



Jefferson Land Trust

RESOLUTION

February 16, 2016

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 its projects, and

WHEREAS, Jefferson Land Trust has been working since 2006 in partnership with Jefferson LandWorks Collaborative whose mission is to keep the farms and forests of Jefferson County, Washington, working, productive and profitable, and

WHEREAS, the Serendipity Farm is indicated as priority agricultural and habitat land in several local and regional plans, and the landowner is eager to complete the project, and

WHEREAS, approximately 48 acres of prime agricultural land on Serendipity Farm, will be protected for prime agricultural soils, riparian habitat of Cemetery Creek and some associated wetlands on the agriculturally zoned acreage by an agricultural conservation easement, 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 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

WHEREAS, acquisition of high-priority identified lots in the Quimper Wildlife Corridor area from willing sellers would provide such wildlife and wetland protection, and WHEREAS, this important community asset will require stewardship in perpetuity, to include annual monitoring, maintenance, and management, as spelled out in the City-adopted Quimper Wildlife Corridor Management Plan, Resolution, AND

WHEREAS, Jefferson Land Trust has been working since 2004 in partnership with Northwest Watershed Institute to acquire and restore critical forested watershed, riparian, estuarine and nearshore habitat in the TarbooCreek/ Dabob Bay watershed area, and



WHEREAS, Northwest Watershed Institute has requested that Jefferson Land Trust sponsor their Conservation Futures Funding application for acquisition of a conservation easement to be held by Jefferson Land Trust,

BE IT HEREBY RESOLVED that Jefferson Land Trust agreed at its February 16, 2016 Board of Directors meeting to sponsor several applications to the Jefferson County Conservation Futures Program. The Board agreed that Serendipity Farm application for purchase of a conservation easement is the highest project priority for 2016 Conservation Futures Funding due to the agricultural and economic values, and landowner willingness. The second highest priority is funding for acquisition of parcels in the Quimper Wildlife Corridor. The properties for sale in the corridor are high priority for protection due to the habitat, floodplain and recreational qualities. The third highest priority is funding for the acquisition of a conservation easement on the ~ 33 acre Radke property to support our project partner Northwest Watershed Institute in preserving critical watershed and riparian habitat in the Tarboo Creek project area.

Signed this 16th day of February, 2016.



Steve Moore, President, Board of Directors
Jefferson Land Trust

**JEFFERSON LAND TRUST
2016 OPERATING BUDGET**

| INCOME | 2015 Actuals | 2016 Budget |
|--|--------------|-------------|
| Unrestricted Capital Funds for Programs and Values of Conservation Easements | \$165,888 | \$1,020,600 |
| Restricted Capital Funds, Grant Funds from Gov'l and Private Sources | \$1,349,114 | \$1,173,898 |
| Endowment Contributions | \$8,309 | \$5,200 |
| Operations Income | | |
| Annual Contributions | \$228,735 | \$287,390 |
| Special Events | \$158,483 | \$48,000 |
| Fee for Services | \$115,463 | \$202,507 |
| Investment Income | \$4,714 | \$4,600 |
| Other | \$19,352 | \$3,300 |
| TOTAL INCOME | \$2,050,058 | \$2,745,495 |
| EXPENSE | | |
| Program Expenses - Advertising, Facility Rental, Food, Travel, Postage, Supplies, Printing | \$48,022 | \$43,590 |
| Acquisition and conveyance expenses- Acquisition and closing expenses, due diligence expenses, recording fees | \$14,872 | \$35,800 |
| Land/Easement Holding Expenses | \$35,165 | \$107,449 |
| Professional services- appraisals, environmental assessments, legal, surveys, financial management, land consulting | \$161,797 | \$177,291 |
| Administrative Expenses- Accounting, equipment, postage, shipping, rent, communications, utilities | \$142,837 | \$135,262 |
| Training | \$2,065 | \$6,470 |
| Payroll Expense | \$454,519 | \$475,643 |
| TOTAL EXPENSE | \$859,277 | \$981,505 |
| NET INCOME | \$1,190,781 | \$1,763,990 |



**Jefferson Land Trust
Board of Directors
2016**

Steve Moore, President

IT Consultant, retired

Robin Fitch, PhD, Vice President

Environmental Scientist

CAPT, US Navy reserve, retired

US Navy civilian, retired

Michael Machette, Treasurer

Geologist

Paleo Seis Surveys LLC

Bethany Axtman, Secretary

Actuary

Cambia Health Solutions (Regence)

Nan Evans

City of Port Townsend Planning

Commission

The Nature Conservancy, retired

Glenda Hultman

Attorney

Co-Founder, Medifor

Gary Keister

CEO

Wescom Capital, Inc.

