	47,276
Grants to others	349,701	-	-	349,701	-	-	349,701	-
Occupancy	7,945	11,624	8,164	27,733	4,071	3,274	35,078	30,020
Office expense	9,644	6,644	21,993	38,281	16,395	6,663	61,339	56,909
Meetings and travel	5,764	4,213	8,819	18,796	2,405	1,654	22,855	11,832
Depreciation	7,166	7,166	7,166	21,498	4,300	2,866	28,664	29,578
Insurance	9,071	9,071	9,693	27,835	5,443	3,629	36,907	27,966
Interest	15,397	-	-	15,397	-	-	15,397	2,811
	\$ 761,422	\$ 314,631	\$ 237,584	\$ 1,313,637	\$ 115,107	\$ 148,041	\$ 1,576,785	\$ 849,100

See notes to financial statements.

NORTH COAST LAND CONSERVANCY, INC.

STATEMENT OF CASH FLOWS

Year Ended September 30, 2022

(With Comparative Amounts as of September 30, 2021)

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ 1,243,246	\$ 4,494,227
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	28,664	29,578
Realized and unrealized losses (gains) on investments	498,826	(275,816)
Gain from property sale	(64,949)	-
Grant of conservation property	-	(147,000)
Changes in assets and liabilities:		
Contracts receivable	(8,711)	(8,339)
Prepaid expenses	(3,952)	4,374
Deposit for property acquisition	147,750	(23,844)
Accounts payable	(1,084)	(4,931)
Payroll and related liabilities	23,383	9,629
Agency funds held for others	149,642	187,688
Refundable advance - PPP	-	(85,698)
Net cash provided by (used in) operating activities	2,012,815	4,179,868
Cash flows from investing activities:		
Purchase of property and equipment	(71,619)	(15,810)
Purchase of investments	-	(4,116,170)
Purchases of conservation land	(8,187,860)	-
Distribution from beneficial interest in assets held by others	10,889	6,042
Proceeds from sale of property	74,249	-
Redemption of investments	6,632,988	-
Investment earnings retained in investment accounts	(73,413)	(76,501)
Net cash provided by (used in) investing activities	(1,614,766)	(4,202,439)
Cash flows from financing activities:		
Proceeds of loan used to purchase land	-	(246,000)
Net cash provided by (used in) financing activities	-	(246,000)
Net change in cash	398,049	(268,571)
Cash and cash equivalents, beginning of year	479,670	748,241
Cash and cash equivalents, end of year	\$ 877,719	\$ 479,670
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	\$ 15,397	\$ 2,811

See notes to financial statements.

NORTH COAST LAND CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2022

NOTE A – DESCRIPTION OF ORGANIZATION

North Coast Land Conservancy, Inc. (NCLC, or the Organization) is a nonprofit land trust dedicated to safeguarding Oregon's vital coastal landscapes since 1986. Working with a wide range of community partners, the Organization acquires strategic lands, supports marine reserves and marine protected areas, and manages a living network of coastal habitats – from Astoria to Lincoln City – necessary to support abundant wildlife and diverse community needs, now and forever. The Organization's mission is to help conserve Oregon's coastal lands and waters, forever. The Organization engages the community in strategically acquiring land for its ecological and cultural values, holding those lands in public trust in perpetuity, while also supporting stewardship and community science in the Cape Falcon Marine Reserve.

Program services include:

- **Conservation** – The conservation program builds strong relationships with local landowners and with local, state, and national organizations in order to voluntarily protect land with high ecological and cultural values along the North Oregon Coast. The Organization uses science and local knowledge to create conservation plans, and then works strategically to conserve the highest priority areas. Conservation is achieved through fee title acquisitions and conservation easements. As of September 30, 2022, the Organization had conserved 8,435 acres in 3 counties.
- **Stewardship** – The Organization's stewardship program empowers and supports staff and community volunteers to meet its minimum core standards for maintaining ecological integrity of the land it is responsible for and, when fiscally and ecologically feasible, go above and beyond in order to move sites toward a self-sustaining ecosystem habitat enhancement and restoration based on the best available science. The Organization works to instill stewardship in the community by sharing its commitment to land conservation and by providing opportunities for people to enjoy and work on the lands it conserves. The stewardship program hosts a number of public volunteer events as a way to accomplish habitat goals. In 2022 NCLC held weekly work parties with community volunteers from April thru November.
- **Education and Outreach** – The Organization builds strong community support for the conservation and stewardship work of the land trust through effective communications, engaging outreach programs and strategic partnerships with other organizations. The Organization's outreach program uses events on the land and presentations up and down its service area to foster deeper connections to the work of the land trust and to the land that it holds in conservation, leading to a greater community support of local conservation. In February 2022, the Organization adopted the Cape Falcon Marine Reserve program. This program is focused on education and community support for the state marine reserve as well as community science programs to support Oregon Department of Fish and Wildlife's science goals within the marine reserve. The community engagement program hosted about ten events during the year ending September 30, 2022. These events were in person, free, and open to the public.

