

COLUMBIA LAND TRUST

Audited Financial Statements

For the Year Ended December 31, 2019



MCDONALD JACOBS

Thirty years ago I was one of twelve people who filed the incorporating papers to create Columbia Land Trust. We had a dream that a group of people, working positively together, could positively influence the nature of the northwest. Development was sprawling into forests and farms, and favorite places were being lost for people and nature.

Honestly, we didn't really know what we were doing. We just knew that we cared, and that something had to be done.

Today Columbia Land Trust has conserved more than 50,000 acres of our most important places. But more than that, we have begun to see a cascade of people working together for nature. Today, hundreds of people have conserved their own land. Today, more than 6,000 families have signed up for the Backyard Habitat Certification Program. And today, more and more people recognize that their personal well-being is linked to a healthy environment.

To be sure, in 2020 the world is filled with uncertainty. But one thing that is certain, and which is demonstrated in these pages, is that Columbia Land Trust has grown to be a community institution capable of fulfilling our commitment to care for those 50,000 acres, and so much more. Our finances are in good shape, with an ample stewardship fund and the ability to use our fiscal resources to conserve even more land. People have included Columbia Land Trust in their wills, ensuring the future growth of our stewardship funds to keep pace with even more conserved land.

Thank you to all Columbia Land Trust supporters for making this work possible! From that day thirty years ago when we first formed, to today, one thing is still true: people can take things in to their own hands and conserve the very nature of the northwest.

Thank you!

My best

Glenn Lamb, Executive Director, Columbia Land Trust

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Columbia Land Trust

Report on Financial Statements

We have audited the accompanying financial statements of Columbia Land Trust (the Trust) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 organization'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 Trust'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 Columbia Land Trust as of December 31, 2019, and changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2020 on our consideration of Columbia Land Trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Columbia Land Trust's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Columbia Land Trust's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Columbia Land Trust's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 23, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

McDonald Jacobson, P.C.

Portland, Oregon
July 23, 2020

COLUMBIA LAND TRUST
STATEMENT OF FINANCIAL POSITION
December 31, 2019
(With comparative totals for 2018)

	2019	2018
ASSETS		
Cash and cash equivalents	\$ 3,247,288	\$ 1,807,523
Contracts receivable	383,496	283,770
Grants and contributions receivable	2,279,841	3,090,281
Prepaid expenses	61,584	37,207
Investments	16,814,628	13,135,199
Property and equipment, net	172,589	110,682
Conservation property	69,307,012	69,583,516
 TOTAL ASSETS	 \$ 92,266,438	 \$ 88,048,178
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 658,194	\$ 726,469
Deferred revenue	121,822	12,839
Notes payable	937,500	1,120,000
Conservation property held on behalf of local governments	4,278,854	6,108,594
Total liabilities	5,996,370	7,967,902
Net assets:		
Without donor restrictions:		
Undesignated	249,005	149,444
Board designated	3,745,824	3,385,193
Net investment in conservation property and other capital assets	64,745,257	63,090,974
Total without donor restrictions	68,740,086	66,625,611
With expiring donor restrictions	12,639,809	9,140,791
With perpetual donor restrictions	4,890,173	4,313,874
Total net assets	86,270,068	80,080,276
 TOTAL LIABILITIES AND NET ASSETS	 \$ 92,266,438	 \$ 88,048,178

See notes to financial statements.

COLUMBIA LAND TRUST
STATEMENT OF ACTIVITIES
For the year ended December 31, 2019
(With comparative totals for 2018)

	2019			Total	2018 Total
	Without Donor Restrictions	With Expiring Donor Restrictions	With Perpetual Donor Restrictions		
Support and revenue:					
Contributions	\$ 1,238,802	\$ 2,687,268	\$ 535,316	\$ 4,461,386	\$ 3,428,115
Private and government grants	1,883,376	356,185	-	2,239,561	2,476,710
Donated materials and services	38,181	-	-	38,181	51,029
Special events, net of direct expenses of \$108,588 in 2019 and \$92,606 in 2018	261,151	-	-	261,151	282,532
Gain on sale of conservation property	-	-	-	-	93,505
Investment income (loss), net of fees	655,433	2,607,371	-	3,262,804	(1,000,933)
Other income, net of harvest expense of \$247,217 in 2019 and \$219,419 in 2018	(29,106)	6,279	-	(22,827)	327,266
Net assets released from restrictions:					
Satisfaction of purpose restrictions	2,158,085	(2,158,085)	-	-	-
Total support and revenue	<u>6,205,922</u>	<u>3,499,018</u>	<u>535,316</u>	<u>10,240,256</u>	<u>5,658,224</u>
Expenses:					
Program services:					
Land conservation	1,039,343	-	-	1,039,343	1,061,329
Public outreach	635,293	-	-	635,293	551,692
Land stewardship	2,106,898	-	-	2,106,898	2,337,889
Total program services	3,781,534	-	-	3,781,534	3,950,910
Management and general	744,092	-	-	744,092	685,112
Fundraising	685,666	-	-	685,666	702,320
Total expenses	<u>5,211,292</u>	<u>-</u>	<u>-</u>	<u>5,211,292</u>	<u>5,338,342</u>
Change in net assets before non-operating activities	994,630	3,499,018	535,316	5,028,964	319,882
Non-operating activities:					
Grants received for acquisition of conservation property	-	1,044,845	-	1,044,845	2,603,661
Donated land	-	75,000	-	75,000	-
Beneficial interest in perpetual trust:					
Contribution	-	-	-	-	99,633
Change in value	-	-	40,983	40,983	-
Net assets released from restrictions upon the acquisition of conservation property	1,119,845	(1,119,845)	-	-	-
Change in net assets	<u>2,114,475</u>	<u>3,499,018</u>	<u>576,299</u>	<u>6,189,792</u>	<u>3,023,176</u>
Net assets:					
Beginning of year	<u>66,625,611</u>	<u>9,140,791</u>	<u>4,313,874</u>	<u>80,080,276</u>	<u>77,057,100</u>
End of year	<u>\$ 68,740,086</u>	<u>\$ 12,639,809</u>	<u>\$ 4,890,173</u>	<u>\$ 86,270,068</u>	<u>\$ 80,080,276</u>

