

INTERNAL REVENUE SERVICE
DISTRICT DIRECTOR
2 CUPANIA CIRCLE
MONTEREY PARK, CA 91755-7406

DEPARTMENT OF THE TREASURY

Date: MAY 03 1994

JEFFERSON LAND TRUST
C/O DOUG MASON PRES
PO BOX 1610
PORT TOWNSEND, WA 98368-0109

Employer Identification Number:
91-1465078
Case Number:
954109002
Contact Person:
TYRONE THOMAS
Contact Telephone Number:
(213) 894-2289
Our Letter Dated:
May 08, 1990
Addendum Applies:
No

Dear Applicant:

This modifies our letter of the above date in which we stated that you would be treated as an organization that is not a private foundation until the expiration of your advance ruling period.

Your exempt status under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3) is still in effect. Based on the information you submitted, we have determined that you are not a private foundation within the meaning of section 509(a) of the Code because you are an organization of the type described in section 509(a)(1) and 170(b)(1)(A)(vi).

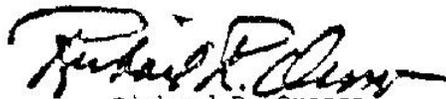
Grantors and contributors may rely on this determination unless the Internal Revenue Service publishes notice to the contrary. However, if you lose your section 509(a)(1) status, a grantor or contributor may not rely on this determination if he or she was in part responsible for, or was aware of, the act or failure to act, or the substantial or material change on the part of the organization that resulted in your loss of such status, or if he or she acquired knowledge that the Internal Revenue Service had given notice that you would no longer be classified as a section 509(a)(1) organization.

If we have indicated in the heading of this letter that an addendum applies, the addendum enclosed is an integral part of this letter.

Because this letter could help resolve any questions about your private foundation status, please keep it in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,



Richard R. Orosco
District Director

Letter 1050 (DO/CG)

Jefferson Land Trust

CONSERVATION FUTURES 2022 RESOLUTION

March 9, 2022

WHEREAS, Jefferson Land Trust is an applicant or sponsor for more than one Conservation Futures Funding application, and Conservation Futures Funding Application process requires that Jefferson Land Trust prioritize applications it sponsors, **AND**

WHEREAS, Jefferson Land Trust has been working since 1995 in partnership with Jefferson County, the City of Port Townsend, Washington Department of Natural Resources, the community and the U.S. Fish and Wildlife Service to acquire land lot by lot to preserve a 3.5-mile greenbelt and natural storm-water drainage-way called the Quimper Wildlife Corridor, and

WHEREAS, professional naturalists and scientists have recommended that this corridor be expanded to provide further benefit for wildlife species, especially migrating birds, and to provide additional wetland buffers and recreational access, and

WHEREAS, acquisition of over 107-acres of high-priority property owned by Department of Natural Resource lands currently under a 50-year lease through the Trust Land Transfer Program with Jefferson County in the Quimper Wildlife Corridor area that provides forested wildlife habitat, and recreational access and

WHEREAS, this important community asset will require stewardship in perpetuity, to include annual monitoring, maintenance, and management, **AND**

WHEREAS, Jefferson Land Trust has been working since 2001 in partnership with Jefferson County Conservation District, Jefferson County, the Jamestown S’Klallam Tribe, Washington Department of Fish and Wildlife, North Olympic Salmon Coalition, the Hood Canal Coordinating Council and WSU Cooperative Extension to acquire and restore critical salmon spawning, rearing and migratory habitat in the Salmon and Snow Creek watersheds and Discovery Bay estuary, and

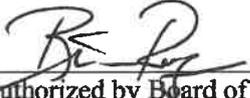
WHEREAS, these professional naturalists and scientists have recommended that Salmon Creek habitat protections be expanded to provide further benefits for migrating salmonids and other wildlife species, and

WHEREAS, the Ruck property has been identified as a priority for habitat protect, and

WHEREAS, this important community asset will require stewardship in perpetuity, to include annual monitoring, maintenance, and management, **AND**

BE IT HEREBY RESOLVED that Jefferson Land Trust agreed at its March 15, 2022, Board of Directors meeting to sponsor two applications to the Jefferson County Conservation Futures Program. The Board agreed that the highest priority is funding for the County acquisition of fee interest in the DNR parcels in the Quimper Wildlife Corridor. The properties for sale in the corridor are high priority for protection due to the habitat and recreational qualities, and Jefferson Land Trust will provide cash to match the Quimper Wildlife Corridor Jefferson County Conservation Futures request. The second highest priority is funding for the acquisition of the fee interest of the 156-acre Ruck property on Salmon Creek due to the prime salmon habitat and other wildlife corridor habitat provided by the main fork of Salmon Creek and tributaries; landowner willingness, and potential match from the Salmon Recovery Funding Board and Riparian Habitat Program.