NORTH COAST LAND CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2022

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** – Net assets that are not subject to donor-imposed stipulations. The Board of Directors may designate net assets without donor restrictions for specific purposes.
- **Net Assets With Donor Restrictions** – Net assets either subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time, or net assets with donor restrictions that are not subject to appropriation or expenditure.

Expenses are reported as a decrease in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expiration of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Cash and Cash Equivalents

The Organization classifies as cash and cash equivalents all checking, savings, and money market accounts and all investments maturing within 90 days when purchased.

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions with donor restrictions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Contributions of donated noncash assets are recorded at their fair value in the period received. Contributions of donated services that create or enhance nonfinancial assets, or that require specialized skills, are provided by individuals with those skills. Such services would typically need to be purchased if not provided by donation, and are recorded at their fair values in the period received.

Conditional Promises to Give

A portion of the Organization's revenue is derived from cost-reimbursable contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

NORTH COAST LAND CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2022

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

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

Investments and Fair Value Measurements

Investments and the beneficial interest in assets held by others (see Note C) is measured at fair value in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Net appreciation in fair value, which consists of the realized gains or losses and the unrealized gains (losses) of the underlying investments, is also shown in the statement of activities. Interest income is accrued as earned.

Property and Equipment

Property and equipment in excess of \$2,000 is recorded at cost or at estimated fair value at the date of gift. Donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Depreciation is computed using the straight-line method over the estimated useful life of the asset. Expenditures for additions, major renewals and betterments are capitalized, and expenditures for repairs and maintenance are charged to operations as they are incurred.

Conservation Lands and Easements

The Organization records land and land interests at cost if purchased or at fair value at the date of acquisition if all or part of the land was received as a donation. Fair value is generally determined by appraisal at the time of acquisition and is not subsequently adjusted.

Conservation land is real property with significant ecological value. These properties are either managed in an effort to protect the natural biological diversity of the property, or transferred to other organizations who will manage the lands in a similar fashion.

Conservation easements are comprised of listed rights and/or restrictions over the owned property that are conveyed by a property owner to the Organization, almost always in perpetuity, in order to protect the owned property as a significant natural area, as defined in federal tax regulations. These intangible assets may be sold or transferred to others so long as the assignee agrees to carry out, in perpetuity, the conservation purposes intended by the original grantor.

Conservation easements purchased or donated are not recorded as assets on the Statement of Financial Position. All easements acquired by purchase are recorded as conservation activities expenses in the statement of activities. Costs incurred in obtaining the easements are recorded as current period expenses.

NORTH COAST LAND CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2022

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization has been approved as a tax-exempt organization under the Internal Revenue Code 501(c)(3) and applicable state laws. Accordingly, no provision for income taxes is included in the accompanying financial statements. The Organization does not believe it has unrelated trade or business income in excess of \$1,000.

Functional Allocation of Expenses

The statement of functional expenses presents the natural classification detail of expenses by function. Individual salaries are distributed based on each person's time spent in programs or supporting tasks. Payroll taxes and benefits are allocated on the basis of the direct salary expenses by program. Certain shared costs including occupancy and office expenses are allocated either on the basis of square footage or on the basis of direct salary expense by program.

Prior Year Summarized Financial Information

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2020, from which the summarized information was derived. Certain reclassifications have been made to 2020 amounts to conform to the 2021 presentation.

NOTE C – FAIR VALUE MEASUREMENTS

Valuation techniques used to measure fair value are prioritized into the following hierarchy:

Level 1 – Quoted prices in active markets for identical assets. Assets in this level typically include publicly traded equities, mutual fund investments and cash equivalents.

Level 2 – Quoted prices for similar assets in active or inactive markets, or inputs derived from observable market data such as published interest rates and yield curves, over-the-counter derivatives, market modeling, or other valuation methodologies.

Level 3 – Unobservable inputs that reflect management's assumptions and best estimates based on available data. Assets in this level include beneficial interests in assets held by others.

Realized and unrealized gains and losses from investments are reported in the statement of activities as they occur. There have been no changes in valuation techniques and related inputs.