See notes to financial statements.

COLUMBIA LAND TRUST
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2019

	Program Services				Supporting Services				Total
	Land Conservation	Public Outreach	Land Stewardship	Total Programs	Management and General	Indirect Costs	Fund-raising	Total Supporting	
Salaries and related costs	\$ 644,038	\$ 281,393	\$ 801,394	\$ 1,726,825	\$ 519,615	\$ (5,179)	\$ 408,272	\$ 922,708	\$ 2,649,533
Professional services	185,891	226,196	74,356	486,443	64,734	55,723	150,409	270,866	757,309
Property services - acquisition	-	-	636,329	636,329	-	-	-	-	636,329
Property services - maintenance	311,068	-	-	311,068	-	-	-	-	311,068
Occupancy	1,150	-	49,756	50,906	-	174,737	-	174,737	225,643
Printing, postage and shipping	435	40,980	123	41,538	494	18,425	33,198	52,117	93,655
License and fees	278	2,421	104,399	107,098	40,397	21,252	3,463	65,112	172,210
Supplies	1,519	11,658	226,161	239,338	704	5,609	79,865	86,178	325,516
Equipment and repair	2,330	3,146	41,300	46,776	10,041	49,497	27,136	86,674	133,450
Meetings, training and travel	26,474	5,427	29,351	61,252	10,998	16,341	8,781	36,120	97,372
Insurance	-	-	3,943	3,943	-	43,000	-	43,000	46,943
Interest expense	2,355	-	-	2,355	-	28,235	-	28,235	30,590
Office and other costs	1,854	18,650	3,796	24,300	6,116	33,972	23,091	63,179	87,479
Total expenses before allocation of indirect costs and expenses included with revenue	1,177,392	589,871	1,970,908	3,738,171	653,099	441,612	734,215	1,828,926	5,567,097
Allocation of indirect costs	109,168	45,422	135,990	290,580	90,993	(441,612)	60,039	(290,580)	-
Less direct costs of timber harvest netted with revenue	(247,217)	-	-	(247,217)	-	-	-	-	(247,217)
Less direct benefit costs of event netted with revenue	-	-	-	-	-	-	(108,588)	(108,588)	(108,588)
Total expenses	<u>\$ 1,039,343</u>	<u>\$ 635,293</u>	<u>\$ 2,106,898</u>	<u>\$ 3,781,534</u>	<u>\$ 744,092</u>	<u>\$ -</u>	<u>\$ 685,666</u>	<u>\$ 1,429,758</u>	<u>\$ 5,211,292</u>

See notes to financial statements.

COLUMBIA LAND TRUST
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2018

	Program Services				Supporting Services				Total
	Land Conservation	Public Outreach	Land Stewardship	Total Programs	Management and General	Indirect Costs	Fund-raising	Total Supporting	
Salaries and related costs	\$ 530,631	\$ 220,062	\$ 702,397	\$ 1,453,090	\$ 401,431	\$ -	\$ 468,942	\$ 870,373	\$ 2,323,463
Professional services	344,293	230,077	99,026	673,396	111,530	60,119	131,052	302,701	976,097
Property services - acquisition	-	-	1,100,616	1,100,616	-	-	-	-	1,100,616
Property services - maintenance	263,715	-	-	263,715	-	-	-	-	263,715
Occupancy	-	-	43,651	43,651	-	179,984	-	179,984	223,635
Printing, postage and shipping	785	29,223	556	30,564	3,196	18,294	7,439	28,929	59,493
License and fees	8,226	1,290	110,903	120,419	46,040	21,175	1,335	68,550	188,969
Supplies	1,740	16,589	90,747	109,076	478	5,706	3,426	9,610	118,686
Equipment and repair	2,768	3,652	34,425	40,845	-	57,926	20,646	78,572	119,417
Meetings, training and travel	19,233	8,269	24,988	52,490	12,973	2,238	2,850	18,061	70,551
Insurance	-	-	797	797	-	39,764	-	39,764	40,561
Interest expense	10,854	-	-	10,854	-	9,250	-	9,250	20,104
Office and other costs	3,656	4,586	7,636	15,878	38,313	19,739	65,130	123,182	139,060
Total expenses before allocation of indirect costs and expenses included with revenue	1,185,901	513,748	2,215,742	3,915,391	613,961	414,195	700,820	1,728,976	5,644,367
Allocation of indirect costs	88,847	37,944	122,147	248,938	71,151	(414,195)	94,106	(248,938)	-
Less direct costs of timber harvest netted with revenue	(213,419)	-	-	(213,419)	-	-	-	-	(213,419)
Less direct benefit costs of event netted with revenue	-	-	-	-	-	-	(92,606)	(92,606)	(92,606)
Total expenses	<u>\$ 1,061,329</u>	<u>\$ 551,692</u>	<u>\$ 2,337,889</u>	<u>\$ 3,950,910</u>	<u>\$ 685,112</u>	<u>\$ -</u>	<u>\$ 702,320</u>	<u>\$ 1,387,432</u>	<u>\$ 5,338,342</u>

See notes to financial statements.