Signed this 22nd of March 2022.


President, Board of Directors
Authorized by Board of Directors at their March 15, 2022 meeting
Jefferson Land Trust

JEFFERSON LAND TRUST

ORGANIZATIONAL CHART

➤ **BOARD OF DIRECTORS**

➤ **RICHARD TUCKER - Executive Director**

➤ **SARAH SPAETH- Director of Conservation and Strategic Partnerships**

➤ **ERIK KINGFISHER- Stewardship Director**

CARRIE CLENDANIEL- Preserve Manager

VACANT – Stewardship Assistant

➤ **KATE GODMAN- Director of Philanthropy**

SARAH ZABLOCKI-AXLING- Development Manager

ELOISE STEERE – Development & Administrative Assistant

RIC BREWER- Community Relations & Events Manager

STEPHANIE WIEGAND- Communications Manager

LILLY SCHNEIDER– Communications Coordinator

➤ **PAULA McNEES- Finance Manager**

➤ **BLAISE SULLIVAN- Conservation & Stewardship Coordinator (Matrixed to Conservation and Stewardship)**

➤ **CRISTINA VILLALOBOS – Administrative & Preserve Assistant (Matrixed to Stewardship)**



Jefferson Land Trust Board of Directors 2022

Brian Rogers
Board President

*Chancellor of University of
Alaska Fairbanks, retired
System's Finance Vice President,
retired*

Nan Evans
Vice President

*City of Port Townsend Planning
Commission
The Nature Conservancy, retired*

Lucas Hart
Vice President

*Executive Director
Northwest Straits Commission*

Craig Britton
Treasurer

*General Manager for Midpeninsula
Regional Open Space District, retired
Historic Preservation Committee, City
of Port Townsend*

Sherry Moller
Secretary

*Plan Manager
Washington FAIR Plan*

David Brownell

*Executive Director
North Olympic History Center*

Barry Mitzman

*Reporter, retired
Strategic communications director,
retired*

Tom Sanford

*Executive Director
North Olympic Land Trust*

Marcia Schwendiman

Health policy analyst, retired

Rick York

Botanist and Biologist, retired

Ed Thompson

*Attorney and land conservation
professional, retired*

Julie Lockhart

*Educator and nonprofit professional,
retired*

Tim Lawson

*Former director of Port Townsend
School of Woodworking*

JEFFERSON LAND TRUST AND SUBSIDIARY

Consolidated Financial Statements

For the Years Ended December 31, 2020 and 2019

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Independent Auditor's Report

To the Board of Directors
Jefferson Land Trust & Subsidiary
Port Townsend, WA

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Jefferson Land Trust and Subsidiary (collectively, JLT, a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the JLT as of December 31, 2020 and 2019, and changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Aiken & Sanders, Inc., PS

Aiken & Sanders

Certified Public Accountants
& Consultants

August 17, 2021

Montesano, WA

Jefferson Land Trust and Subsidiary

A Washington Not For Profit Organization

Consolidated Statement of Financial Position
As of December 31, 2020 and December 31, 2019

Assets	2020	2019
Current Assets:		
Cash and cash equivalents	\$ 1,021,656	\$ 652,279
Accounts receivable	2,991	43,746
Current pledges receivable	96,431	128,500
Note receivable-current portion	5,650	5,148
Prepaid expenses	-	5,425
Total Current Assets	<u>1,126,728</u>	<u>835,098</u>
Land and Conservation Easements:		
Habitat land	5,700,364	5,380,364
Working land	97,728	97,728
Open space land	332,761	332,761
Conservation easements	66	63
Total Land and Conservation Easements	<u>6,130,919</u>	<u>5,810,916</u>
Fixed Assets:		
Furniture, equipment, and improvements	97,146	87,009
Less: Accumulated depreciation	<u>(68,497)</u>	<u>(60,668)</u>
Fixed assets, net	<u>28,649</u>	<u>26,341</u>
Other Assets:		
Long term pledges receivable	18,949	15,422
Long term note receivable	41,577	44,159
Land hold fee-net	24,999	33,332
Investments	926,253	962,669
Total Other Assets	<u>1,011,778</u>	<u>1,055,582</u>
Total Assets	<u>\$ 8,298,074</u>	<u>\$ 7,727,937</u>

The accompanying notes are an integral part of these financial statements

Jefferson Land Trust and Subsidiary

A Washington Not For Profit Organization

Consolidated Statement of Financial Position
As of December 31, 2020 and December 31, 2019