David Reid

Architect, retired

Brie Van Cleve

Policy Analyst

Pacific Northwest National Laboratory

Debbie Wardrop

General Manager

The Resort at Port Ludlow



Jefferson Land Trust Professional Staff 2016

RICHARD TUCKER Executive Director

Richard holds a BA and JD from Florida State University, and a MPA in Coastal Resources Management from the University of West Florida. Richard's career has been devoted to conservation, beginning as a city planner in Pensacola, Florida where he helped create the Escambia Bay Bluffs Park. After moving to the Northwest almost thirty years ago, he worked for the Puget Sound Water Quality Authority and then spent 15 years working for King County. While there, his areas of focus included protecting habitat, working farms and forests, implementing a public benefit rating system, and managing a multi-county salmon recovery effort. He then joined the Trust for Public Land in Georgia, creating new parks in Atlanta for the Atlanta Beltline and preserving land along the Chattahoochee River. His conservation experience spans large and small: he worked for the Nature Conservancy of Alabama and a local land trust in Alabama as well.

SARAH SPAETH Director, Conservation and Strategic Partnerships

Sarah grew up in the Northwest, in Seattle and the San Juan Islands, and received her undergraduate degree in marine biology from Western Washington University and a graduate degree in coastal zone management from the School of Marine Affairs at the University of Washington. Sarah was originally hired as a project coordinator in 1996 for what was then called the North Quimper Peninsula Wildlife Corridor, has served in the past as Jefferson Land Trust's executive director, and now oversees our projects and partnerships in her role as Director of Conservation. She works closely with land owners and community members, as well as governmental and non-profit agencies to shepherd all of our land projects through to protection. Prior to working at Jefferson Land Trust, she served as a marine consultant with the Port Townsend Marine Science Center, along with a long stint working on natural history charter boats in Southeast Alaska.

CHRIS CLARK Director, Development and Public Relations

A Northwest native, Chris joined the Jefferson Land Trust team in 2015 to oversee the organization's growing fundraising and communications efforts. In this role, she is able to blend her passion for conservation with twenty years of professional experience in program development, nonprofit management and fundraising. She comes most recently from a senior leadership position at Conservation Northwest, and has also held fundraising management positions at Grist and the University of Washington. Chris is a seasoned nonprofit leader, serving as Executive Director for both the Edmonds Community College Foundation and Rosehedge AIDS Housing and Health Care in Seattle. She holds a B.A. in English Literature and Masters in Public Administration, both from the University of Washington.

ERIK KINGFISHER
Stewardship Director

Erik manages the conservation agreements and the protected properties of Jefferson Land Trust. He works with landowners and partners to monitor, protect, and restore conservation properties in which the Land Trust holds an interest. Erik has been involved in the land trust movement since 2003 and brings a breadth of conservation project experience as well as non-profit management skills to the team. With a BA in environmental education, he spent several years on the Olympic Peninsula working as a naturalist, guide and educator, after which he achieved his MA in Environmental Politics.

CAROLINE ROBERTSON
Communications Director

Caroline Robertson coordinates communications to inform and educate the community on the benefits of local land conservation, promote a stewardship ethic, and engage our constituents in the work we do. She grew up in the San Francisco Bay area, earned a B.A. in English Language and Literature at the University of Chicago, and moved to Jefferson County after years in Santa Fe, New Mexico.

CARRIE CLENDANIEL
Stewardship Associate

Carrie's work focuses on restoring and maintaining our Nature Preserves along with the help of many dedicated volunteers. She also supports the acquisition work related to protecting new conservation properties, and works to develop the next generation of land stewards through providing on-the-land learning experiences for local K-12 students. She grew up exploring the outdoors and a love of nature originally sparked an interest in science that led to a B.A. in Biology from Northwestern University and a M.S. of Biological Sciences from Cold Spring Harbor Laboratory. Returning home to the Olympic Peninsula, she learned about local habitat restoration while working as a Washington Conservation Corps member with the North Olympic Salmon Coalition restoration crew. During that time, she became acquainted with Jefferson Land Trust as a volunteer, then as an Americorps staff, and most recently as stewardship staff.

