

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

➤ **KATE GODMAN- Director of Philanthropy**

SARAH ZABLOCKI-XLING- Development Manager

REBEKAH KORENOWSKY- Engagement Coordinator

➤ **STEPHANIE WIEGAND- Communications Manager**

➤ **PAULA McNEES- Finance and Administrative Assistant**

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



**Jefferson Land Trust
Board of Directors
2020**

Robin Fitch, PhD

Board President

Environmental Scientist

CAPT, US Navy reserve, retired

US Navy civilian, retired

Barry Mitzman

Reporter, retired

*Strategic communications director,
retired*

Nan Evans

Vice President

City of Port Townsend Planning

Commission

The Nature Conservancy, retired

Craig Britton

General Manager for Midpeninsula

Regional Open Space District, retired

*Historic Preservation Committee, City
of Port Townsend*

Marcia Schwendiman

Treasurer

Health policy analyst, retired

Lucas Hart

Executive Director

Northwest Straits Commission

Sherry Moller

Secretary

Plan Manager

Washington FAIR Plan

Kellie Henwood

Regional Small Farms Coordinator

Washington State University Extension

Brian Rogers

Chancellor of University of

Alaska Fairbanks, retired

*System's Finance Vice President,
retired*

Tom Sanford

Executive Director

North Olympic Land Trust

Marilyn Schowalter

Attorney, retired

Rick York

Botanist and Biologist, retired

Jefferson Land Trust

CONSERVATION FUTURES 2020 RESOLUTION

March 17, 2020

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 Ruby Ranch is indicated as priority agricultural and habitat land in several local and regional plans, and the landowner is eager to complete the project, and we have matching funds from the US Navy through the Readiness and Environmental Protection Integration (REPI) Program, and

WHEREAS, approximately 60 acres of agricultural land on Ruby Ranch will be protected for prime agricultural soils and riparian habitat of Chimacum Creek by an agricultural conservation easement and a REPI easement, and

WHEREAS Jefferson County Conservation Futures awarded funding for this project in 2018, and Jefferson Land Trust is seeking additional funds in 2020 as the appraised value of the easement was significantly higher than estimated, and

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

WHEREAS, the Quilcene Headwaters to Bay project is indicated as priority forest and habitat land in several local and regional plans, and significant project funding is likely from the US Navy and the landowner is eager to complete the project, and

WHEREAS, approximately 80 acres of upland forest, Jakeway Creek headwaters, riparian habitat and lowland pasture will be protected for water quality, sustainable timber harvest, agricultural uses and wildlife habitat in the Quilcene Bay area, and

WHEREAS, Jefferson Land Trust has been working for over a decade in partnership with Jefferson County Conservation District, the Hood Canal Salmon Enhancement Group and private landowners to preserve the watersheds of Quilcene Bay, and

WHEREAS Jefferson County Conservation Futures awarded funding for this project in 2019, and Jefferson Land Trust is seeking additional funds in 2020 as the estimated appraised value has increased and all the requested funds were not originally awarded, 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, Washington Department of Fish and Wildlife, North Olympic Salmon Coalition, the Hood Canal Coordinating Council, the Jamestown S’Klallam Tribe and WSU Cooperative Extension to acquire and restore critical salmon spawning, rearing and migratory habitat in the Salmon/Snow Creek riparian area and estuary, and

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

WHEREAS, Jefferson Land Trust acquired the Irvin property with Jefferson County Conservation Futures Funds and Salmon Recovery Funding Board funds awarded in 2014 and established the Upper Snow Creek Forest Preserve, and

WHEREAS, encroachment on the Upper Snow Creek Forest Preserve is taking place and Jefferson Land Trust is applying for Operation and Maintenance Funds for fencing that is needed to prevent degradation to the conservation values of the Preserve, 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 Tarboo Creek/Dabob Bay watershed area, and

WHEREAS, purchase of a conservation easement at below fair market value on the 30-acre Arlandia property owned by David and Ruthe Rugh by Jefferson Land Trust would protect in perpetuity critical forested watershed habitat from subdivision and further development, and will contribute to the larger Tarboo Creek/Dabob Bay protection efforts, 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 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 historic Hannan 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 we have potential matching funds from Washington State WWRP Farmland Preservation grant and the US Navy through the REPI program, and