	<u>2020</u>	<u>2019</u>
Liabilities & Net Assets		
Current Liabilities:		
Accounts payable	\$ 17,289	\$ 9,849
Accrued liabilities and deferred revenue	<u>83,864</u>	<u>47,916</u>
Total Current Liabilities	<u>101,153</u>	<u>57,765</u>
Long-Term Liabilities:		
Note payable	<u>119,740</u>	<u>175,000</u>
Total Liabilities	<u>220,893</u>	<u>232,765</u>
Net Assets:		
Without donor restrictions		
Undesignated	430,554	271,776
Board designated	<u>6,294,385</u>	<u>5,902,649</u>
	6,724,939	6,174,425
With donor restrictions	<u>1,352,242</u>	<u>1,320,747</u>
Total Net Assets	<u>8,077,181</u>	<u>7,495,172</u>
Total Liabilities & Net Assets	<u>\$ 8,298,074</u>	<u>\$ 7,727,937</u>

The accompanying notes are an integral part of these financial statements

Jefferson Land Trust and Subsidiary

A Washington Not For Profit Organization

Consolidated Statement of Activities and Changes in Net Assets For the Year Ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2020</u>
Support and Revenues:			
Gifts and contributions	\$ 686,232	\$ 227,560	\$ 913,792
Grants and contracts	1,315,167	-	1,315,167
Special events income, net of expenses of \$9,782	26,116	-	26,116
Net investment return	89,846	594	90,440
Net assets released from restriction	196,659	(196,659)	-
Total Support and Revenue	<u>2,314,020</u>	<u>31,495</u>	<u>2,345,515</u>
Expenses:			
Program services	1,233,983	-	1,233,983
Management and general	205,689	-	205,689
Fundraising	323,834	-	323,834
Total Expenses	<u>1,763,506</u>	<u>-</u>	<u>1,763,506</u>
Change in Net Assets	550,514	31,495	582,009
Net Assets, Beginning of Year	<u>6,174,425</u>	<u>1,320,747</u>	<u>7,495,172</u>
Net Assets, End of Year	<u>\$ 6,724,939</u>	<u>\$ 1,352,242</u>	<u>\$ 8,077,181</u>

The accompanying notes are an integral part of these financial statements

Jefferson Land Trust and Subsidiary

A Washington Not For Profit Organization

Consolidated Statement of Activities and Changes in Net Assets For the Year Ended December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2019</u>
Support and Revenues:			
Gifts and contributions	\$ 950,094	\$ 432,938	\$ 1,383,032
Fair value of easement acquisitions	490,000	-	490,000
Grants and contracts	3,740,199	-	3,740,199
Special events income, net of expenses of \$27,297	29,724	-	29,724
Net investment return	130,665	1,132	131,797
Net assets released from restriction	91,568	(91,568)	-
Total Support and Revenue	<u>5,432,250</u>	<u>342,502</u>	<u>5,774,752</u>
Expenses:			
Program services	4,551,652	-	4,551,652
Management and general	190,391	-	190,391
Fundraising	<u>221,351</u>	<u>-</u>	<u>221,351</u>
Total Expenses	<u>4,963,394</u>	<u>-</u>	<u>4,963,394</u>
Change in Net Assets	468,856	342,502	811,358
Net Assets, Beginning of Year	<u>5,705,569</u>	<u>978,245</u>	<u>6,683,814</u>
Net Assets, End of Year	<u>\$ 6,174,425</u>	<u>\$ 1,320,747</u>	<u>\$ 7,495,172</u>

The accompanying notes are an integral part of these financial statements

Jefferson Land Trust and Subsidiary
A Washington Not For Profit Organization

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

	<u>Program</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>Total 2020</u>
Salaries	\$ 271,807	\$ 125,383	\$ 186,789	\$ 583,979
Payroll taxes	22,341	10,306	15,353	48,000
Employee benefits	36,806	16,979	25,293	79,078
Value of conservation easements written down	621,997	-	-	621,997
Professional fees	117,181	6,898	24,503	148,582
Land and stewardship expenses	78,044	-	-	78,044
Rent	27,145	4,219	1,623	32,987
Public awareness	2,145	40	3,171	5,356
Dues and subscriptions	1,819	17,664	8,706	28,189
Insurance	7,117	3,283	4,891	15,291
Postage and printing	436	159	17,262	17,857
Other	15,444	1,121	17,757	34,322
Interest expense	-	3,507	-	3,507
Travel and seminars	5,176	2,095	1,562	8,833
Office supplies	19,276	1,454	8,151	28,881
Telephone	123	57	85	265
Depreciation and amortization	1,800	6,029	-	7,829
Utilities	4,813	6,022	144	10,979
Web design and maintenance	352	-	100	452
Bank fees	161	473	8,444	9,078
Total Expenses	<u>\$ 1,233,983</u>	<u>\$ 205,689</u>	<u>\$ 323,834</u>	<u>\$ 1,763,506</u>