COLUMBIA LAND TRUST
STATEMENT OF CASH FLOWS
For the year ended December 31, 2019
(With comparative totals for 2018)

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ 6,189,792	\$ 3,023,176
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	48,697	46,493
Realized and unrealized (gains) losses on investments	(2,880,698)	1,385,986
Note payable converted to donation	(47,500)	-
Donations of conservation properties	(75,000)	-
Proceeds restricted to the acquisition of conservation property	(1,044,845)	(2,603,661)
Proceeds from contributions restricted to endowment	(535,316)	(54,408)
Beneficial interest in perpetual trust	(40,983)	(99,633)
Gain from sale of property	-	(93,505)
(Increase) decrease in:		
Grants, contributions and contracts receivable	710,714	2,168,726
Other current assets	(24,377)	7,287
Increase (decrease) in:		
Accounts payable, accrued expenses and other	40,708	283,613
Net cash flows from operating activities	<u>2,341,192</u>	<u>4,064,074</u>
Cash flows from investing activities:		
Purchase of conservation land	(1,478,236)	(6,574,799)
Proceeds from the sale of property	-	301,000
Purchase of property and equipment	(110,604)	(35,860)
Proceeds from sale of investments	8,643,822	10,090,780
Purchase of investments	<u>(9,401,570)</u>	<u>(11,012,555)</u>
Net cash flows from investing activities	<u>(2,346,588)</u>	<u>(7,231,434)</u>
Cash flows from financing activities:		
Proceeds restricted to the acquisition of conservation property	1,044,845	2,603,661
Proceeds from contributions restricted to endowment	535,316	54,408
Payments on notes payable	(135,000)	(250,000)
Proceeds from notes payable	<u>-</u>	<u>1,350,000</u>
Net cash flows from financing activities	<u>1,445,161</u>	<u>3,758,069</u>
Net change in cash and cash equivalents	1,439,765	590,709
Cash and cash equivalents - beginning of year	<u>1,807,523</u>	<u>1,216,814</u>
Cash and cash equivalents - end of year	<u>\$ 3,247,288</u>	<u>\$ 1,807,523</u>

See notes to financial statements.

COLUMBIA LAND TRUST
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

I. THE ORGANIZATION

Description of Organization

Columbia Land Trust (the Trust) is a nonprofit organization founded in 1990 with the mission to conserve and care for vital lands, waters, and wildlife of the Columbia River region. Based in Vancouver, Washington, with offices in Astoria, Hood River and Portland, Oregon, the Trust provides opportunities for community members to conserve their land through conservation easements and donation of fee simple ownership. The Trust also raises money for stewardship and to purchase priority lands for conservation. Since its formation, the Trust has conserved more than 44,078 acres at 227 different sites throughout the Columbia River Region. The Trust's support is derived primarily from private and government grants and contributions.

The Trust's programs include:

Land Conservation

The Trust conserves the most important and threatened land using all the tools of private, voluntary land conservation. The Trust works exclusively with willing landowners to find ways to conserve, forever, the scenic and natural values of the land and water. Landowners donate or sell a conservation interest in their land, such as development rights or full ownership, to the Trust. The Trust manages the land under a stewardship plan and, if necessary, legally defends its conservation values. The Trust also identifies priority conservation lands to purchase. Further, the Trust conserves working forest and agricultural land for the purpose of keeping the land in resource production.

Public Outreach

The Trust increases awareness about the benefits of private land conservation and the mission of the Trust. Methods include focusing education and outreach to support conservation in priority areas, targeting technical advisors to landowners, showcasing successful projects to promote conservation and stewardship, and introducing the general public to land conservation through tours and publications.

Land Stewardship

Protecting and enhancing the conservation values of lands acquired by the Trust is some of the most important work in which the Trust is involved. It is the responsibility of the Stewardship Program to protect conservation values and to be a good neighbor and community member for all Trust properties through science-based management. The Trust evaluates every property for its conservation value, the threats to these values, and for opportunities to enhance conservation values through responsible management. A stewardship plan is developed and implemented based on this analysis to include annual monitoring as part of an adaptive management framework. A number of Trust conservation properties currently include significant restoration work to replace lost functions and increase the conservation value of the property.

COLUMBIA LAND TRUST
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2019

1. THE ORGANIZATION, Continued

Land Stewardship, Continued

Volunteers are a growing resource for the Stewardship Program with volunteers of all ages participating in planning and implementation. Individuals and groups are providing hundreds of hours of service stewarding conserved lands. A stewardship funding strategy, including gift donations during the acquisition process, is an integral part of every new conservation project. Stewardship funds are used to provide for future expenses of restoration, monitoring, enforcing compliance with easement restrictions, and underwriting legal defense of the conservation protections for all Trust properties. The Trust has also established a stewardship endowment to provide perpetual support for program activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets with Donor Restrictions* - Net assets subject to donor- (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Trust considers all highly liquid investments available for current use, with maturities of three months or less at the time of purchase, to be cash equivalents.