WHEREAS, 115 acres of prime agricultural land on the Hannan Farm will be protected for prime agricultural soils, riparian habitat of Chimacum Creek and agriculturally zoned acreage by an agricultural conservation easement and REPI easement that will restrict future residential development and subdivision, 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 with Jefferson County, The Hood Canal Coordinating Council, The Trust for Public Land, the Hood Canal Salmon Enhancement Group and the US Navy to acquire, preserve and restore critical salmon spawning, rearing and migratory habitat on the Duckabush River mainstem, and

WHEREAS, Jefferson Land Trust acquired the Duckabush Berntsen property in 2013 with funds provided by the Salmon Recovery Funding Board and Jefferson County Conservation Futures program and established the Duckabush Oxbow and Wetlands Preserve, and

WHEREAS, Jefferson Land Trust is applying for Operation and Maintenance Funds for noxious weed control and ongoing monitoring to prevent degradation to the conservation values of the Preserve, AND

WHEREAS, Jefferson Land Trust has been working since 2000 in partnership with Jefferson County Conservation District, Jefferson County, Washington Department of Fish and Wildlife, North Olympic Salmon Coalition, The Hood Canal Coordinating Council, The Jamestown S'Klallam Tribe and WSU Cooperative Extension to acquire and restore critical Salmon spawning, rearing and migratory habitat in the Chimacum Estuary and lower mainstem reach, and

WHEREAS, Jefferson Land Trust acquired the 5-acre Illahee Preserve property located on the lower mainstem of Chimacum Creek in 2012 with funding from the Jefferson County Conservation Futures program and the State Salmon Recovery Funding Board, and

WHEREAS, Jefferson Land Trust is applying for Operation and Maintenance Funds for noxious weed control and ongoing monitoring to prevent degradation to the conservation values of the Preserve, THEREFORE

BE IT HEREBY RESOLVED that Jefferson Land Trust agreed at its March 17, 2020 Board of Directors meeting to sponsor seven applications to the Jefferson County Conservation Futures Program. The Board agreed that the highest priority is funding for the acquisition of a conservation easement on the ~ 60 acre Ruby Ranch property located in Beaver Valley due to the prime agricultural soils, salmon habitat and other wildlife corridor habitat provided by the east fork of Chimacum Creek; open space views provide from Beaver Valley Rd., a designated Washington State Scenic Byway; landowner willingness and match from the US Navy REPI program. The Board agreed that Quilcene Headwaters to Bay is the second highest project priority for 2020 Conservation Futures funding for purchase of an easement on the ~80-acre property located on Jakeway Road at the head of Quilcene Bay, due to the opportunity to preserve the Jakeway watershed Forest, Farm and Fish conservation values, landowner willingness, available match and proximity to adjacent preserved lands. The third highest priority is funding for Operation and Maintenance of parcels in the Upper Snow Creek Forest Preserve. The fourth highest priority is funding for the acquisition of a conservation easement on the ~ 30 acre Arlandia property to support the Rughs in preserving critical watershed and riparian habitat in the Tarboo Creek project area. The fifth highest priority is funding for the acquisition of a conservation easement on the 115-acre Hannan Farm due to the prime agricultural soils, salmon habitat and other wildlife corridor habitat provided by the main fork of Chimacum Creek; open space views provide from West Valley and Egg and I Roads, landowner willingness, potential match from the State Farmland Preservation Program, and match from the US Navy REPI program. The sixth highest priority is funding for Operations and Maintenance on the Duckabush Oxbow and Wetlands Preserve. The seventh highest priority is funding for Operations and Maintenance on the Chimacum Creek Illahee Preserve.

Signed this 22 of March 2020.



Sarah Spaeth Director, Conservation and Strategic Partnerships
Authorized by Board of Directors at their March 17, 2020 meeting
Jefferson Land Trust

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).