NORTH COAST LAND CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2022

NOTE C – FAIR VALUE MEASUREMENTS (CONTINUED)

Fair values of assets measured on a recurring basis at September 30, 2022 were as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 90,388	\$ -	\$ -	\$ 90,388
Fixed income funds	29,779	-	-	29,779
Equities	614,486	-	-	614,486
Equity funds	324,931	-	-	324,931
Bond funds	572,030	-	-	572,030
Exchange traded funds	267,633	-	-	267,633
Accrued income	999	-	-	999
Beneficial interest in assets held by others	-	-	356,898	356,898
	<u>\$ 1,900,246</u>	<u>\$ -</u>	<u>\$ 356,898</u>	<u>\$ 2,257,144</u>

For the year ended September 30, 2022, the changes in investments classified as Level 3 are as follows:

Beginning balance	\$ 398,092
Earnings	(2,898)
Funds released	(10,889)
Investment fees	(3,073)
Realized and unrealized gain on investment	<u>(24,334)</u>
Total investments at fair value	<u>\$ 356,898</u>

NOTE D – GRANTS PAYABLE TO OTHERS

At September 30, 2022, the Organization is retaining funds totaling \$284,701 that are granted to the Arch Cape Water District and \$65,000 for property acquisition.

NOTE E – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Building and improvements	\$ 327,333
Equipment	122,752
Furniture	11,507
Less accumulated depreciation and amortization	<u>(205,640)</u>
	<u>\$ 255,952</u>

Depreciation and amortization expense totaled \$28,664 for the year ended September 30, 2022.

NORTH COAST LAND CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2022

NOTE F – CONSERVATION LAND

The first property to enter the Organization’s portfolio did so in 1997. From that time until September 30, 2022, about 60 properties entered the portfolio of conservation land. In addition to this, the Organization maintains various easements that have no recorded value. Land held by the Organization is valued at cost if purchased. If the land has been donated to the Organization, it is valued at fair market value at the date of acquisition, based on an independent appraisal. Any other subsidies invested in sites are valued at the cash value of those subsidies at the time of their donation. At September 30, 2022 the properties held by the Organization include the following:

Mantel Lake-Bitar	01/31/2000	\$	74,320
Circle Creek Land	07/12/2004		1,136,203
Fishers Point-Halvorsen	12/29/2003		96,780
Ecola Road-Harvey	03/26/1997		104,940
Ecola Road-Niekes	05/28/2013		122,167
Pacific Wetlands-Sittner	08/28/2000		113,640
Salmonberry Knoll Land	03/04/1997		50,200
John Day River Marsh SEP	12/12/2003		44,244
Wolf Bay Wetlands SEP	12/12/2003		21,690
Crosel Creek	01/15/2007		582,972
Malarkey B-Gearhart Reser	12/05/2006		3,557,000
Malarkey A-Shamrock Pines	12/30/2004		574,000
Stanley Lake	12/16/2005		250,979
Malarkey B-Gearhart Reser	12/20/2006		994,000
Reed Ranch-Westlake	09/17/2008		999,046
Coal Creek	03/02/2009		127,749
Shangrila/Stevens	12/01/2009		236,794
Necanicum Forest	12/20/2010		221,280
North Fork Necanicum Land	12/30/2011		349,432
Sand Creek II Land	12/05/2006		507,052
Pacific Ridge	12/21/2012		96,742
Clatsop County Property (Section 5)	11/29/2012		80,687
Rippet Land	08/06/2013		69,000
Clear Lake Land	09/20/2013		472,524
Skipanon Forest Land	12/20/2013		803,626
Sand Lake III	05/15/2014		319,191
Bradley Bog	11/11/2014		175,800
Gearhart Fen	11/11/2014		71,493
Butte Creek Habitat Reser	06/07/2016		274,933
Boneyard Ridge	07/29/2016		1,330,883
Rautio Land	03/13/2017		232,139
Butte Creek Expansion	11/15/2018		161,067
Blind Slough	02/15/2019		1,074,438
Tillamook River Wetlands	07/30/2020		306,603
9th Street Wetlands	10/15/2020		147,000
Mineral Rights - Rainforest	10/26/2021		90,000
Rainforest Reserve	10/26/2021		8,097,860
Other smaller properties	various		479,198
			479,198
Total		\$	24,447,672

NORTH COAST LAND CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2022

NOTE G – BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The beneficial interest in assets held by others as of September 30, 2022 consists of three groups of pooled investments held by the Oregon Community Foundation (OCF). One account is maintained for easement stewardship. The other two accounts are endowment accounts.

Fair value of the beneficial interest in assets held by others is determined by the Organization's endowment partner, OCF, and is based upon the Organization's proportionate interest in OCF's endowment partner fund liability after adjustments for contributions and distributions made during the year.

OCF's endowment partner fund liability is stated at fair value, which is generally equivalent to the present value of future payments expected to be made to the endowment partners. Funds may be distributed to the Organization upon a majority vote of its Board of Directors, if in the judgment of the OCF Board of Directors the requested distribution is consistent with the objectives and purposes of the Organization. If the Organization ceases to exist, distributions from the fund will be made to a qualified organization with similar objectives and purposes.