SHELBY SMITH
Salesforce Administrator

As the Database Administrator, Shelby spends her days helping Jefferson Land Trust track and measure our work. She grew up in east Jefferson County, and spent her childhood alternately sailing on the Salish Sea, and riding her horse on the trails and beaches near Mats Mats Bay. Shelby has a degree in Environmental Education & Mass Communication from Western Washington University. Her varied work experience has a "green thread" running through it--from serving as a shipboard naturalist and environmental educator, to regional salmon recovery work, to digital communications, to sustainable economic development, to habitat conservation, Shelby's work is always focused on bringing human community into right relationship with the natural world. She brings deep roots in Jefferson County and a strong sense of place to her work with Jefferson Land Trust.

KATHLEEN WACKER**Finance Assistant**

Kathleen provides administrative support to Jefferson Land Trust, with a focus on maintaining the day-to-day financial processes that keep this organization strong. She brings a passion for wildlife habitat to her work. Before moving to Jefferson County, she was involved in volunteer work at a wildlife rehabilitation center, providing care for injured or orphaned wildlife with the goal of releasing each back to the wild. She served on the board of directors of Suisun Wildlife Center in Suisun, CA, and on the board of directors of the Walnut Creek (CA) Employees Association. Kathleen enjoys all aspects of wildlife watching and wood carving, drawing from nature the inspiration to create using the many varied and available types of wood from the Olympic Peninsula.

CAITLIN BATTERSBY**Administrative and Development Assistant**

Caitlin studied photojournalism at the University of Central Florida and interned at local papers. To balance out all of that time indoors, she started photographing nature and studying herbalism at the Florida School of Holistic Living. When she moved to the Puget Sound area for a magazine internship, she fell in love with the Olympic Peninsula for its mountains, rivers, forests, and nature-loving people. She decided to settle here, where her career path could include her love of the wild.

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
AND SUBSIDIARY**

Consolidated Financial Statements

For the Year Ended December 31, 2014

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Independent Auditor's Report

Board of Directors Jefferson Land Trust and Subsidiary Port Townsend, Washington

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, 2014, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 JLT as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



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Correction of Error

As discussed in Note 12 to the financial statements, certain errors resulting in overstatement of amounts previously reported for unrestricted net assets and understatement of amounts previously reported for temporarily restricted net assets as of December 31, 2013, were discovered by management of JLT during the current year. Accordingly, amounts reported for unrestricted and temporarily restricted net assets have been restated in the 2013 financial statements now presented to correct the error. Our opinion is not modified with respect to that matter.

Report on Summarized Comparative Information

We have previously audited JLT's 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 17, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects other than the correction of error noted in the previous section, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidated schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Clark Nuber P S

Certified Public Accountants
June 11, 2015

JEFFERSON LAND TRUST AND SUBSIDIARY

Consolidated Statement of Financial Position
 December 31, 2014
 (With Comparative Totals for 2013)

| | 2014 | 2013, As Restated |
|---|---------------------|----------------------|
| Assets | | |
| Cash and equivalents | \$ 624,624 | \$ 496,776 |
| Investments (Note 2) | 378,051 | 413,675 |
| Accounts receivable | 35,174 | 58,160 |
| Pledges receivable (Note 3) | 451,123 | 431,579 |
| Note receivable (Note 4) | 71,008 | 74,846 |
| Prepaid expenses | 4,555 | 2,689 |
| Land, conservation easements, and purchase options- | | |
| Habitat land | 1,451,717 | 1,328,192 |
| Working land | 25,048 | 25,048 |
| Open space land | 268,512 | 256,332 |
| Conservation easements | 54 | 53 |
| Total land and conservation easements (Note 5) | 1,745,331 | 1,609,625 |
| Furniture and equipment, net of accumulated depreciation of \$21,154 (2013 - \$18,394) | 7,132 | 8,523 |
| Total Assets | \$ 3,316,998 | \$ 3,095,873 |
| Liabilities and Net Assets | | |
| Accounts payable | \$ 18,251 | \$ 1,876 |
| Accrued expenses and deferred revenue | 35,074 | 27,281 |
| Total Liabilities | 53,325 | 29,157 |
| Net Assets: | | |
| Unrestricted (Note 8)- | | |
| Undesignated, as restated (Note 12) | 303,965 | 396,394 |
| Board designated | 1,745,331 | 1,609,625 |
| Total unrestricted net assets, as restated (Note 12) | 2,049,296 | 2,006,019 |
| Temporarily restricted, as restated (Notes 9 and 12) | 1,169,898 | 1,024,787 |
| Permanently restricted (Note 10) | 44,479 | 35,910 |
| Total Net Assets | 3,263,673 | 3,066,716 |
| Total Liabilities and Net Assets | \$ 3,316,998 | \$ 3,095,873 |

See accompanying notes.