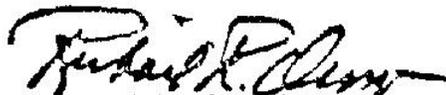
Grantors and contributors may rely on this determination unless the Internal Revenue Service publishes notice to the contrary. However, if you lose your section 509(a)(1) status, a grantor or contributor may not rely on this determination if he or she was in part responsible for, or was aware of, the 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

2020 OPERATING BUDGET

INCOME	2020
Restricted Capital Funds, Grant Funds from Gov'l and Private Sources	\$425,996
Operations Income	
Annual Contributions	\$386,260
Special Events	\$170,000
Fee for Services	\$115,000
Investment Income	\$35,550.00
Other / Release from Restriction	\$115,150
TOTAL INCOME	\$1,247,956
EXPENSE	
Program Expenses Advertising, Facility Rental, Food, Travel, Postage, Supplies, Printing	\$100,155
Acquisition and Conveyance Acquisition and closing expenses, due diligence expenses, recording fees	\$39,776
Land/Easement Holding Expenses	\$65,200
Professional Services Appraisals, environmental assessments, legal, surveys, financial management, land consulting	\$236,550
Administrative Expenses Accounting, equipment, postage, shipping, rent, communications, utilities	\$133,652
Training	\$8,200
Payroll	\$648,231
TOTAL EXPENSE	\$1,232,000
NET INCOME	\$15,956

JEFFERSON LAND TRUST AND SUBSIDIARY

Consolidated Financial Statements

For the Years Ended December 31, 2018 and 2017

Aiken & Sanders, Inc PS

CERTIFIED PUBLIC ACCOUNTANTS
& MANAGEMENT CONSULTANTS

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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, 2018 and 2017, 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

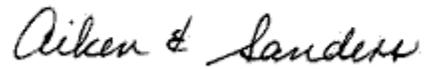
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about 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, 2018 and 2017, 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.

A handwritten signature in cursive script that reads "Aiken & Sanders".

Aiken & Sanders, Inc., PS
Certified Public Accountants
& Management Consultants

November 19, 2019

Jefferson Land Trust and Subsidiary

A Washington Not For Profit Organization

Consolidated Statement of Financial Position
As of December 31, 2018 and December 31, 2017

Assets	2018	2017
Current Assets:		
Cash and cash equivalents	\$ 347,504	\$ 299,640
Accounts receivable	10,497	15,725
Current pledges receivable	31,358	83,077
Note receivable-current portion	4,827	4,604
Prepaid expenses	5,619	9,179
Total Current Assets	<u>399,805</u>	<u>412,225</u>
Land and Conservation Easements:		
Habitat land	5,194,681	2,707,547
Working land	97,728	97,728
Open space land	332,761	332,761
Conservation easements	60	58
Total Land and Conservation Easements	<u>5,625,230</u>	<u>3,138,094</u>
Fixed Assets:		
Furniture, equipment, and improvements	87,009	87,009
Less: Accumulated depreciation	<u>(52,562)</u>	<u>(44,182)</u>
Fixed assets, net	<u>34,447</u>	<u>42,827</u>
Other Assets:		
Long term pledges receivable	25,352	37,252
Long term note receivable	49,308	53,893
Land hold fee-net	41,655	49,998
Investments	737,164	802,011
Total Other Assets	<u>853,479</u>	<u>943,154</u>
Total Assets	<u>\$ 6,912,961</u>	<u>\$ 4,536,300</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, 2018 and December 31, 2017