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

Jefferson Land Trust and Subsidiary

A Washington Not For Profit Organization

Consolidated Statement of Functional Expenses

For the Year Ended December 31, 2019

	<u>Program</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>Total 2019</u>
Salaries	\$ 241,915	\$ 107,553	\$ 139,408	\$ 488,876
Payroll taxes	20,782	9,144	11,638	41,564
Employee benefits	35,232	15,502	19,730	70,464
Value of conservation easements written down	3,894,997	-	-	3,894,997
Professional fees	189,103	18,477	956	208,536
Land and stewardship expenses	76,361	-	-	76,361
Rent	23,636	4,025	13,596	41,257
Public awareness	1,385	1,091	12,340	14,816
Dues and subscriptions	4,430	6,359	487	11,276
Insurance	19,498	3,174	-	22,672
Postage and printing	5,602	101	10,304	16,007
Other	11,082	8,423	7,535	27,040
Travel and seminars	10,461	3,383	2,785	16,629
Office supplies	4,485	2,944	2,276	9,705
Telephone	253	19	45	317
Depreciation and amortization	1,800	6,306	-	8,106
Utilities	5,657	921	-	6,578
Web design and maintenance	1,075	75	75	1,225
Bank fees	3,898	2,894	176	6,968
Total Expenses	<u>\$ 4,551,652</u>	<u>\$ 190,391</u>	<u>\$ 221,351</u>	<u>\$ 4,963,394</u>

The accompanying notes are an integral part of these financial statements

Jefferson Land Trust and Subsidiary
A Washington Not For Profit Organization

Consolidated Statement of Cash Flows
For the Years Ended December 31, 2020 and December 31, 2019

	2020	2019
Cash flows from operating activities:		
Cash received from grantors, donors and customers	\$ 2,348,926	\$ 4,881,091
Cash paid to suppliers and employees	(1,704,808)	(4,475,617)
Cash paid for interest	(3,507)	-
Cash received from interest	7,130	4,975
Net cash provided (used) by operating activities	647,741	410,449
Cash flows from investing activities:		
Cash paid for investments	(151,728)	(125,643)
Cash received from investments	249,544	15,826
Proceeds from notes receivable	2,080	4,828
Cash paid for land	(323,000)	(685)
Net cash provided (used) by investing activities	(223,104)	(105,674)
Cash flows from financing activities:		
Cash paid to loans	(175,000)	-
Cash received from loans	119,740	-
Net cash provided (used) by financing activities	(55,260)	-
Net increase (decrease) in cash & cash equivalents	369,377	304,775
Cash & cash equivalents at beginning of year	652,279	347,504
Cash & cash equivalents at end of year	\$ 1,021,656	\$ 652,279

The accompanying notes are an integral part of these financial statements

Jefferson Land Trust and Subsidiary
A Washington Not For Profit Organization

Consolidated Statement of Cash Flows
For the Years Ended December 31, 2020 and December 31, 2019

	2020	2019
Reconciliation of increase (decrease) in net assets to net cash provided (used) by operating activities:		
Increase (decrease) in net assets:	\$ 582,009	\$ 811,358
Adjustments:		
Depreciation and amortization	7,829	8,380
Land hold fee amortization (adjustment)	8,331	8,331
Realized and unrealized losses (gains) on investments	(68,538)	(115,971)
Donated land	-	(185,000)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	40,755	(33,249)
(Increase) decrease in pledges receivable	28,542	(87,212)
(Increase) decrease in prepaid expense	5,425	194
Increase (decrease) in accounts payable	7,440	7,064
Increase (decrease) in accrued expenses and deferred revenue	35,948	(3,446)
Net cash provided (used) by operating activities	\$ 647,741	\$ 410,449

The accompanying notes are an integral part of these financial statements

Jefferson Land Trust and Subsidiary

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization--

Jefferson Land Trust (The Land Trust) is a Washington not-for-profit corporation formed on April 7, 1989. The Land Trust's purpose is to acquire, preserve and manage open space lands and easements for land conservation purposes benefitting the public. The Land Trust also provides information and materials to the public on land conservation issues. The Land Trust serves Jefferson County on the Olympic Peninsula in Washington State. The Land Trust has been accredited by the national Land Trust Alliance since August 5, 2009.

On September 5, 2007, JLT Resources, LLC was formed with the Land Trust as its only member. JLT Resources, LLC was formed for the purpose of purchasing and holding land for conservation purposes.

Principles of Consolidation--

These financial statements consolidate the statements of Jefferson Land Trust and JLT Resources, LLC (collectively, "JLT"). Inter-organization balances and transactions have been eliminated in consolidation.

Basis of accounting--

The consolidated financial statements of JLT have been prepared on the accrual basis of accounting.

Basis of presentation—

JLT follows accounting prescribed by the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958 Not-for Profit Entities. Under ASC 958, JLT 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 JLT is restricted by donor imposed stipulations that may expire with the passage of time or can be fulfilled or otherwise removed by actions of JLT.

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.