JEFFERSON LAND TRUST AND SUBSIDIARY

Consolidated Statement of Activities
For the Year Ended December 31, 2014
(With Comparative Totals for 2013)

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>2014 Total</u> | <u>2013 Total</u> |
|---|---------------------|-----------------------------------|-----------------------------------|---------------------|---------------------|
| Revenue and Gains: | | | | | |
| Gifts and contributions | \$ 156,416 | \$ 413,944 | \$ 7,887 | \$ 578,247 | \$ 341,113 |
| Fair value of easement acquisitions | 1,297,250 | | | 1,297,250 | 875,001 |
| Grants and contracts | 240,149 | | | 240,149 | 607,382 |
| Special events income, net of net of expenses of \$20,661 (2013 - \$22,403) | 93,391 | | | 93,391 | 105,387 |
| Timber sales | | 74,416 | | 74,416 | |
| Net investment return (Note 2) | 8,625 | | 682 | 9,307 | 10,163 |
| Release from restriction (Note 9) | 343,249 | (343,249) | | | |
| Total Revenue and Gains | 2,139,080 | 145,111 | 8,569 | 2,292,760 | 1,939,046 |
| Expenses: | | | | | |
| Program | 1,862,944 | | | 1,862,944 | 1,313,387 |
| General and administrative | 118,437 | | | 118,437 | 98,383 |
| Fundraising | 114,422 | | | 114,422 | 89,713 |
| Total Expenses | 2,095,803 | | | 2,095,803 | 1,501,483 |
| Change in Net Assets | 43,277 | 145,111 | 8,569 | 196,957 | 437,563 |
| Net assets, beginning of year, (as restated, Note 12) | 2,006,019 | 1,024,787 | 35,910 | 3,066,716 | 2,629,153 |
| Net Assets, End of Year | \$ 2,049,296 | \$ 1,169,898 | \$ 44,479 | \$ 3,263,673 | \$ 3,066,716 |

See accompanying notes.

JEFFERSON LAND TRUST AND SUBSIDIARY

**Consolidated Statement of Cash Flows
For the Year Ended December 31, 2014
(With Comparative Totals for 2013)**

| | <u>2014</u> | <u>2013</u> |
|---|-------------------|-------------------|
| Cash Flows From Operating Activities: | | |
| Change in net assets | \$ 196,957 | \$ 437,563 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities- | | |
| Depreciation | 2,760 | 2,596 |
| Realized and unrealized losses (gains) on investments | 1,282 | (246) |
| Donated land and easements | (8,000) | |
| Changes in assets and liabilities: | | |
| Accounts receivable | 22,986 | 8,045 |
| Pledges receivable | (19,544) | 83,441 |
| Prepaid expenses | (1,866) | (1,210) |
| Accounts payable | 16,375 | (6,934) |
| Accrued expenses and deferred revenue | 7,793 | (26,152) |
| Net Cash Provided by Operating Activities | 218,743 | 497,103 |
| Cash Flows From Investing Activities: | | |
| Purchases of investments | (4,909) | (5,558) |
| Proceeds from sale of investments | 39,251 | 59,931 |
| Proceeds from note receivable | 3,838 | 3,545 |
| Purchases of land | (129,983) | (389,759) |
| Proceeds from sale of land | 2,277 | |
| Purchases of furniture and equipment | (1,369) | (2,250) |
| Net Cash Used by Investing Activities | (90,895) | (334,091) |
| Net Change in Cash and Cash Equivalents | 127,848 | 163,012 |
| Cash balance, beginning of year | 496,776 | 333,764 |
| Cash Balance, End of Year | \$ 624,624 | \$ 496,776 |
| Supplemental Disclosure of Cash Flow Information: | | |
| Donated land received | \$ 8,000 | \$ - |

See accompanying notes.

JEFFERSON LAND TRUST AND SUBSIDIARY

Notes to Consolidated Financial Statements For the Year Ended December 31, 2014

Note 1 - Organization and Summary of Significant Accounting Policies

Organization - Jefferson Land Trust (the Land Trust) is a Washington nonprofit 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. 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 - Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of JLT and changes therein are classified and reported as follows:

Unrestricted Net Assets - Include all net assets on which there are no donor-imposed restrictions for use, or on which donor-imposed restrictions were temporary and have expired or been fulfilled.