	<u>2018</u>	<u>2017</u>
Liabilities & Net Assets		
Current Liabilities:		
Accounts payable	\$ 2,785	\$ 12,675
Accrued liabilities and deferred revenue	<u>51,362</u>	<u>42,970</u>
Total Current Liabilities	<u>54,147</u>	<u>55,645</u>
Long-Term Liabilities:		
Note payable	<u>175,000</u>	<u>-</u>
Total Liabilities	<u>229,147</u>	<u>55,645</u>
Net Assets:		
Without donor restrictions		
Undesignated	256,123	227,973
Board designated	<u>5,449,446</u>	<u>3,307,829</u>
	5,705,569	3,535,802
With donor restrictions	<u>978,245</u>	<u>944,853</u>
Total Net Assets	<u>6,683,814</u>	<u>4,480,655</u>
Total Liabilities & Net Assets	<u>\$ 6,912,961</u>	<u>\$ 4,536,300</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, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2018</u>
Support and Revenues:			
Gifts and contributions	\$ 900,676	\$ 185,556	\$ 1,086,232
Fair value of easement acquisitions	339,000	-	339,000
Grants and contracts	2,129,618	-	2,129,618
Special events income, net of expenses of \$22,021	101,525	-	101,525
Net investment return	804	1,161	1,965
Net assets released from restriction	153,325	(153,325)	-
Total Support and Revenue	<u>3,624,948</u>	<u>33,392</u>	<u>3,658,340</u>
Expenses:			
Program services	1,103,736	-	1,103,736
Management and general	186,857	-	186,857
Fundraising	164,588	-	164,588
Total Expenses	<u>1,455,181</u>	<u>-</u>	<u>1,455,181</u>
Change in Net Assets	2,169,767	33,392	2,203,159
Net Assets, Beginning of Year	<u>3,535,802</u>	<u>944,853</u>	<u>4,480,655</u>
Net Assets, End of Year	<u>\$ 5,705,569</u>	<u>\$ 978,245</u>	<u>\$ 6,683,814</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, 2017

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2017</u>
Support and Revenues:			
Gifts and contributions	\$ 317,620	\$ 132,724	\$ 450,344
Fair value of easement acquisitions	91,898	-	91,898
Grants and contracts	325,419	-	325,419
Special events income, net of expenses of \$21,049	144,350	-	144,350
Net investment return	54,762	521	55,283
Net assets released from restriction	<u>322,734</u>	<u>(322,734)</u>	<u>-</u>
Total Support and Revenue	<u>1,256,783</u>	<u>(189,489)</u>	<u>1,067,294</u>
Expenses:			
Program services	832,630	-	832,630
Management and general	148,454	-	148,454
Fundraising	<u>150,904</u>	<u>-</u>	<u>150,904</u>
Total Expenses	<u>1,131,988</u>	<u>-</u>	<u>1,131,988</u>
Change in Net Assets	124,795	(189,489)	(64,694)
Net Assets, Beginning of Year	<u>3,411,007</u>	<u>1,134,342</u>	<u>4,545,349</u>
Net Assets, End of Year	<u>\$ 3,535,802</u>	<u>\$ 944,853</u>	<u>\$ 4,480,655</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, 2018

	<u>Program</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>Total 2018</u>
Salaries	\$ 225,196	\$ 92,040	\$ 100,590	\$ 417,826
Payroll taxes	23,055	9,423	10,298	42,776
Employee benefits	74,696	30,529	33,365	138,590
Value of conservation easements written down	468,998	-	-	468,998
Professional fees	116,113	16,000	1,791	133,904
Land and stewardship expenses	128,243	-	-	128,243
Rent	24,102	3,012	310	27,424
Public awareness	5,018	1,830	4,596	11,444
Dues and subscriptions	2,109	3,094	175	5,378
Insurance	14,476	1,974	-	16,450
Postage and printing	3,857	946	6,759	11,562
Other	2,075	(4,254)	1,628	(551)
Travel and seminars	4,773	11,685	564	17,022
Office supplies	1,527	11,603	3,070	16,200
Telephone	4,706	770	335	5,811
Depreciation and amortization	1,800	6,580	-	8,380
Utilities	1,834	131	-	1,965
Web design and maintenance	1,049	-	1,049	2,098
Bank fees	109	1,494	58	1,661
Total Expenses	<u>\$ 1,103,736</u>	<u>\$ 186,857</u>	<u>\$ 164,588</u>	<u>\$ 1,455,181</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 Functional Expenses

