

NORTH COAST LAND CONSERVANCY, INC.

FINANCIAL STATEMENTS

Year Ended September 30, 2023



KERN ▲ THOMPSON
CERTIFIED PUBLIC ACCOUNTANTS

NORTH COAST LAND CONSERVANCY, INC.

FINANCIAL STATEMENTS

Year Ended September 30, 2023

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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, 2023, 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, 2023, 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 2022 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated April 20, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Portland, Oregon
March 25, 2024

NORTH COAST LAND CONSERVANCY, INC.

STATEMENT OF FINANCIAL POSITION

Year Ended September 30, 2023

(With Comparative Totals as of September 30, 2022)

ASSETS

	2023	2022
Cash and cash equivalents	\$ 501,660	\$ 877,719
Contracts receivable	71,147	17,050
Investments (Note C)	5,159,587	1,900,246
Prepaid expenses	7,102	6,741
Deposit for property acquisition	1,250	1,250
Property and equipment, net (Note D)	363,423	255,952
Conservation land (Note E)	24,447,672	24,447,672
Beneficial interest in assets held by others (Note F)	356,695	356,898
	\$ 30,908,536	\$ 27,863,528

LIABILITIES AND NET ASSETS

Accounts payable	\$ 6,361	\$ 333
Payroll and related liabilities	98,991	92,580
Grants payable to others	-	349,701
Total liabilities	105,352	442,614
Net assets		
Without donor restrictions		
Available for operations	2,355,640	1,194,624
Board designated (Note I)	3,315,010	1,273,087
Invested in land (Note E)	24,447,672	24,447,672
Total without donor restrictions	30,118,322	26,915,383
With donor restrictions (Note I)	684,862	505,531
Total net assets	30,803,184	27,420,914
Total liabilities and net assets	\$ 30,908,536	\$ 27,863,528

See notes to financial statements.

NORTH COAST LAND CONSERVANCY, INC.

STATEMENT OF ACTIVITIES

Year Ended September 30, 2023

(With Comparative Totals for the year ended September 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2023	2022
Operating revenue				
Grants and contracts	\$ 110,000	\$ 344,472	\$ 454,472	\$ 399,074
Rainforest Reserve grants	-	2,132,706	2,132,706	1,364,351
Arch Cape/Neskowin grants	-	3,450	3,450	349,701
Other contributions	1,186,987	611,553	1,798,540	1,044,161
Gain from property sale	-	-	-	64,949
Property income	18,510	-	18,510	23,208
	1,315,497	3,092,181	4,407,678	3,245,444
Net assets released from restrictions				
Satisfaction of purpose	2,912,850	(2,912,850)	-	-
Total operating revenue	4,228,347	179,331	4,407,678	3,245,444
Expenses				
Program services				
Conservation of land	280,455	-	280,455	761,422
Stewardship of owned lands	407,280	-	407,280	314,631
Education and outreach	360,044	-	360,044	237,584
Total program services	1,047,779	-	1,047,779	1,313,637
Supporting services				
Management and general	98,974	-	98,974	115,107
Fundraising	139,139	-	139,139	148,041
Total expenses	1,285,892	-	1,285,892	1,576,785
Change in net assets before non-operating activities	2,942,455	179,331	3,121,786	1,668,659
Increase (decrease) in beneficial interest in assets held by others	18,808	-	18,808	(30,305)
Dividends and interest	111,355	-	111,355	73,413
Net realized and unrealized gain (loss) on investments	130,321	-	130,321	(468,521)
Change in net assets	3,202,939	179,331	3,382,270	1,243,246
Net assets, beginning of year	26,915,383	505,531	27,420,914	26,177,668
Net assets, end of year	\$ 30,118,322	\$ 684,862	\$ 30,803,184	\$ 27,420,914

See notes to financial statements.

NORTH COAST LAND CONSERVANCY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended September 30, 2023

(With Comparative Totals for the year ended September 30, 2022)

	<u>PROGRAM SERVICES</u>				<u>SUPPORTING SERVICES</u>		<u>Total</u>	
	<u>Conservation of Land</u>	<u>Stewardship of Owned Lands</u>	<u>Education and Outreach</u>	<u>Program Total</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2023</u>	<u>2022</u>
Payroll and benefits	\$ 235,446	\$ 251,424	\$ 211,997	\$ 698,867	\$ 35,451	\$ 119,700	\$ 854,018	\$ 704,812
Professional services	6,795	11,144	63,800	81,739	25,039	585	107,363	252,410
Land management and acquisition	1,646	102,717	-	104,363	-	-	104,363	69,622
Grants to others	4,350	-	-	4,350	-	-	4,350	349,701
Occupancy	6,240	11,681	6,200	24,121	8,709	2,400	35,230	35,078
Office expense	5,286	8,061	43,633	56,980	11,073	3,482	71,535	61,339
Meetings and travel	1,864	3,425	14,945	20,234	7,404	5,440	33,078	22,855
Depreciation	8,378	8,378	8,378	25,134	5,027	3,351	33,512	28,664
Insurance	10,450	10,450	11,092	31,992	6,270	4,181	42,443	36,907
Interest	-	-	-	-	-	-	-	15,397
	<u>\$ 280,455</u>	<u>\$ 407,280</u>	<u>\$ 360,045</u>	<u>\$ 1,047,780</u>	<u>\$ 98,973</u>	<u>\$ 139,139</u>	<u>\$ 1,285,892</u>	<u>\$ 1,576,785</u>