Grants and Contributions Receivable

Grants and contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period the Trust is notified of the commitment. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Bequests are recorded as revenue at the time the Trust has an established right to the bequest and the proceeds are measurable.

COLUMBIA LAND TRUST
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Contracts Receivable

Contracts receivable are reported at the amount management expects to collect on balances outstanding at year-end. Based on an assessment of the credit history with those having outstanding balances and current relationships with them, management has concluded that realization losses on balances outstanding at year-end will be immaterial.

Investments

Investments consist of marketable securities and are carried at current market value. Investments in limited partnerships are reported at fair value as determined by the general partners. Net appreciation (depreciation) in the fair value of investments, which consists of realized gains or losses and the unrealized appreciation (depreciation) of those investments, is shown in the statement of activities. Interest income is accrued as earned and reported net of investment advisory fees. Security transactions are recorded on a trade-date basis. Donor-restricted investment income earned on net assets with perpetual donor restrictions is reported as an increase in net assets with donor restrictions and classified according to the nature of the restriction until appropriated for expenditure.

Property and Equipment

Acquisitions of property and equipment in excess of \$5,000 are capitalized. Property and equipment purchased are recorded at cost. Donated assets are reflected as contributions at their estimated values on the date received.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets which range from 3 to 5 years.

Conservation Property

Conservation property is reported at cost when purchased and at fair market value on the date received when acquired by gift. Conservation property value is held at a constant value and is not adjusted for depreciation or re-assessment. Also see Note 9 regarding conservation easements.

Income Tax Status

Columbia Land Trust is a nonprofit corporations exempt from federal and state income tax under section 501(c)(3) of the Internal Revenue Code and applicable state law. No provision for income taxes is made in the accompanying financial statements, as the Trust has no activities subject to unrelated business income tax. The Trust is not a private foundation.

The Trust follows the provisions of FASB ASC *Topic 740 Accounting for Uncertainty in Income Taxes*. Management has evaluated the Trust's tax positions and concluded that there are no uncertain tax positions that require adjustment to the financial statements to comply with provisions of this Topic.

COLUMBIA LAND TRUST
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Revenue Recognition

Contributions restricted for long-term stewardship of conservation properties are generally not property-specific. Donor restricted gifts are recognized at the time of the gift. Donor restricted funds are released as support without donor restrictions at the time stewardship expenses are incurred.

Revenue from ticket sales for events is recognized when the event occurs.

Service revenues are recognized at the time services are provided and the revenues are earned. Funds received in advance of providing services are recorded as deferred revenue until the services are provided. Membership payments received from the Trust's members are considered equivalent to contributions without donor restrictions and are recognized as revenue when received.

Government contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. The Trust received cost-reimbursable grants of \$9,604,000 that have not been recognized at December 31, 2019 because qualifying expenditures have not yet been incurred, with an advance payment of approximately \$122,000 recognized in the statement of financial position as deferred revenue at December 31, 2019.

Donated Materials and Services

In-kind contributions of equipment and other materials are recorded where there is an objective basis upon which to value these contributions and where the contributions are an integral part of the Trust's activities. When conservation property is purchased at a bargain sale, that is, when the purchase price is below the appraised value, an in-kind contribution is recorded for the difference between the purchase price and the appraised value.

The Trust reports as revenue the fair value of contributed services received where the services require specialized skills, are provided by individuals possessing these skills, and represent services that would have been purchased had they not been donated.

The Trust regularly receives contributed services from a variety of volunteers who assist the Trust in its programs and events; the value of such services has not been recognized in the accompanying financial statements since the criteria for recording these contributed services have not been met.

COLUMBIA LAND TRUST
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Donated Materials and Services, Continued

During 2019 and 2018, the Trust received the following in-kind contributions:

	<u>2019</u>	<u>2018</u>
Program services:		
Legal and consulting services	\$ 2,302	\$ 17,206
Supporting services:		
Special event goods and services	15,514	18,393
Other	<u>20,365</u>	<u>15,430</u>
Donated materials and services	38,181	51,029
Bargain sale on land and donated property	<u>75,000</u>	<u>-</u>
Total in-kind contributions	<u>\$ 113,181</u>	<u>\$ 51,029</u>

Donated property has been capitalized and other materials and services have been charged to the program or event to which they apply.

Contributions of Long-Lived Assets

Contributions of equipment and other long-lived assets without donor-imposed stipulations concerning the use of such assets are reported as revenue without donor restrictions. Contributions of cash or other assets to be used to acquire equipment or other long-lived assets with such donor stipulations are reported as revenue with donor restrictions. The restrictions are considered to be released from restriction at the time of acquisition of such long-lived assets.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy, which is allocated on a square footage basis, as well as salaries and related costs; professional services; printing, postage and shipping; license and fees; supplies; equipment and repair; meeting, training and travel; and office and other costs, which are allocated on the basis of estimates of time and effort.

Change in Accounting Principles

The Trust implemented Accounting Standards Update 2018-08, *clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists organizations in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The provisions of ASU 2018-08 were implemented applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. There was no impact to the Trust's revenue recognition in either year presented for this change in accounting principle.

COLUMBIA LAND TRUST
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

Summarized Financial Information for 2018

The financial information as of December 31, 2018 and for the year then ended is presented for comparative purposes and is not intended to be a complete financial statement presentation.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements. The reclassifications had no impact on previously reported net assets.