For the Year Ended December 31, 2017

	<u>Program</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>Total 2017</u>
Salaries	\$ 318,227	\$ 54,159	\$ 107,875	\$ 480,261
Payroll taxes	33,845	4,343	1,497	39,685
Employee benefits	59,378	7,619	2,627	69,624
Value of conservation easements written down	147,062	-	-	147,062
Professional fees	132,206	64,331	15,657	212,194
Land and stewardship expenses	62,612	-	-	62,612
Rent	16,269	4,130	6,775	27,174
Public awareness	6,137	30	-	6,167
Dues and subscriptions	4,485	1,245	1,779	7,509
Insurance	11,548	1,654	2,364	15,566
Postage and printing	12,813	55	1,299	14,167
Other	3,356	139	5,481	8,976
Travel and seminars	12,466	1,611	1,315	15,392
Office supplies	5,249	949	1,570	7,768
Telephone	3,302	917	1,310	5,529
Depreciation and amortization	1,800	6,580	-	8,380
Utilities	862	239	342	1,443
Web design and maintenance	1,013	-	1,013	2,026
Bank fees	-	453	-	453
Total Expenses	<u>\$ 832,630</u>	<u>\$ 148,454</u>	<u>\$ 150,904</u>	<u>\$ 1,131,988</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, 2018 and December 31, 2017

	2018	2017
Cash flows from operating activities:		
Cash received from grantors, donors and customers	\$ 3,105,763	\$ 1,032,323
Cash paid to suppliers and employees	(1,107,752)	(1,071,358)
Cash received from interest	6,253	12,011
Net cash provided (used) by operating activities	2,004,264	(27,024)
Cash flows from investing activities:		
Cash paid for investments	(58,245)	(174,680)
Cash received from investments	117,619	155,000
Proceeds from notes receivable	4,362	4,380
Cash paid for land	(2,195,136)	(119,639)
Net cash provided (used) by investing activities	(2,131,400)	(134,939)
Cash flows from financing activities:		
Cash received from loans	175,000	-
Net cash provided (used) by financing activities	175,000	-
Net increase (decrease) in cash & cash equivalents	47,864	(161,963)
Cash & cash equivalents at beginning of year	299,640	461,603
Cash & cash equivalents at end of year	\$ 347,504	\$ 299,640

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, 2018 and December 31, 2017

	<u>2018</u>	<u>2017</u>
Reconciliation of increase (decrease) in net assets to net cash provided (used) by operating activities:		
Increase (decrease) in net assets:	\$ 2,203,159	\$ (64,694)
Adjustments:		
Depreciation and amortization	8,380	8,380
Land hold fee amortization (adjustment)	8,331	8,331
Realized and unrealized losses (gains) on investments	5,485	(31,994)
Donated land	(292,000)	(54,300)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	5,228	17,598
(Increase) decrease in pledges receivable	63,619	85,115
(Increase) decrease in prepaid expense	3,560	3,431
Increase (decrease) in accounts payable	(9,890)	6,629
Increase (decrease) in accrued expenses and deferred revenue	8,392	(5,520)
Net cash provided (used) by operating activities	<u>\$ 2,004,264</u>	<u>\$ (27,024)</u>

The accompanying notes are an integral part of these financial statements

Jefferson Land Trust and Subsidiary

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

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:

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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. One easement with a value of \$280,000 and a portion of an easement with a value of \$59,000 were donated to JLT during 2018 and portion of an easement with a value of \$44,416 was donated to JLT during 2017. Accordingly, \$339,000 and \$44,416 of contribution revenue and \$339,000 and \$44,416 of related write down expense have been reported on the consolidated statements of activities for the years ended December 31, 2018 and 2017, respectively.

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.

At December 31, 2018, three donor's pledge represented approximately 67% of pledges receivable.

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At December 31, 2017, two donor's pledges represented approximately 53% of pledges receivable, and the total of all pledges from board members represented approximately 30% 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--

JLT has evaluated subsequent events through November 19, 2019, the date on which the consolidated financial statements were available to be issued.

B. NEW ACCOUNTING PRONOUNCEMENT:

On August 18, 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958)–Presentation of Financial Statements of Not-for-Profit Entities. JLT has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to 2017. The new standards change the following aspects of JLT's financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.

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- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a new disclosure about liquidity and availability of resources.