Property and Fixed Assets--

Improvements, furniture and equipment are capitalized at cost if purchased, or, if donated, at the approximate fair value at the date of donation. When retired or otherwise disposed of, the related carrying value and accumulated depreciation are removed from the respective accounts and the net difference, less any amount realized from disposition, is reflected in earnings. Maintenance and repairs are charged to expense as incurred. Costs of significant improvements are capitalized. JLT provides for depreciation using the straight-line method over the estimated useful lives of the assets of five to ten years.

JLT records acquisitions of land at cost if purchased. Land acquired through donation is recorded at fair value, with fair values generally based on independent professional appraisals. These assets fall into two primary categories:

Jefferson Land Trust and Subsidiary

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

Conservation Lands- Real property with significant ecological value for habitat, open space, or working lands. Stewardship programs of JLT manage these properties to protect the natural biological diversity of the property. JLT manages its working timberland as a Forest Stewardship Council-Certified, managed forest.

Conservation Easements- Voluntary legal agreements between a landowner and a land trust or government agency to permanently protect the identified natural features and conservation values of the property. These easements 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 owned by JLT protect habitat, open space and working lands, such as family farms, through its stewardship programs. Easements acquired represent numerous restrictions over the use and development of land not owned by JLT. Since the benefits of such easements accrue to the public upon acquisition, the fair market value of easements acquired is shown in the year of acquisition as an addition to net assets to record the donation of the easement, and unless conveyed to a public agency for consideration, shown as a reduction in net assets to record the value of the public's benefit and to recognize that these easements have no marketable value once severed from the land and held by JLT. Easements held by JLT are carried on the consolidated statement of financial position at \$1 each for tracking and accounting purposes. A total of \$66 is recorded in the financial records for the nominal value of easements acquired.

JLT has preserved a total of 4,235 acres of land with 66 current easements. The original acquisition cost of the easements, expensed when acquired, was in excess of \$18,000,000.

Portions of two easements with a value of \$490,000 were donated to JLT during 2019. Accordingly, \$490,000 of contribution revenue and \$490,000 of related write down expense have been reported on the consolidated statements of activities for the year ended December 31, 2019.

Estimates--

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Expense Allocation--

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statement of functional expense. Program expenses represent expenses incurred to fulfill JLT'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 reporting purposes, JLT considers all unrestricted highly liquid investments with a purchased maturity of three months or less to be cash and cash equivalents.

Concentrations--

JLT maintains its cash in bank deposit accounts with three financial institutions. JLT's cash balances may, at times, exceed federally insured limits.

Jefferson Land Trust and Subsidiary

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

At December 31, 2020, three donor's pledges represented approximately 52% of pledges receivable.

At December 31, 2019, two donor's pledge represented approximately 83% of pledges receivable.

Investments--

Investments in marketable securities with readily determinable fair values are valued at their fair values in the consolidated statement of financial position. Certificates of deposit are carried at cost plus accrued interest in the consolidated statement of financial position. Unrealized gains and losses are included in the change in net assets.

Grants and Contracts--

JLT receives grants and contracts from federal, state, and local agencies, as well as from private organizations, to be used for specific programs or land purchases. The excess of grants receivable over reimbursable expenditures to-date is recorded as deferred revenue.

Federal Income Taxes--

The Internal Revenue Service has determined Jefferson Land Trust and JLT Resources, LLC (a disregarded entity) to be exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). Contributions to JLT are deductible as allowed under IRC Section 170(b)(1)(A)(vi).

During the year ended December 31, 2012, the Land Trust elected the provisions of Section 501(h), relating to expenditures to influence legislation.

Contributions--

Contributions are recognized when received or when a donor makes an unconditional promise to give to JLT. 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.

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 JLT to make adjustments to operating practice and delivery of services. JLT has continued its work. Management is closely monitoring the evolution of this pandemic, including how it may affect the economy and the general population..

JLT has evaluated subsequent events through August 17, 2021, the date on which the consolidated financial statements were available to be issued.

Jefferson Land Trust and Subsidiary

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B. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

JLT, although it expects to receive current support to fund operations for 2021 and later years, has \$290,844 and \$135,556 of financial assets available within one year of the statement of financial position dates on December 31, 2020 and 2019, respectively, to meet cash needs for general operating expenditures. JLT also has \$423,194 and \$351,461, of board designated assets as of December 31, 2020 and 2019, respectively, that can be reallocated for general expenditures if needed. Financial assets available within one year consist of the following:

	<u>2020</u>	<u>2019</u>
Financial assets at year end	\$ 2,107,857	\$ 1,851,923
Donor restricted to purpose	(1,333,293)	(1,305,325)
Long term	(60,526)	(59,581)
Board designations	<u>(423,194)</u>	<u>(351,461)</u>
Financial assets available to meet cash needs within one year	<u>\$ 290,844</u>	<u>\$ 135,556</u>