3. AVAILABLE RESOURCES AND LIQUIDITY

The Trust regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Trust considers all expenditures related to its primary operations to be general expenditures. It excludes financial assets with donor or other restrictions limiting their use.

Financial assets of the Trust consist of the following at December 31, 2019:

	2019	2018
Cash and cash equivalents	\$ 3,247,288	\$ 1,807,523
Contracts receivables	383,496	283,770
Contributions receivable	2,279,841	3,090,281
Investments	16,814,628	13,135,199
Total financial assets	22,725,253	18,316,773
Less amounts unavailable for general expenditure:		
Net assets with donor restrictions	(17,529,982)	(13,454,665)
Board designations	(3,745,824)	(3,385,193)
Add approved distribution from endowment	383,486	408,589
Financial assets available for general expenditure	\$ 1,832,933	\$ 1,885,504

COLUMBIA LAND TRUST
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2019

3. AVAILABLE RESOURCES AND LIQUIDITY, Continued

The Trust's endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. While the corpus of the donor-restricted endowments is not available for general use, the income from donor-restricted endowments is restricted until appropriated by the Board for general expenditure and subject to the annual spending rate of 5%. The Board-designated endowment of \$3.9 million is also subject to the annual spending rate of 5% as described in Note 21. The Trust does not intend to use funds from the board-designated endowment (other than amounts appropriated for general expenditure as a part of the annual budget approval and appropriation by the Trust's Board), these amounts could be made available, if necessary, with a vote of the Board.

The Trust has various sources of liquidity at its disposal, including cash and cash equivalents, marketable debt and equity securities, and a line of credit. See Note 10 for information about the Trust's line of credit. As a part of the Trust's liquidity management plan, it may invest cash in excess of its operating reserve requirements in short-term investments or investment accounts to maximize earnings.

4. GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable are summarized as follows at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Expected to be collected in:		
Within one year	\$ 2,241,341	\$ 1,998,096
Two to five years	<u>38,500</u>	<u>1,092,185</u>
Total grants and contributions receivable	<u>\$ 2,279,841</u>	<u>\$ 3,090,281</u>

Management estimates that any uncollectible accounts will be insignificant.

Approximately 85% of grants and contributions receivable at December 31, 2019 are due from four donors (88% due from two donors in 2018). Additionally, substantially all of the balances are receivable from individuals or entities located within Oregon and Washington.

COLUMBIA LAND TRUST
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2019

5. CONTRACTS RECEIVABLE

Contracts receivable are unsecured and are summarized as follows at December 31, 2019 and 2018:

Salmon Recovery Funding Board (passed through State of Washington)	\$ 86,621	\$ 44,532
Bonneville Power Administration	60,222	63,827
Oregon Watershed Enhancement Board	43,342	-
State of Washington Wildlife Recreation program	-	18,780
Natural Resources Conservation Services	61,355	-
Others	<u>131,956</u>	<u>156,631</u>
Total contracts receivable	<u>\$ 383,496</u>	<u>\$ 283,770</u>

Amounts included in contracts receivable that are over 90 days past due totaled approximately \$81,000 and \$50,000 at December 31, 2019 and 2018, respectively.

6. INVESTMENTS

Investments at December 31, 2019 and 2018 are carried at fair value and consist of the following:

	<u>2019</u>	<u>2018</u>
Cash equivalents	\$ 14,216	\$ 513,689
Mutual funds:		
Fixed income	2,006,425	1,938,636
Equity securities	14,381,059	10,583,241
Investment in limited partnership	272,312	-
Beneficial interest in perpetual trust	<u>140,616</u>	<u>99,633</u>
Total investments	<u>\$ 16,814,628</u>	<u>\$ 13,135,199</u>
Endowment (Note 21)	\$ 16,579,221	\$ 11,905,642
With expiring donor restrictions	235,407	747,350
Without donor restrictions	<u>-</u>	<u>482,207</u>
Total investments	<u>\$ 16,814,628</u>	<u>\$ 13,135,199</u>

Investments totaling \$386,942 are held as collateral on a loan. See Note 11.

COLUMBIA LAND TRUST
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2019

6. INVESTMENTS, Continued

Beneficial Interest in Perpetual Trust

During 2018, the Trust received a beneficial interest in assets held by a perpetual trust. The Trust reports an asset equal to its percentage interest in the perpetual trust. The asset recorded is determined by multiplying the total fair value of the perpetual trust's assets by its percentage share. Any change to the value is recorded and reflected as a revaluation gain or loss in the statement of activities. The beneficial interest in the perpetual trust is classified as a net asset with perpetual donor restrictions.

7. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2019 and 2018:

	2019	2018
Leasehold improvements	\$ 132,268	\$ 22,219
Computer hardware and software	68,236	68,236
Office equipment and furniture	11,150	11,150
Stewardship equipment	240,808	240,809
Total property and equipment	452,462	342,414
Less accumulated depreciation	279,873	231,732
Net property and equipment	\$ 172,589	\$ 110,682

8. CONSERVATION PROPERTY

Conservation property consists of the following at December 31, 2019 and 2018:

	2019	2018
Fee simple land and property	\$ 64,856,500	\$ 63,429,622
Land held on behalf of local governments	4,278,854	6,108,594
Access easements	18,300	18,300
Fee simple land in progress	153,358	27,000
Total conservation property	\$ 69,307,012	\$ 69,583,516

Fee Simple Land and Property includes conservation land and property held and maintained by the Trust. These lands are held for conservation purposes consistent with the Trust's mission and/or donor restrictions and are reported at cost and/or fair value as of the date received.