Temporarily Restricted Net Assets - Include all net assets subject to donor-imposed restrictions that will be met by actions of JLT and/or the passage of time.

Permanently Restricted Net Assets - Include all net assets received by donations wherein the donors impose a permanent restriction on the use of the gift. The donors require the gift to be invested and only the income from such investments may be used to support the intended cause.

All donor-restricted support is reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When restrictions expire (that is, when a stipulated time restriction ends and/or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restriction. Gifts of equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Use of 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. Actual results could differ from those estimates.

Cash and Equivalents - For reporting purposes, JLT considers all unrestricted highly liquid investments with a purchased maturity of three months or less to be cash equivalents.

JEFFERSON LAND TRUST AND SUBSIDIARY

Notes to Consolidated Financial Statements For the Year Ended December 31, 2014

Note 1 - Continued

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

At December 31, 2014, one donor's pledge represented approximately 26% of pledges receivable, and the total of all pledges from board members represented approximately 52% of pledges receivable.

At December 31, 2013, one donor's pledge represented approximately 33% of pledges receivable, and the total of all pledges from board members represented approximately 48% 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. The carrying amount of the investment held in trust is determined by the trustee holding the securities. 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.

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.

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.

Furniture and Equipment - 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 expenses 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.

Land and Easements - 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:

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.

JEFFERSON LAND TRUST AND SUBSIDIARY

Notes to Consolidated Financial Statements For the Year Ended December 31, 2014

Note 1 - Continued

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. Two easements valued at \$1,297,250 in total were donated to JLT during the year ended December 31, 2014. Accordingly, \$1,297,250 of contribution revenue and \$1,297,249 of related write down expense have been reported on the consolidated statement of activities for the year ended December 31, 2014. Four easements valued at \$875,001 in total were donated to JLT during the year ended December 31, 2013. Accordingly, \$875,001 of contribution revenue and \$874,997 of related write down expense were reported on the consolidated statement of activities for the year ended December 31, 2013.

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 Section 170(b)(1)(A)(vi) of the Code.

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

Functional Allocation of Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Comparative Amounts for 2013 - The 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 U.S. GAAP. Accordingly, such information should be read in conjunction with JLT's financial statements for the year ended December 31, 2013, from which the summarized information was derived.

Subsequent Events - JLT has evaluated subsequent events through June 11, 2015, the date on which the consolidated financial statements were available to be issued.

Note 2 - Fair Value Measurements

U.S. GAAP defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. To increase consistency and comparability in fair value measurements, U.S. GAAP uses a fair value hierarchy that prioritizes the inputs to valuation approaches into three broad levels. The hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3).

Valuation Techniques - Financial assets and liabilities valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets and liabilities valued using Level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets. Financial assets and liabilities using Level 3 inputs are primarily valued using management's assumptions about the assumptions market participants would utilize in pricing the asset or liability. Valuation techniques utilized to determine fair value are consistently applied.

JEFFERSON LAND TRUST AND SUBSIDIARY

Notes to Consolidated Financial Statements
For the Year Ended December 31, 2014

Note 2 - Continued

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, 2014 and December 31, 2013.

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 JLT at year-end.

There are no significant redemption restrictions or unfunded commitments on these investments.

Fair Values Measured on a Recurring Basis - Fair values of investments measured on a recurring basis at December 31 were as follows:

| | Fair Value Measurements as of December 31, 2014 | | | |
|---|---|-------------|-------------|-------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Stocks | \$ 98,642 | \$ - | \$ - | \$ 98,642 |
| Mutual funds- | | | | |
| Fixed income mutual fund | 44,197 | | | 44,197 |
| Total Investments Held at Fair Value | \$ 142,839 | \$ - | \$ - | \$ 142,839 |
| Certificates of deposit, held at cost plus accrued interest | | | | 235,212 |
| Total Investments | | | | \$ 378,051 |

| | Fair Value Measurements as of December 31, 2013 | | | |
|---|---|-------------|-------------|-------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Mutual funds- | | | | |
| Fixed income mutual fund | \$ 38,502 | \$ - | \$ - | \$ 38,502 |
| Total Investments Held at Fair Value | \$ 38,502 | \$ - | \$ - | \$ 38,502 |
| Certificates of deposit, held at cost plus accrued interest | | | | 375,173 |
| Total Investments | | | | \$ 413,675 |