C. NET ASSETS COMPOSITION:

JLT's net assets with donor restrictions consisted of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Purpose Restriction:		
For stewardship of Bullis Forest Preserve	\$ 53,750	\$ 64,805
Fite	44,639	47,929
Campaign Readiness Fund	108,289	118,578
Stewardship funding	766,304	699,311
Cross Foundation	53,457	100,000
Gateway/Shorts Forest Campaign	2,084	29,189
Other program restrictions	<u>129,878</u>	<u>36,221</u>
	1,158,401	1,096,033
Time Restriction:		
Outstanding pledges	<u>125,770</u>	<u>157,237</u>
Permanent Restriction		
Endowment Fund	<u>68,071</u>	<u>67,477</u>
Total Net Assets With Donor Restrictions	<u>\$ 1,352,242</u>	<u>\$ 1,320,747</u>

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Net assets without donor restrictions consisted of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Designated:		
Quimper Wildlife Corridor	\$ 473,103	\$ 473,103
Chimacum Creek	388,347	388,347
Duckabush Riparian Forest	492,800	492,800
Duckabush Hachenedy	90,000	-
Donovan Creek	270,000	270,000
Duckabush Wetlands & Oxbow	530,000	530,000
Bulis Forest Preserve	125,240	125,240
Upper Snow Creek Forest	340,000	340,000
Snow Creek Uncas Preserve	260,000	260,000
Chimacum Commons	90,850	90,850
Snow Creek Estuary	86,000	86,000
Snow Creek-Hopkins	95,000	-
Silver Reach	125,000	125,000
Gateway	85,000	85,000
Kilham Corner	71,202	71,202
Fite & Fissler	182,226	182,226
Valley View	1,710,000	1,710,000
Discovery Bay	311,358	176,358
Longmire	145,000	145,000
Stewardship Fund	204,411	124,307
CP Operations Reserve	9,653	5,522
Karen Mckee Board Fund	114,283	124,283
Operations Reserve	94,846	97,348
Conservation easements	66	63
Total Designated	<u>6,294,385</u>	<u>5,902,649</u>
Undesignated	<u>430,554</u>	<u>271,776</u>
Total Net Assets Without Donor Restrictions:	<u>\$ 6,724,939</u>	<u>\$ 6,174,425</u>

Net assets of \$165,192 and \$66,705, respectively, were released from donor restrictions by incurring expenses satisfying the purpose restriction specified by the donor, and net assets of \$31,467 and \$24,863, respectively, were released due to the expiration of time restrictions for the years ended December 31, 2020 and 2019.

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D. PROMISSORY NOTE:

JLT was subject to a promissory note dated December 27, 2018, in connection with the acquisition of the Mraz Discovery Bay parcel. The note was secured by the acquired land. The original note balance of \$175,000 bore interest at a rate of 2% per year. The note required a balloon payment of principal plus accrued interest on June 28, 2021. JLT paid the note in full during 2020.

E. ENDOWMENTS:

The JLT endowment consists of one fund established to support general operations. As required by U.S. GAAP, net asset associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Nature of Endowments and Interpretation of Relevant Laws- JLT's Board of Directors has reviewed the Washington State Prudent Management of Institutional Funds Act (PMIFA) and, having considered its rights and obligations thereunder, has determined that it is desirable to preserve, on a long-term basis, the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this determination, JLT classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in net assets with permanent donor restrictions is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by JLT in a manner consistent with the standard of prudence prescribed by PMIFA. However, JLT has informed donors of its spending policy which states that no distributions will be made during the first five years of the fund's existence or until it reaches a threshold balance of \$400,000. Since these milestones have not yet been reached, JLT adds all amounts earned to the permanently restricted balance.

In accordance with PMIFA, JLT considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds, (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of JLT, and (7) JLT's investment policies.

Endowment net assets, all permanently restricted, totaled \$68,071 and \$67,477, respectively, at December 31, 2020 and 2019.

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December 31, 2020 and 2019

Changes in endowment net assets for the year ended December 31, 2020 are as follows:

	Temporary	Permanent	
	Donor Restrictions	Donor Restrictions	Total
Endowment Net Assets 1/1/2020	\$ -	\$ 67,477	67,477
Contributions	-	-	-
Investment Income	-	594	594
Net Appreciation (Depreciation)	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Endowment Net Assets 12/31/20	<u>\$ -</u>	<u>\$ 68,071</u>	<u>\$ 68,071</u>

Changes in endowment net assets for the year ended December 31, 2019 are as follows:

	Temporary	Permanent	
	Donor Restrictions	Donor Restrictions	Total
Endowment Net Assets 1/1/2019	\$ -	\$ 66,345	\$ 66,345
Contributions	-	-	-
Investment Income	-	1,132	1,132
Net Appreciation (Depreciation)	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Endowment Net Assets 12/31/19	<u>\$ -</u>	<u>\$ 67,477</u>	<u>\$ 67,477</u>

Funds with Deficiencies- From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or PMIFA requires JLT to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with donor restrictions. There were no such deficiencies as of December 31, 2020 or 2019.