COLUMBIA LAND TRUST
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2019

8. CONSERVATION PROPERTY, Continued

Land Held on Behalf of Local Governments includes land for which the Trust holds title and has committed to convey the property to local governmental agencies upon request or at the expiration of a specified period. In each of these transactions, a Memorandum of Understanding (MOU) has been executed between the Trust and the local governmental agency, dictating the terms of the future transfer. Accordingly, a corresponding liability is reported in the accompanying statement of financial position.

Access Easements include easements purchased or donated for the purpose of accessing certain properties owned by another person or entity to reach Trust land and property.

Fee Simple Land in Progress includes the initial costs of preparing to purchase conservation property.

9. CONSERVATION EASEMENTS

The Trust has acquired and holds a number of conservation easements, each representing a legal interest in land owned by another person or entity. The easements grant the Trust the right to use, control, and/or protect the land for conservation purposes. Because of the unique nature of these assets, the impracticality of obtaining consistent and reliable estimates of the values ascribed to these interests, and consistent with the practices followed by many environmental land trusts, the accompanying financial statements do not include any amounts for these property interests. At December 31, 2019 the Trust held 53 conservation easements on 5,576 acres of land (52 conservation easements on 5,487 acres of land at December 31, 2018).

10. LINE OF CREDIT

The Trust has a \$500,000 unsecured revolving line of credit with Columbia State Bank, expiring July 2020. Advances on the credit line are payable on demand and carry an interest rate of 5.75% at December 31, 2019 (prime plus 1% with a minimum rate of 4.75%). There were no advances on the line of credit at December 31, 2019 and 2018.

COLUMBIA LAND TRUST
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2019

11. NOTE PAYABLE

Notes payable consist of the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Unsecured note payable to an individual, with no interest and principal due at maturity in December 2020.	\$ 10,000	\$ 20,000
Note payable to Craft3, with interest due quarterly at 2% and principal due upon maturity in July 2020. The note is secured by real property and an investment account.	715,000	850,000
Unsecured note payable to an individual, with no interest and principal due at maturity in June 2020, with the option to extend for one year.	50,000	50,000
Unsecured note payable to an individual, with no interest and principal due at maturity in June 2020, with the option to extend for one year.	<u>162,500</u>	<u>200,000</u>
Total notes payable	<u>\$ 937,500</u>	<u>\$ 1,120,000</u>

Current maturities of notes payable for the year ending December 31, 2020 total \$937,500.

Interest estimated at fair value on the three interest-free notes payable during 2019 and 2018 totals \$15,245 and \$9,250, respectively, and has been recognized in the accompanying financial statements as an in-kind contribution.

12. CONTINGENCIES

Amounts received or receivable from various contracting agencies are subject to audit and potential adjustment by the contracting agencies. Any disallowed claims, including amounts already collected, would become a liability of the Trust if so determined in the future. It is management's belief that no significant amounts will be required to be returned in the future.

COLUMBIA LAND TRUST
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2019

13. LEASE COMMITMENTS

The Trust's main office in Vancouver is leased under an operating lease expiring January 2023. Monthly rent is currently \$11,123 subject to annual increases. The Trust also leases an office in Portland under an operating lease expiring September 2020, with current monthly rent of \$2,318. The Trust receives one month with no rent annually. Both of these leases are expensed over the life of the lease on a straight-line basis with deferred rent totaling \$25,883 at December 31, 2019, recorded as a liability (\$29,027 at December 31, 2018).

Warehouse, equipment and other offices and storage are leased under operating leases with total monthly rent of approximately \$3,700 expiring at various dates through April 2021.

Rent expense for the above leases totaled approximately \$194,100 and \$190,000 during 2019 and 2018, respectively.

Future minimum lease commitments under operating leases are as follows:

For the years ending December 31, 2020	\$ 180,200
2021	145,000
2022	143,500
2023	<u>11,800</u>
	<u>\$ 480,500</u>

During the year ended December 31, 2004, the Trust entered into a 50-year land lease agreement to protect three Columbia River islands and adjacent floodplains that are important habitats for various species of salmon, migratory birds, and other wildlife. Under the terms of the lease, the Trust will pay \$1 annually for all rights to conserve and restore the island over the next 50 years (through December 31, 2055). However, the Trust has no affirmative obligation to use or maintain the land. As of December 31, 2019, the Trust has paid \$50 in advance under this arrangement. No in-kind contribution has been recorded in the accompanying financial statements to reflect the below-market lease rate as the value of the contribution is not readily determinable.

14. STEWARDSHIP COMMITMENT

Protecting and enhancing the conservation values of the lands acquired by the Trust, and doing so in perpetuity, is an important aspect of the Trust's work. The Trust evaluates each property it holds for its conservation value, as well as the threats to these values, and develops and implements a stewardship plan based on this analysis. The plan includes detailed monitoring on an annual basis. Current costs associated with the Trust's stewardship efforts are expensed as incurred. The costs of future obligations represent a commitment of the Trust and will be recorded as they are incurred.