JEFFERSON LAND TRUST AND SUBSIDIARY

Notes to Consolidated Financial Statements
For the Year Ended December 31, 2014

Note 2 - Continued

A reconciliation of the beginning and ending fair value balances for funds held at a community foundation using significant unobservable inputs (Level 3) were as follows:

| | <u>2014</u> | <u>2013</u> |
|--------------------------------------|-----------------------------|-----------------------------|
| Beginning balance at January 1 | \$ - | \$ 59,339 |
| Interest income | | 10 |
| Realized/unrealized gain | | 682 |
| Investment fees paid | | (260) |
| Withdrawals | | (59,771) |
| | <u> </u> | <u> </u> |
| Ending Balance at December 31 | <u>\$ -</u> | <u>\$ -</u> |

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

| | <u>2014</u> | <u>2013</u> |
|---------------------------------|-----------------------------|-----------------------------|
| Interest income | \$ 10,589 | \$ 9,657 |
| Realized/unrealized (loss) gain | (1,282) | 246 |
| Investment fees | | 260 |
| | <u> </u> | <u> </u> |
| | <u>\$ 9,307</u> | <u>\$ 10,163</u> |

Note 3 - Pledges Receivable

Pledges receivable at December 31 are to be received as follows:

| | <u>2014</u> | <u>2013</u> |
|--|-----------------------------|-----------------------------|
| Less than one year | \$ 132,953 | \$ 135,650 |
| Two to five years | 301,389 | 256,885 |
| Thereafter | 25,510 | 48,168 |
| | <u> </u> | <u> </u> |
| | 459,852 | 440,703 |
| Less discount to present value (0.6%) | (4,846) | (4,840) |
| Less allowance for uncollectible pledges | (3,883) | (4,284) |
| | <u> </u> | <u> </u> |
| | <u>\$ 451,123</u> | <u>\$ 431,579</u> |

JEFFERSON LAND TRUST AND SUBSIDIARY

Notes to Consolidated Financial Statements For the Year Ended December 31, 2014

Note 4 - 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. JLT received a promissory note 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%.

The note receivable at December 31 is to be received as follows:

| | <u>2014</u> | <u>2013</u> |
|--------------------|-------------------------|-------------------------|
| Less than one year | \$ 3,955 | \$ 3,762 |
| Two to five years | 17,949 | 17,076 |
| Thereafter | <u>49,104</u> | <u>54,008</u> |
| | <u>\$ 71,008</u> | <u>\$ 74,846</u> |

Note 5 - Land and Conservation Easements

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

| | <u>2014</u> | <u>2013</u> |
|---------------------------|----------------------------|----------------------------|
| Conservation lands- | | |
| Quimper Wildlife Corridor | \$ 329,847 | \$ 286,965 |
| Chimacum Creek | 284,410 | 282,437 |
| Duckabush Wetlands | 220,000 | 220,000 |
| Donovan Creek | 205,000 | 205,000 |
| Duckabush Oxbow | 180,000 | 180,000 |
| Bulis Forest Preserve | 125,240 | 125,240 |
| Snow Creek Uncas Preserve | 100,000 | 100,000 |
| Chimacum Commons | 90,850 | |
| Snow Creek Estuary | 86,000 | 86,000 |
| Gateway | 85,000 | 85,000 |
| Kilham Corner | 38,930 | 38,930 |
| Conservation easements | <u>54</u> | <u>53</u> |
| | <u>\$ 1,745,331</u> | <u>\$ 1,609,625</u> |

Note 6 - 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 no employer contributions for 2014 or 2013.

JEFFERSON LAND TRUST AND SUBSIDIARY

**Notes to Consolidated Financial Statements
For the Year Ended December 31, 2014**

Note 7 - 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 June 2014 and is now on a month to month basis. The agreement calls for monthly payments of \$1,412 plus utilities. Rent expense totaled \$19,200 and \$18,331 for the years ended December 31, 2014 and 2013, respectively.