See notes to financial statements.

NORTH COAST LAND CONSERVANCY, INC.

STATEMENT OF CASH FLOWS

Year Ended September 30, 2023

(With Comparative Amounts for the year ended September 30, 2022)

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 3,382,270	\$ 1,243,246
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	33,512	28,664
Realized and unrealized losses (gains) on investments	(130,321)	498,826
Increase (decrease) in beneficial interest in assets held by others	(18,808)	30,305
Gain from property sale	-	(64,949)
Changes in assets and liabilities:		
Contracts receivable	(54,097)	(8,711)
Prepaid expenses	(361)	(3,952)
Deposit for property acquisition	-	147,750
Accounts payable	6,028	(1,084)
Payroll and related liabilities	6,411	23,383
Agency funds held for others	(349,701)	149,642
Net cash provided by (used in) operating activities	2,874,933	2,043,120
Cash flows from investing activities:		
Purchase of property and equipment	(140,984)	(71,619)
Purchase of investments	(3,014,243)	-
Purchases of conservation land	-	(8,187,860)
Distribution from beneficial interest in assets held by others	15,590	10,889
Proceeds from sale of property	-	74,249
Redemption of investments	-	6,632,988
Investment earnings retained in investment accounts	(111,355)	(73,413)
Net cash provided by (used in) investing activities	(3,250,992)	(1,614,766)
Net change in cash	(376,059)	428,354
Cash and cash equivalents, beginning of year	877,719	479,670
Cash and cash equivalents, end of year	\$ 501,660	\$ 908,024
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	\$ -	\$ 2,811

See notes to financial statements.

NORTH COAST LAND CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2023

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, 2023, the Organization had conserved 8,435 acres in 4 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 2023 NCLC held weekly work parties with community volunteers from April through 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 20 events during the year ending September 30, 2023, and engaged with 1000's of beach goers via the tidepool ambassador program. These events were in person, free, and open to the public.

NORTH COAST LAND CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2023

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, 2023

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, 2023

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 September 30, 2022, from which the summarized information was derived. Certain reclassifications have been made to 2022 amounts to conform to the 2023 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, 2023

NOTE C – FAIR VALUE MEASUREMENTS (CONTINUED)

Fair values of assets measured on a recurring basis at September 30, 2023 were as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 120,300	\$ -	\$ -	\$ 120,300
Fixed income funds	29,829	-	-	29,829
Equities	1,677,319	-	-	1,677,319
Equity funds	826,129	-	-	826,129
Bond funds	1,083,913	-	-	1,083,913
Exchange traded funds	1,420,219	-	-	1,420,219
Accrued income	1,878	-	-	1,878
Beneficial interest in assets held by others	-	-	356,695	356,695
	<u>\$ 5,159,587</u>	<u>\$ -</u>	<u>\$ 356,695</u>	<u>\$ 5,516,282</u>

For the year ended September 30, 2023, the changes in investments classified as Level 3 are as follows:

Beginning balance	\$ 356,898
Earnings	6,740
Funds released	(15,590)
Investment fees	(4,293)
Realized and unrealized gain on investment	<u>12,940</u>
Total investments at fair value	<u>\$ 356,695</u>

NOTE D – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Construction in progress	\$ 140,984
Building and improvements	327,333
Equipment	122,752
Furniture	11,507
Less accumulated depreciation and amortization	<u>(239,153)</u>
	<u>\$ 363,423</u>

Depreciation and amortization expense totaled \$33,512 for the year ended September 30, 2023. Construction in progress relates to a new community center located on the Organization's Circle Creek property. The addition is expected to cost approximately \$1,300,000, and will be funded in part with the board designated fund totaling \$709,844 described in Note I.