The changes have the following effect on net assets at December 31, 2017:

Net Asset Classes:	As Originally Presented	After Adoption of ASU 2016-14
Unrestricted net assets	\$ 3,535,802	\$ -
Temporarily restricted net assets	879,669	-
Permanently restricted net assets	65,184	-
Without donor restrictions	-	3,535,802
With donor restrictions	-	944,853
Total:	\$ <u>4,480,655</u>	\$ <u>4,480,655</u>

C. NET ASSETS COMPOSITION:

JLT's net assets with donor restrictions consisted of the following at December 31, 2018 and 2017:

	2018	2017
Purpose Restriction:		
For stewardship of Bullis Forest Preserve	\$ 76,126	\$ 79,772
Fite	54,999	-
Anonymous Agricultural Foundation Grant	-	9,850
Stewardship funding	635,711	591,660
Cross Foundation	-	53,503
Gateway/Shorts Forest Campaign	60,463	-
Education Outreach Fund	5,290	5,290
Other program restrictions	22,601	11,266
	<u>855,190</u>	<u>751,341</u>
Time Restriction:		
Outstanding pledges	<u>56,710</u>	<u>128,328</u>
Permanent Restriction		
Endowment Fund	<u>66,345</u>	<u>65,184</u>
Total Net Assets With Donor Restrictions	\$ <u>978,245</u>	\$ <u>944,853</u>

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Net assets without donor restrictions consisted of the following at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Designated:		
Quimper Wildlife Corridor	\$ 432,420	\$ 415,869
Chimacum Creek	388,347	388,347
Duckabush Riparian Forest	492,800	492,800
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	150,000
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
Fite & Fissler	182,226	-
Valley View	1,710,000	-
Discovery Bay	176,358	-
Stewardship Fund	59,245	66,236
CP Operations Reserve	9,622	17,785
Operations Reserve	47,348	85,714
Conservation easements	60	58
Total Designated	<u>5,449,446</u>	<u>3,307,829</u>
Undesignated	<u>256,123</u>	<u>227,973</u>
Total Net Assets Without Donor Restrictions:	<u>\$ 5,705,569</u>	<u>\$ 3,535,802</u>

Net assets of \$75,268 and \$77,289, respectively, were released from donor restrictions by incurring expenses satisfying the purpose restriction specified by the donor, and net assets of \$78,057 and \$245,445, respectively, were released due to the expiration of time restrictions for the years ended December 31, 2018 and 2017.

D. PROMISSORY NOTE:

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

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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 nets 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 \$66,345 and \$65,184, respectively, at December 31, 2018 and 2017.

Changes in endowment net assets for the year ended December 31, 2018 are as follows:

	Temporary	Permanent	
	Donor Restrictions	Donor Restrictions	Total
Endowment Net Assets 1/1/2018	\$ -	\$ 65,184	\$ 65,184
Contributions	-	-	-
Investment Income	-	1,161	1,161
Net Appreciation (Depreciation)	-	-	-
Endowment Net Assets 12/31/18	\$ -	\$ 66,345	\$ 66,345

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Changes in endowment net assets for the year ended December 31, 2017 are as follows:

	Temporary Donor Restrictions	Permanent Donor Restrictions	Total
Endowment Net Assets 1/1/2017	\$ -	\$ 61,901	61,901
Contributions	-	2,762	2,762
Investment Income	-	521	521
Net Appreciation (Depreciation)	-	-	-
	<hr/>	<hr/>	<hr/>
Endowment Net Assets 12/31/17	\$ -	\$ 65,184	\$ 65,184

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, 2018 or 2017.

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.

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.

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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 2018 and 2017, there were bad debts of \$0 and \$8,020, respectively. As of December 31, 2018, management estimated that all accounts receivable were collectible.

JLT had no material amounts past due at December 31, 2018.

G. PLEDGES RECEIVABLE:

JLT received promises to give from a number of donors in years prior to 2018. 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, 2018 are to be received as follows:

Less than one year	\$	35,058
Two to five years		25,681
Thereafter		-
		<u>60,739</u>
Less discount to present value		(329)
Less allowance for uncollectible		<u>(3,700)</u>
	\$	<u><u>56,710</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.