Note 8 - Unrestricted Net Assets

Unrestricted net assets consisted of the following at December 31:

| | <u>2014</u> | <u>2013 (As Restated)</u> |
|---------------------------|----------------------------|-------------------------------|
| Designated- | | |
| Quimper Wildlife Corridor | \$ 317,138 | \$ 276,535 |
| Chimacum Creek | 297,119 | 292,867 |
| Duckabush Wetlands | 220,000 | 220,000 |
| Donovan Creek | 205,000 | 205,000 |
| Duckabush Oxbow | 180,000 | 180,000 |
| Bulis Forest Preserve | 125,240 | 125,240 |
| Snow Creek Uncas Preserve | 100,000 | 100,000 |
| Chimacum Commons | 90,850 | |
| Snow Creek Estuary | 86,000 | 86,000 |
| Gateway | 85,000 | 85,000 |
| Kilham Corner | 38,930 | 38,930 |
| Conservation easements | <u>54</u> | <u>53</u> |
| Total designated | 1,745,331 | 1,609,625 |
| Undesignated | <u>303,965</u> | <u>396,394</u> |
| | <u><u>\$ 2,049,296</u></u> | <u><u>\$ 2,006,019</u></u> |

JEFFERSON LAND TRUST AND SUBSIDIARY

**Notes to Consolidated Financial Statements
For the Year Ended December 31, 2014**

Note 9 - Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following at December 31:

| | 2014 | 2013 (As Restated) |
|--|---------------------|-----------------------|
| Purpose restriction- | | |
| For stewardship of Bulis Forest Preserve | \$ 94,191 | \$ 61,009 |
| Forest Legacy program | | 17,752 |
| Working Farm Fund | 68 | 24,188 |
| Consulting fees | 6,000 | 20,395 |
| Stewardship Funding | 534,117 | 438,099 |
| Working Land & Habitat Fund | 51,390 | |
| Education Outreach Fund | 22,436 | 22,415 |
| Other program restrictions | 10,573 | 9,350 |
| | 718,775 | 593,208 |
| Time restriction- | | |
| Outstanding pledges | 451,123 | 431,579 |
| | <u>\$ 1,169,898</u> | <u>\$ 1,024,787</u> |

Net assets of \$167,729 were released from donor restrictions by incurring expenses satisfying the purpose restriction specified by the donor, and net assets of \$175,520 were released due to the expiration of time restrictions for the year ended December 31, 2014.

Note 10 - Permanently Restricted Net Assets

At December 31, 2014 and 2013, JLT had \$44,479 and \$35,910, respectively, of permanently restricted net assets in a general endowment fund (Note 11), the income of which is available to support general operations.

Note 11 - Endowments

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

Interpretation of Relevant Law - 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 permanently restricted net assets (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.

JEFFERSON LAND TRUST AND SUBSIDIARY

Notes to Consolidated Financial Statements
For the Year Ended December 31, 2014

Note 11 - Continued

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets 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:

- The duration and preservation of the fund;
- The purposes of JLT and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of JLT; and
- The investment policies of JLT.

As of December 31, 2014, endowment net assets consisted of the following:

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|-----------------------------------|-------------------------|
| Donor-restricted endowment funds | \$ - | \$ - | \$ 44,479 | \$ 44,479 |
| Endowment Net Assets, December 31, 2014 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 44,479</u> | <u>\$ 44,479</u> |

As of December 31, 2013, endowment net assets consisted of the following:

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|-----------------------------------|-------------------------|
| Donor-restricted endowment funds | \$ - | \$ - | \$ 35,910 | \$ 35,910 |
| Endowment Net Assets, December 31, 2013 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 35,910</u> | <u>\$ 35,910</u> |

JEFFERSON LAND TRUST AND SUBSIDIARY

Notes to Consolidated Financial Statements
For the Year Ended December 31, 2014

Note 11 - Continued

Changes to endowment net assets for the years ended December 31, 2014 and 2013, are as follows:

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|-----------------------------------|------------------|
| Endowment net assets, January 1, 2013 | \$ - | \$ - | \$ 35,465 | \$ 35,465 |
| Endowment investment return- | | | | |
| Interest and dividends | | | 654 | 654 |
| Realized and unrealized losses | | | (309) | (309) |
| Total endowment investment return | | | 345 | 345 |
| Contributions | | | 100 | 100 |
| Endowment Net Assets, December 31, 2013 | | | 35,910 | 35,910 |
| Endowment investment return- | | | | |
| Interest and dividends | | | 831 | 831 |
| Realized and unrealized losses | | | (149) | (149) |
| Total endowment investment return | | | 682 | 682 |
| Contributions | | | 7,887 | 7,887 |
| Endowment Net Assets, December 31, 2014 | \$ - | \$ - | \$ 44,479 | \$ 44,479 |

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 unrestricted net assets. There were no such deficiencies as of December 31, 2014 or 2013.