NORTH COAST LAND CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2023

NOTE E – CONSERVATION LAND

The first property to enter the Organization's portfolio did so in 1997. From that time until September 30, 2023, 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, 2023 the properties held by the Organization include the following:

Rainforest Reserve	10/26/2021	8,097,860
9th Street Wetlands	10/15/2020	147,000
Tillamook River Wetlands	07/30/2020	306,603
Blind Slough	02/15/2019	1,074,438
Butte Creek Expansion	11/15/2018	161,067
Rautio Land	03/13/2017	232,139
Boneyard Ridge	07/29/2016	1,330,883
Butte Creek Habitat Reser	06/07/2016	274,933
Bradley Bog	11/11/2014	175,800
Sand Lake III	05/15/2014	319,191
Skipanon Forest Land	12/20/2013	803,626
Clear Lake Land	09/20/2013	472,524
Ecola Road-Niekas	05/28/2013	122,167
North Fork Necanicum Land	12/30/2011	349,432
Necanicum Forest	12/20/2010	221,280
Shangrila/Stevens	12/01/2009	236,794
Coal Creek	03/02/2009	127,749
Reed Ranch-Westlake	09/17/2008	999,046
Crosel Creek	01/15/2007	582,972
Malarkey B-Gearhart Reser	12/20/2006	994,000
Sand Creek II Land	12/05/2006	507,052
Malarkey B-Gearhart Reser	12/05/2006	3,557,000
Stanley Lake	12/16/2005	250,979
Malarkey A-Shamrock Pines	12/30/2004	574,000
Circle Creek Land	07/12/2004	1,136,203
Pacific Wetlands-Sittner	08/28/2000	113,640
Ecola Road-Harvey	03/26/1997	104,940
Other smaller properties	various	<u>1,174,354</u>
Total		<u>\$ 24,447,672</u>

NORTH COAST LAND CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2023

NOTE F – BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The beneficial interest in assets held by others as of September 30, 2023 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 G – IN-KIND CONTRIBUTIONS

Volunteers provide many of the Organization's daily personnel needs for routine operations. During the year ending September 30, 2023, more than 200 volunteers donated 4,000 hours to further the mission of the Organization.

NOTE H – CONDITIONAL PROMISES TO GIVE

The Organization has received the following conditioned awards not yet recognized as revenue.

<u>Award</u>	<u>Conditional funding</u>
OWEB Boneyard Ridge	\$ 64,690
OWEB Conservation Planning	27,431
USFWS Boneyard Ridge	15,493
USFWS Surf Pines	18,260
	<u>\$ 125,874</u>

NORTH COAST LAND CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2023

NOTE I – 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	\$ 14,500
CCLC Dissolution Funds	197,807
Angora Acquisition Funds	15,000
LTA ACE General Grants	55,194
Marine Program Grants	106,361
Blind Slough funds at OCF	<u>296,000</u>
Total Net assets with donor restrictions	\$ <u>684,862</u>

Board designated net assets consist of the following:

Dedicated Stewardship Funds	\$ 2,463,628
Circle Creek Rebuild Fund	709,844
Easement Defense Fund	65,000
OCF Easement Support Fund	<u>76,538</u>
Total board designated net assets	\$ <u>3,315,010</u>

NOTE J – 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.

NOTE K – 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, 2023 totaled \$17,114.

NORTH COAST LAND CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2023

NOTE L – LIQUIDITY

The following chart represents the Organization's financial assets available to meet cash needs for general expenditures within one year of September 30, 2023:

Financial assets at year-end	
Cash and cash equivalents	\$ 501,660
Receivables	71,147
Investments	5,159,587
Beneficial interest in assets held by others	356,695
Total financial assets	<u>6,089,089</u>
Less those unavailable for general expenditure within one year, due to:	
Contractual or donor-imposed restrictions:	(684,862)
Board designations:	
Board-designated investments - Stewardship	<u>(3,315,010)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,089,217</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 M – 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, 2023, cash in excess of FDIC insurance was about \$207,000. 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.

NOTE N – COMMITMENTS AND CONTINGENCIES

The Organization has engaged in a carbon offset contract associated with one of its conserved land trust properties. Amongst many provisions, the Organization must maintain the property in an undeveloped state for 40 years. This contract requires the Organization to fulfill certain additional obligations with regard to this property that are consistent with its mission.

A third-party verifier has made a preliminary assessment that makes a future payment likely.

NORTH COAST LAND CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2023

NOTE N – COMMITMENTS AND CONTINGENCIES (Continued)

However, due to the uncertain nature of these commitments, future anticipated receipts under this contract are not determinable and are not reported in the financial statements. The potential revenue could exceed over \$2,500,000 during the year ending September 30, 2024, if all conditions of the agreement are met. Once received, there are no contractual requirements for how the funds are used. The Organization cannot receive more than about \$5,400,000 over the life of the project.

NOTE O – SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 25, 2024, which is the date the financial statements were available to be issued.

Subsequent to year end, the Organization committed about \$200,000 with a partner non-profit to acquire a 359 acre property in about three years.