COLUMBIA LAND TRUST
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2019

15. BOARD DESIGNATED NET ASSETS

Board designated net assets are reserved as follows at December 31, 2019 and 2018:

	2019	2018
Stewardship endowment (Note 21)	\$ 3,988,505	\$ 3,514,910
Operating reserve	144,261	84,300
Other	-	141,353
Investments held as collateral on loan	(386,942)	(355,370)
Total board designated net assets	\$ 3,745,824	\$ 3,385,193

16. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with expiring donor restrictions consist of the following at December 31, 2019 and 2018:

	2019	2018
Land acquisition and related costs	\$ 1,373,500	\$ 503,633
Stewardship funds	2,014,565	3,582,070
Earnings on endowment (Note 21)	7,700,543	4,076,858
Other restrictions	1,109,301	127,830
Future periods	441,900	850,400
Total net assets with expiring donor restrictions	\$ 12,639,809	\$ 9,140,791

Net assets with perpetual donor restrictions consist of the following at December 31, 2019 and 2018:

	2019	2018
Endowment (Note 21)	\$ 4,749,557	\$ 4,214,241
Beneficial interest in perpetual trust	140,616	99,633
Total net assets with perpetual donor restrictions	\$ 4,890,173	\$ 4,313,874

The principal portion of the endowment is restricted in perpetuity and income on the principal is restricted to the Trust's stewardship (see Note 21, Endowment).

COLUMBIA LAND TRUST
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2019

17. RETIREMENT PLAN

The Trust has a 401(k) plan available to all employees after completing three consecutive months of service. Employees may contribute up to the statutory limit of their pre-tax earnings each period and the Trust provides contributions to the 401(k) plan up to 5% of the annual compensation of each participating employee. Contributions to the 401(k) plan for 2019 totaled approximately \$99,200 (\$86,900 in 2018).

18. RELATED PARTY TRANSACTIONS

Related parties include management and other parties that have the ability to significantly influence the management or operating policies of the Trust.

The Trust has a board member in common with an organization that has a conservation easement on a conservation property owned by the Trust.

The Trust also has a board member in common with an accreditation organization.

At times, the Trust receives in-kind professional services from companies where board members are employees (Note 2). In 2018, the Trust received approximately \$12,200 of in-kind legal services related to land conservation and stewardship.

In 2019, the Trust paid approximately \$46,500 for services from two companies where a board member is employed (\$33,300 in 2018).

19. CONCENTRATIONS OF CREDIT RISK

The Trust maintains its cash balances in several financial institutions and has concentrated its credit risk for cash by maintaining deposits in banks located within the same geographic region. Balances in each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The balances, at times, may exceed the federally insured limit. Uninsured balances approximated \$259,000 and \$483,300 at December 31, 2019 and 2018, respectively.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

The Trust's revenues are concentrated with 16% of total revenues coming from one foundation during 2019 (47% from two agencies in 2018).

COLUMBIA LAND TRUST
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2019

20. FAIR VALUE MEASUREMENTS

Assets and liabilities recorded at fair value in the statement of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Level inputs are defined as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2: Observable inputs other than those included in Level 1, such as quoted market prices for similar assets or liabilities in active markets, or quoted market prices for identical assets or liabilities in inactive markets.

Level 3: Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair values requires significant management judgment or estimation.

Net Asset Value: Net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, is used as a practical expedient to estimate the fair values of a limited partnership, which does not have readily determinable fair value. The investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

Fair values of assets measured on recurring basis at December 31, 2019 are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 3</u>
Investments:			
Mutual funds:			
Fixed income - domestic	\$ 2,006,425	\$ 2,006,425	\$ -
Equity - domestic	9,207,838	9,207,838	-
Equity - international/global	5,173,221	5,173,221	-
Beneficial interest in perpetual trust	<u>140,616</u>	<u>-</u>	<u>140,616</u>
Total	16,528,100	<u>\$16,387,484</u>	<u>\$ 140,616</u>
Investment measured at NAV	272,312		
Cash equivalents	<u>14,216</u>		
Total investments	<u>\$ 16,814,628</u>		

COLUMBIA LAND TRUST
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2019

20. FAIR VALUE MEASUREMENTS, Continued

Fair values of assets measured on recurring basis at December 31, 2018 are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 3</u>
Investments:			
Mutual funds:			
Fixed income - domestic	\$ 1,938,636	\$ 1,938,636	\$ -
Equity - domestic	8,859,484	8,859,484	-
Equity - international/global	1,723,757	1,723,757	-
Beneficial interest in perpetual trust	<u>99,633</u>	<u>-</u>	<u>99,633</u>
Total	<u>12,621,510</u>	<u>\$ 12,521,877</u>	<u>\$ 99,633</u>
Cash equivalents	<u>513,689</u>		
Total investments	<u>\$ 13,135,199</u>		

Fair values for mutual funds are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair value for the beneficial interest in a perpetual trust is determined by multiplying the total fair value of the trust's assets by Columbia Land Trust's percentage share as stated in the trust document.

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs) are as follows for the years ended December 31::

Beneficial interest in perpetual trust:

	<u>2019</u>	<u>2018</u>
Balance at beginning of year	\$ 99,633	\$ -
Contributions	-	99,633
Change in value	<u>40,983</u>	<u>-</u>
Balance at end of year	<u>\$ 140,616</u>	<u>\$ 99,633</u>

Changes in value are reported as net assets with perpetual donor restrictions in the statements of activities.