Return Objectives and Risk Parameters- JLT has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that JLT must hold in perpetuity or for donor-specified periods as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a custom Policy Index made up of various indices. The composition of the custom Policy Index is based upon the strategic asset allocation of the investment portfolio and assumes a moderate level of investment risk. The investment objectives of the Operations Endowment Fund include maintenance of principal, timely liquidity, and preservation of purchasing power over time.

Strategies Employed for Achieving Objectives- To satisfy its long-term rate-of-return objective, JLT notes that for funds earmarked for capital appreciation, appropriate investments include intermediate term bond funds/ETF's, equity mutual funds, equity ETF's, and unconstrained bond funds.

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Spending Policy and How the Investment Objectives Relate to the Spending Policy- JLT's spending policy intends that no distributions shall be made from the Operations Endowment Fund for the first five years of its existence or until it reaches a threshold balance of \$400,000, whichever shall first occur. After a five-year period which ended in December of 2014, or after achieving the \$400,000 threshold, distributions shall be made on an annual basis as determined by the Board. Regular disbursements should be limited to a maximum of 5% of the value of the portfolio at the beginning of each fiscal year, or one-half of the income generated by the fund for the most recent fiscal year, whichever is less. At no time will the distribution of the spendable amount result in the invasion of the original amounts donated.

F. ACCOUNTS RECEIVABLE:

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable.

Historically, bad debts have been immaterial. During 2020 and 2019, there were bad debts of \$0 and \$0, respectively. As of December 31, 2020, management estimated that all accounts receivable were collectible.

JLT had no material amounts past due at December 31, 2020.

G. PLEDGES RECEIVABLE:

JLT received promises to give from a number of donors in 2020 and in years prior to 2020. JLT has provided an allowance for uncollectible amounts based on its assessment of the current status of individual pledges and has discounted pledges to current value using a rate of .15%. Pledges receivable at December 31, 2020 are to be received as follows:

Less than one year	\$	96,431
Two to five years		25,320
Thereafter		-
		<u>121,751</u>
Less discount to present value		(171)
Less allowance for uncollectible		<u>(6,200)</u>
	\$	<u><u>115,380</u></u>

JLT has implemented a new development strategy that will result in a significant reduction of pledge receivables over the next 5 years. This planned reduction is in response to several changes in JLT's constituency – an increase in foundation grants, an increase in an operating reserve that will provide emergency working cash equivalent to 6 months of operational expenses, and a desire by our donors to not request commitments that are relatively inflexible.

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H. NOTE RECEIVABLE:

On February 15, 2008, JLT granted a loan to an individual in relation to one of the pieces of conservation land owned by JLT. A promissory note was received in exchange. The promissory note is for the amount of \$93,750 and is to be paid in monthly installments of approximately \$600. The note matures on January 15, 2028 with an annual interest rate of 5%.

Future expected amounts to be received at December 31, 2020 are as follows:

2021	5,650
2022	5,939
2023	6,243
2024	6,562
2025	6,898
Thereafter	<u>15,935</u>
	<u>\$ 47,227</u>

I. FURNITURE, EQUIPMENT, AND IMPROVEMENTS:

Furniture, Equipment, and Improvements consist of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Furniture & Equipment, and Software	\$ 57,157	\$ 57,157
Accumulated Depreciation and Amortization	<u>(50,586)</u>	<u>(45,742)</u>
	<u>6,571</u>	<u>11,415</u>
Leasehold Improvements	39,989	29,852
Accumulated Depreciation	<u>(17,911)</u>	<u>(14,926)</u>
	<u>22,078</u>	<u>14,926</u>
Fixed Assets-Net	<u>\$ 28,649</u>	<u>\$ 26,341</u>

Accumulated Depreciation and Amortization was \$68,497 and \$60,668 at December 31, 2020 and 2019, respectively.

J. ECONOMIC DEPENDENCY:

For 2020 and 2019, grant funding was primarily provided by the State of Washington Recreation and Conservation Office, State of Washington Department of Commerce, and Jefferson County. A reduction in this level of support, if it were to occur, could have a significant impact on JLT's operations.

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K. RETIREMENT PLAN:

JLT maintains a Simplified Employee Pension – Individual Retirement Accounts Contribution Benefit Plan (“the Plan”). Eligible employees may join the Plan after one year of service. There were employer contributions of \$14,576 and \$12,372, respectively, for 2020 or 2019.