NOTE H – IN-KIND CONTRIBUTIONS

Volunteers provide many of the Organization's daily personnel needs for routine operations. During the year ending September 30, 2022, more than 200 volunteers donated 4,000 hours to further the mission of the Organization.

NOTE I – CONDITIONAL PROMISES TO GIVE

The Organization has been promised the following awards that are subject to both a barrier, and right of return to funder should the conditions of the awards not be met. The amounts below reflect the remaining conditional promises not yet recognized as revenue as the conditions, primarily incurring expenses, are not yet met.

Type of Barrier	Amount Subject to Barrier and Right of Return
OWEB Rainforest Land Acquisition	\$ 2,128,079
OWEB Rainforest Road Assessment	31,964
OWEB Boneyard Ridge	64,690
USFWS Boneyard Ridge	46,762
USFWS Surf Pines	22,520
LTA Latine Community	14,950
Visit Tillamook Coast	16,000
	\$ 2,324,965

NORTH COAST LAND CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2022

NOTE J – RESTRICTIONS ON NET ASSETS

The Organization's net assets with donor restrictions are subject to the following purpose or time restrictions:

Subject to purpose restrictions:	
Circle Creek Trails	\$ 91,097
LTA ACE General Grants	27,558
Marine Program Grants	<u>90,876</u>
	209,531
Subject to endowment spending policy and appropriation	<u>296,000</u>
Total net assets with donor restrictions	<u>\$ 505,531</u>

Board designated net assets consist of the following:

Rainforest Reserve Fund	\$ 294,351
Butte Creek Dedicated Fund	35,200
Clear Lake Dedicated Fund	40,000
Coal Creek Dedicated Fund	20,000
Croasel Creek Dedicated Fund	14,739
Neacoxie Estates Dedicated Fund	48,000
Necanicum Forest Dedicated Fund	30,000
9th Street Wetlands Dedicated Fund	36,004
Pinehurst Habitat Maintenance Fund	10,600
Sand Creek II Dedicated Fund	20,500
Shangrila/Stevens Dedicated Fund	10,000
Skipanon Forest Dedicated Fund	33,000
Thompson Falls Dedicated Fund	18,800
Westlake Prairie Dedicated Fund	120,000
Circle Creek Rebuild Fund	373,881
Easement Defense Fund	65,000
OCF Easement Support Fund	76,227
Other	<u>26,785</u>
Total board designated net assets	<u>\$ 1,273,087</u>

NOTE K – LEASE COMMITMENT

The Organization is leasing office space in Seaside, Oregon under a month-to-month lease agreement. The Organization is currently paying \$1,600 monthly.

NORTH COAST LAND CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2022

NOTE L – PENSION PLAN

The Organization maintains a SIMPLE IRA retirement plan covering substantially all employees after one year of service. Employees may choose to make salary reduction contributions and the employer is required to make either matching or nonelective contributions. The Organization contributes 3% of qualifying compensation to the plan. Employer matching contributions to the plan for the year ending September 30, 2022 totaled \$13,032.

NOTE M – LIQUIDITY

The following chart represents the Organization's financial assets available to meet cash needs for general expenditures within one year of September 30, 2022:

Financial assets at year-end	
Cash and cash equivalents	\$ 877,819
Receivables	17,050
Investments	1,900,246
Beneficial interest in assets held by others	356,898
Total financial assets	<u>3,152,013</u>
Less those unavailable for general expenditure within one year, due to:	
Contractual or donor-imposed restrictions:	
Restricted by donor - Stewardship	(296,000)
Restricted by donor - Other purpose restrictions	(209,531)
Board designations:	
Board-designated investments - Stewardship	<u>(1,273,087)</u>
Total unavailable financial assets	<u>(1,778,618)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,373,395</u>

To finance stewardship, NCLC collects funds for that purpose at the time the conservation easement or acquisition is granted. The funds may be restricted by the donor, or at times the Organization will use its own funds (board designated funds) to fulfill the stewardship funding. The stewardship funds are invested, with the returns used to fund NCLC's routine stewardship activities; the principal typically is left untouched, except if needed to fund enforcement actions.

NOTE N – CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances and certificates of deposit at a number of financial institutions. These balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to the maximum allowed. At September 30, 2022, cash in excess of FDIC insurance was about \$560,000. The Organization also holds uninsured money market instruments and a mutual fund, both of which are subject to normal market fluctuations. The Organization's grants and contracts receivable are uncollateralized. No losses have been experienced on these accounts.

NORTH COAST LAND CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2022

NOTE O – SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 20, 2023, which is the date the financial statements were available to be issued.

On October 12, 2022, the Organization signed an agreement with Oregon Climate Trust that encumbers its Rainforest Reserve property for a period of 40 years, and will likely result in an annual compensation for doing so.