COLUMBIA LAND TRUST
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2019

20. FAIR VALUE MEASUREMENTS, Continued

Investments Measured at Net Asset Value (NAV)

Quoted market prices are not available for the limited partnership interest (alternative investment). This investment is recorded based on the net asset value of the Trust's ownership interests in the partners' capital which includes assumptions and methods that were prepared by the General Partners and managers of the entity and were reviewed by Trust's management. The reported net asset value may differ from the value that would be used had the quoted market price existed. The Trust believes that the reported amount for the investment is a reasonable estimate of fair value at December 31, 2019.

The investment focuses on growth in equity, buyout opportunities, or distressed debt. The investment is not readily redeemable; however, a secondary market does exist. Distributions normally are received through the liquidation of the underlying assets in the fund.

21. ENDOWMENT

The Trust's endowment consists of funds established various purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Trust have interpreted Washington's enacted Uniform Prudent Management of Institutional Funds Act (the Act or UPMIFA) as requiring the preservation of 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 interpretation, the Trust classifies as net assets with donor restrictions (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor restricted endowment, and (c) accumulations to the donor restricted 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 perpetual donor restrictions is classified as net assets with expiring donor restrictions until those amounts are appropriated for expenditure by the Trust in a manner consistent with the standard of prudence prescribed by the Act.

COLUMBIA LAND TRUST
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2019

21. ENDOWMENT, Continued

Interpretation of Relevant Law, Continued

In accordance with UPMIFA, the Trust considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund,
- (2) The purposes of the Trust and the donor-restricted endowment fund,
- (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 the Trust, and
- (7) The investment policies of the Trust.

Endowment net asset composition by type of fund as of December 31, 2019 and 2018 is as follows:

	Without donor restrictions	With expiring donor restrictions	With perpetual donor restrictions	Total
<u>December 31, 2019</u>				
Donor-restricted	\$ -	\$ 7,700,543	\$ 4,749,557	\$ 12,450,100
Board-designated	<u>3,988,505</u>	<u>-</u>	<u>-</u>	<u>3,988,505</u>
Included in investments	3,988,505	7,700,543	4,749,557	16,438,605
Beneficial interest in perpetual trust	<u>-</u>	<u>-</u>	<u>140,616</u>	<u>140,616</u>
Total endowments	<u>\$ 3,988,505</u>	<u>\$ 7,700,543</u>	<u>\$ 4,890,173</u>	<u>\$ 16,579,221</u>
<u>December 31, 2018</u>				
Donor-restricted	\$ -	\$ 4,076,858	\$ 4,214,241	\$ 8,291,099
Board-designated	<u>3,514,910</u>	<u>-</u>	<u>-</u>	<u>3,514,910</u>
Included in investments	3,514,910	4,076,858	4,214,241	11,806,009
Beneficial interest in perpetual trust	<u>-</u>	<u>-</u>	<u>99,633</u>	<u>99,633</u>
Total endowments	<u>\$ 3,514,910</u>	<u>\$ 4,076,858</u>	<u>\$ 4,313,874</u>	<u>\$ 11,905,642</u>

COLUMBIA LAND TRUST
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2019

21. ENDOWMENT, Continued

Changes in endowment net assets for the years ended December 31, 2019 and 2018 are as follows:

	Without donor restrictions	With expiring donor restrictions	With perpetual donor restrictions	Total
Endowment net assets -				
December 31, 2017	\$ 3,831,961	\$ 3,701,480	\$ 4,159,833	\$ 11,693,274
Contributions and bequests	34,100	1,655,165	54,408	1,743,673
Investment return, net	(296,563)	(695,963)	-	(992,526)
Appropriation of endowment assets for expenditure	(54,588)	(583,824)	-	(638,412)
Contribution of perpetual trust	-	-	99,633	99,633
Endowment net assets -				
December 31, 2018	3,514,910	4,076,858	4,313,874	11,905,642
Contributions and bequests	-	1,553,034	535,316	2,088,350
Investment return, net	644,000	2,607,371	-	3,251,371
Appropriation of endowment assets for expenditure	(170,405)	(536,720)	-	(707,125)
Change in value of perpetual trust	-	-	40,983	40,983
Endowment net assets -				
December 31, 2019	<u>\$ 3,988,505</u>	<u>\$ 7,700,543</u>	<u>\$ 4,890,173</u>	<u>\$ 16,579,221</u>

Return Objectives and Risk Parameters

The Trust 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 the Trust must hold in perpetuity or for a donor-specified period 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 the S&P 500 index while assuming a moderate level of investment risk. Actual returns in any given year will vary from the benchmark.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Trust relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Trust targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

COLUMBIA LAND TRUST
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2019

21. ENDOWMENT, Continued

Spending Policy and How the Investment Objectives Relate to Spending Policy

Distributions are made at such time that the board approves distributions of earnings on the donor restricted and board-designated endowment funds. Distributions of available earnings may be no greater than five percent of the average annual net fair market value of the endowment assets averaged over the three preceding years. In establishing this policy, the Trust considered the long-term expected return on its endowment that is consistent with the Trust's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

22. SUBSEQUENT EVENTS

The Trust has evaluated all subsequent events through July 23, 2020, the date the consolidated financial statements were available to be issued.

Columbia Land Trust has been negatively impacted by the effects of the world-wide COVID-19 pandemic, including the United States and global markets experiencing significant declines in value as well the expectation that operations may be impacted. Management is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the full impact to the Trust's financial position is not known.