L. LAND AND CONSERVATION EASEMENTS:

Land and conservation easements at December 31 are summarized as follows:

	<u>2020</u>	<u>2019</u>
Quimper Wildlife Corridor	\$ 476,101	\$ 476,101
Chimacum Creek	385,348	385,348
Duckabush Riparian Forest	492,800	492,800
Duckabush-Hacheny	90,000	-
Donovan Creek	205,000	205,000
Duckabush Wetlands & Oxbow	530,000	530,000
Bulis Forest Preserve	125,240	125,240
Upper Snow Creek Forest	340,000	340,000
Snow Creek Uncas Preserve	325,000	325,000
Chimacum Commons	90,850	90,850
Snow Creek Estuary	86,000	86,000
Silver Reach	125,000	125,000
Gateway	85,000	85,000
Kilham Corner	38,930	38,930
Valley View	2,002,000	2,002,000
Discovery Bay	418,583	283,583
Fissler	75,000	75,000
Longmire	145,000	145,000
Snow Creek-Hopkins	95,000	-
Conservation easements	<u>66</u>	<u>63</u>
Total Unrestricted Net Assets	\$ <u><u>6,130,919</u></u>	\$ <u><u>5,810,916</u></u>

M. LEASE AGREEMENTS:

On June 21, 2012, JLT entered into an operating lease as lessee for its administrative office in Port Townsend, Washington. The lease expired in June of 2014 and is now on a month to month basis. The agreement calls for monthly payments of \$2,235 plus utilities, which includes an additional adjacent space for 2020. JLT also rents a storage unit on a month to month basis. Rent expense totaled \$32,455 and \$26,221, for the years ended December 31, 2020 and 2019, respectively.

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N. INCOME TAX & UNCERTAIN TAX POSITIONS:

Jefferson Land Trust and JLT Resources, LLC (a disregarded entity) are tax exempt non-profit organizations under the Internal Revenue Code Section 501(c)(3) and are not classified as a private foundation. Accordingly, the financial statements do not include any provision for income taxes.

JLT 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 2017. Currently, there is no examination or pending examination with the Internal Revenue Service (IRS) or any other state or federal taxing authorities.

JLT adopted the provisions of FASB ASC 740-10, Accounting for Uncertainty in Income Taxes, on January 1, 2009. As of December 31, 2020, there are no tax positions for which the deductibility is certain but for which there is uncertainty regarding the timing of such deductibility.

O. INVESTMENTS AND FAIR VALUE MEASUREMENTS:

JLT follows U.S. GAAP which 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. 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, 2020.

Stocks: Valued at quoted market prices in active markets for identical assets.

Mutual Funds: Valued at quoted market prices in active markets, which represent the net asset value (NAV) of shares held by the JLT at year end.

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

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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, JLT's assets at fair value as of December 31, 2020:

	Assets at Fair Value as of December 31, 2020			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ <u>760,592</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>760,592</u>
Total Assets at Fair Value:	\$ <u><u>760,592</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>760,592</u></u>
Certificates of deposit, held at cost plus accrued interest				<u>165,661</u>
Total Investments				\$ <u><u>926,253</u></u>

The following table sets forth by level, within the fair value hierarchy, JLT's assets at fair value as of December 31, 2019:

	Assets at Fair Value as of December 31, 2019			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ <u>671,978</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>671,978</u>
Total Assets at Fair Value:	\$ <u><u>671,978</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>671,978</u></u>
Certificates of deposit, held at cost plus accrued interest				<u>290,691</u>
Total Investments				\$ <u><u>962,669</u></u>

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Investment return for the years ended December 31 consisted of the following:

	<u>2020</u>	<u>2019</u>
Interest & dividend income	\$ 21,902	\$ 15,826
Realized/unrealized (loss) gain	<u>68,538</u>	<u>115,971</u>
Total	<u>\$ 90,440</u>	<u>\$ 131,797</u>

P. LAND PURCHASE AND HOLD FEE:

JLT signed a purchase and sale agreement with a third party during 2015 for the purchase of approximately 850 acres of forest land in Jefferson County. The terms of the agreement, dated March 17, 2015, required JLT to purchase the property for an amount not to exceed the appraised fair market value of the property.

The terms of the agreement required the payment of a \$100,000 non-refundable hold fee to the third party to allow time for the purchase process to be completed and for JLT to raise the necessary funding to complete the purchase. The hold fee agreement was to expire on March 17, 2019. During 2016, JLT signed an amended agreement that resulted in the refund of \$25,000 of the \$100,000 hold fee and extended the agreement to nine year from the original five years, now expiring in 2023.

JLT adjusted amortization of the hold fee to the new life of the agreement which resulted in an increase to the hold fee asset of \$8,331 in 2016. Amortization expense of \$8,331 was recognized during 2020 and 2019.

Q. PAYCHECK PROTECTION PROGRAM LOAN:

In April of 2020, JLT received a loan of \$119,740 from Kitsap 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 JLT. JLT used the loan proceeds for eligible expenses during 2020 and will recognize grant income on loan forgiveness, which occurred in 2021.