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.

JEFFERSON LAND TRUST AND SUBSIDIARY

**Notes to Consolidated Financial Statements
For the Year Ended December 31, 2014**

Note 11 - Continued

Strategies Employed for Achieving Objectives - To satisfy its long-term rate-of-return objectives, 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.

Spending Policy and How the Investment Objectives Relate to the Spending Policy - JLT's spending policy intends that no distributions may 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 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.

Note 12 - Adjustments to Beginning Net Assets

During the year ended December 31, 2014, JLT determined that certain prior year temporarily restricted contributions had been incorrectly classified as unrestricted. An adjustment was recorded to reflect the proper net asset classification. As a result, beginning unrestricted net assets as of December 31, 2013, were reduced by \$438,099 and temporarily restricted net assets were increased by \$438,099.

The following table sets forth the effect of this adjustment on the consolidated statement of financial position at December 31, 2013:

| | <u>As Previously Reported</u> | <u>Adjustments</u> | <u>As Restated</u> |
|--|-----------------------------------|--------------------|----------------------------|
| Consolidated Statement of Financial Position- | | | |
| Unrestricted net assets | \$ 2,444,118 | \$ (438,099) | \$ 2,006,019 |
| Temporarily restricted net assets | 586,688 | 438,099 | 1,024,787 |
| Permanently restricted net assets | 35,910 | | 35,910 |
| Total Net Assets, as Restated | <u>\$ 3,066,716</u> | <u>\$ -</u> | <u>\$ 3,066,716</u> |

Note 13 - Subsequent Event

Subsequent to year end, JLT signed a purchase and sale agreement with a third party for approximately 850 acres of forest land in Jefferson County. The agreement includes a 90 day due diligence period for JLT to review and determine if it will accept the agreement terms. As of the date of the audit report, JLT was within the due diligence period and had not yet made a final determination.

SUPPLEMENTARY INFORMATION

JEFFERSON LAND TRUST AND SUBSIDIARY

Consolidated Schedule of Functional Expenses
For the Year Ended December 31, 2014
(With Comparative Totals for 2013)

| | Program | General and Administrative | Fundraising | 2014 Total | 2013 Total |
|--|---------------------|-------------------------------|-------------------|---------------------|---------------------|
| Salaries | \$ 239,488 | \$ 68,179 | \$ 45,118 | \$ 352,785 | \$ 252,899 |
| Payroll taxes | 21,816 | 6,096 | 4,171 | 32,083 | 24,734 |
| Employee benefits | 30,531 | 8,531 | 5,837 | 44,899 | 39,129 |
| Total salaries, taxes and benefits expense | 291,835 | 82,806 | 55,126 | 429,767 | 316,762 |
| Value of conservation easements written down | 1,297,249 | | | 1,297,249 | 874,997 |
| Professional fees | 128,151 | 14,382 | 41,379 | 183,912 | 167,260 |
| Land and stewardship expenses | 77,052 | | | 77,052 | 31,519 |
| Rent | 14,764 | 3,648 | 2,889 | 21,301 | 19,632 |
| Public awareness | 12,730 | | 4,778 | 17,508 | 7,229 |
| Dues and subscriptions | 9,734 | 2,708 | 1,855 | 14,297 | 3,918 |
| Insurance | 9,598 | 1,461 | 999 | 12,058 | 9,945 |
| Postage and printing | 6,085 | 154 | 4,634 | 10,873 | 10,504 |
| Other | 1,579 | 5,870 | 12 | 7,461 | 24,123 |
| Travel and seminars | 2,866 | 3,989 | 140 | 6,995 | 18,254 |
| Office supplies | 4,500 | 1,040 | 934 | 6,474 | 6,704 |
| Telephone | 3,022 | 845 | 578 | 4,445 | 4,035 |
| Depreciation | 1,877 | 524 | 359 | 2,760 | 2,596 |
| Utilities | 1,439 | 402 | 275 | 2,116 | 1,760 |
| Web design and maintenance | 463 | | 464 | 927 | 1,386 |
| Bank fees | | 608 | | 608 | 859 |
| Expenses, Net of Special Events Expense | 1,862,944 | 118,437 | 114,422 | 2,095,803 | 1,501,483 |
| Special events expense | | | 20,661 | 20,661 | 22,403 |
| Total Expenses | \$ 1,862,944 | \$ 118,437 | \$ 135,083 | \$ 2,116,464 | \$ 1,523,886 |

See independent auditor's report.