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, 2018 are as follows:

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2019	4,827
2020	5,074
2021	5,334
2022	5,607
2023	5,894
Thereafter	<u>27,399</u>
	<u>\$ 54,135</u>

I. FURNITURE, EQUIPMENT, AND IMPROVEMENTS:

Furniture, Equipment, and Improvements consist of the following at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Furniture & Equipment, and Software	\$ 57,157	\$ 57,157
Accumulated Depreciation and Amortization	<u>(40,621)</u>	<u>(35,226)</u>
	<u>16,536</u>	<u>21,931</u>
Leasehold Improvements	29,852	29,852
Accumulated Depreciation	<u>(11,941)</u>	<u>(8,956)</u>
	<u>17,911</u>	<u>20,896</u>
Fixed Assets-Net	<u>\$ 34,447</u>	<u>\$ 42,827</u>

Accumulated Depreciation and Amortization was \$44,182 and \$35,801 at December 31, 2018 and 2017, respectively.

J. ECONOMIC DEPENDENCY:

For 2018 and 2017, grant funding was primarily provided by the State of Washington Recreation and Conservation Office and Jefferson County. A reduction in this level of support, if it were to occur, could have a significant impact on JLT's operations.

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 \$13,166 and \$12,217, respectively, for 2018 or 2017.

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L. LAND AND CONSERVATION EASEMENTS:

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

	<u>2018</u>	<u>2017</u>
Quimper Wildlife Corridor	\$ 435,418	\$ 418,867
Chimacum Creek	385,348	385,348
Duckabush Riparian Forest	492,800	492,800
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	215,000
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	-
Discovery Bay	283,583	-
Fissler	75,000	-
Conservation easements	<u>60</u>	<u>58</u>
Total Unrestricted Net Assets	<u>\$ 5,625,230</u>	<u>\$ 3,138,094</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 \$1,563 plus utilities. JLT also rents a storage unit on a month to month basis. Rent expense totaled \$25,099 and \$24,919 for the years ended December 31, 2018 and 2017, respectively.

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 2015. Currently, there is no examination or pending examination with the Internal Revenue Service (IRS) or any other state or federal taxing authorities.

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JLT adopted the provisions of FASB ASC 740-10, Accounting for Uncertainty in Income Taxes, on January 1, 2009. As of December 31, 2018, 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, 2018.

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.

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.

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The following table sets forth by level, within the fair value hierarchy, JLT's assets at fair value as of December 31, 2018:

Assets at Fair Value as of December 31, 2018				
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 546,529	\$ -	\$ -	\$ 546,529
Total Assets at Fair Value:	\$ 546,529	\$ -	\$ -	\$ 546,529
Certificates of deposit, held at cost plus accrued interest				190,635
Total Investments				\$ 737,164

The following table sets forth by level, within the fair value hierarchy, JLT's assets at fair value as of December 31, 2017:

Assets at Fair Value as of December 31, 2017				
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 552,237	\$ -	\$ -	\$ 552,237
Total Assets at Fair Value:	\$ 552,237	\$ -	\$ -	\$ 552,237
Certificates of deposit, held at cost plus accrued interest				249,774
Total Investments				\$ 802,011

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

	2018	2017
Interest income	\$ 6,253	\$ 12,011
Realized/unrealized (loss) gain	(4,288)	43,272
Total	\$ 1,965	\$ 55,283

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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 2018 and 2017.

Q. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

JLT, although it expects to receive current support to fund operations for 2019 and later years, has \$62,242 and \$137,720 of financial assets available within one year of the statement of financial position dates on December 31, 2018 and 2017, respectively, to meet cash needs for general operating expenditures. JLT also has \$116,216 and \$167,735, of board designated assets as of December 31, 2018 and 2017, respectively, that can be reallocated for general expenditures if needed. Financial assets available within one year consist of the following:

	<u>2018</u>	<u>2017</u>
Financial assets at year end	\$ 1,206,010	\$ 1,296,202
Donor restricted to purpose	(952,892)	(899,602)
Long term	(74,660)	(91,145)
Board designations	<u>(116,216)</u>	<u>(167,735)</u>
Financial assets available to meet cash needs within one year	<u>\$ 62,242</u>	<u>\$ 137,720</u>