

COLUMBIA LAND TRUST

Audited Financial Statements

For the Year Ended December 31, 2020



MCDONALD JACOBS

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, 2020, 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, 2020, 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 June 2, 2021 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 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 23, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

McDonald Jacobson, P.C.

Portland, Oregon
June 2, 2021

COLUMBIA LAND TRUST
STATEMENT OF FINANCIAL POSITION
December 31, 2020
(With comparative totals for 2019)

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 2,058,514	\$ 3,247,288
Contracts receivable	642,248	383,496
Grants and contributions receivable	952,485	2,279,841
Prepaid expenses	45,809	61,584
Investments	21,314,582	16,814,628
Land held for sale	312,800	-
Property and equipment, net	130,839	172,589
Conservation property	81,590,620	69,307,012
 TOTAL ASSETS	 \$ 107,047,897	 \$ 92,266,438
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 581,448	\$ 658,194
Deferred revenue	127,066	121,822
Notes payable	1,410,000	937,500
Conservation property held on behalf of local governments	4,278,854	4,278,854
Total liabilities	6,397,368	5,996,370
Net assets:		
Without donor restrictions:		
Undesignated	386,452	249,005
Board designated	4,384,297	3,745,824
Net investment in conservation property and other capital assets	76,786,074	64,745,257
Total without donor restrictions	81,556,823	68,740,086
With expiring donor restrictions	13,940,140	12,639,809
With perpetual donor restrictions	5,153,566	4,890,173
Total net assets	100,650,529	86,270,068
 TOTAL LIABILITIES AND NET ASSETS	 \$ 107,047,897	 \$ 92,266,438

See notes to financial statements.

COLUMBIA LAND TRUST
STATEMENT OF ACTIVITIES
For the year ended December 31, 2020
(With comparative totals for 2019)

	2020			Total	2019 Total
	Without Donor Restrictions	With Expiring Donor Restrictions	With Perpetual Donor Restrictions		
Support and revenue:					
Contributions	\$ 949,200	\$ 3,319,946	\$ 235,663	\$ 4,504,809	\$ 4,461,386
Private and government grants	2,075,765	1,122,151	-	3,197,916	2,239,561
Donated materials and services	9,075	-	-	9,075	38,181
Special events, net of direct expenses of \$41,406 in 2020 and \$108,588 in 2019	194,956	-	-	194,956	261,151
Gain on sale of conservation property	28,630	-	-	28,630	-
Investment income, net of fees	534,407	2,230,633	-	2,765,040	3,262,804
Other income, net of harvest expense of \$38,625 in 2020 and \$247,217 in 2019	115,669	154,576	-	270,245	(22,827)
Net assets released from restrictions:					
Satisfaction of purpose and time restrictions	3,750,894	(3,750,894)	-	-	-
Total support and revenue	<u>7,658,596</u>	<u>3,076,412</u>	<u>235,663</u>	<u>10,970,671</u>	<u>10,240,256</u>
Expenses:					
Program services:					
Land conservation	1,869,785	-	-	1,869,785	1,039,343
Public outreach	798,723	-	-	798,723	635,293
Land stewardship	2,369,438	-	-	2,369,438	2,106,898
Total program services	5,037,946	-	-	5,037,946	3,781,534
Management and general	745,902	-	-	745,902	744,092
Fundraising	693,238	-	-	693,238	685,666
Total expenses	<u>6,477,086</u>	<u>-</u>	<u>-</u>	<u>6,477,086</u>	<u>5,211,292</u>
Change in net assets before non-operating activities	1,181,510	3,076,412	235,663	4,493,585	5,028,964
Non-operating activities:					
Grants received for acquisition of conservation property	-	9,041,631	-	9,041,631	1,044,845
Donated land	-	817,515	-	817,515	75,000
Change in value of beneficial interest in perpetual trust	-	-	27,730	27,730	40,983
Net assets released from restrictions upon the acquisition of conservation property	11,635,227	(11,635,227)	-	-	-
Change in net assets	12,816,737	1,300,331	263,393	14,380,461	6,189,792
Net assets:					
Beginning 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>
End of year	<u>\$ 81,556,823</u>	<u>\$ 13,940,140</u>	<u>\$ 5,153,566</u>	<u>\$ 100,650,529</u>	<u>\$ 86,270,068</u>

See notes to financial statements.

COLUMBIA LAND TRUST
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2020
(With comparative totals for 2019)

	Program Services				Supporting Services				Total	2019 Total
	Land Conservation	Public Outreach	Land Stewardship	Total Programs	Management and General	Indirect Costs	Fund- raising	Total Supporting		
Salaries and related costs	\$ 586,410	\$ 236,565	\$ 826,384	\$ 1,649,359	\$ 566,085	\$ -	\$ 550,258	\$ 1,116,343	\$ 2,765,702	\$ 2,649,533
Professional services	1,185,924	468,346	148,633	1,802,903	55,535	63,176	23,378	142,089	1,944,992	757,309
Property services - acquisition	-	-	811,305	811,305	-	-	-	-	811,305	636,329
Property services - maintenance	9,666	-	-	9,666	-	-	-	-	9,666	311,068
Occupancy	-	-	32,575	32,575	1,553	175,059	-	176,612	209,187	225,643
Printing, postage and shipping	234	31,406	103	31,743	205	23,877	44,873	68,955	100,698	93,655
License and fees	9,738	4,466	104,106	118,310	21,523	26,884	756	49,163	167,473	172,210
Supplies	166	7,642	243,724	251,532	785	4,714	1,505	7,004	258,536	325,516
Equipment and repair	1,957	3,394	32,094	37,445	3,235	77,823	25,725	106,783	144,228	133,450
Meetings, training and travel	6,637	957	24,524	32,118	1,348	(735)	2,377	2,990	35,108	97,372
Insurance	-	-	4,215	4,215	-	58,830	-	58,830	63,045	46,943
Interest expense	5,000	-	-	5,000	198	9,578	-	9,776	14,776	30,590
Office and other costs	2,536	2,743	2,219	7,498	200	23,260	643	24,103	31,601	87,479
Total expenses before allocation of indirect costs and expenses included with revenue	1,808,268	755,519	2,229,882	4,793,669	650,667	462,466	649,515	1,762,648	6,556,317	5,567,097
Allocation of indirect costs	100,142	43,204	139,556	282,902	95,235	(462,466)	85,129	(282,102)	800	-
Less direct costs of timber harvest netted with revenue	(38,625)	-	-	(38,625)	-	-	-	-	(38,625)	(247,217)
Less direct benefit costs of event netted with revenue	-	-	-	-	-	-	(41,406)	(41,406)	(41,406)	(108,588)
Total expenses	<u>\$ 1,869,785</u>	<u>\$ 798,723</u>	<u>\$ 2,369,438</u>	<u>\$ 5,037,946</u>	<u>\$ 745,902</u>	<u>\$ -</u>	<u>\$ 693,238</u>	<u>\$ 1,439,140</u>	<u>\$ 6,477,086</u>	<u>\$ 5,211,292</u>

See notes to financial statements.

COLUMBIA LAND TRUST
STATEMENT OF CASH FLOWS
For the year ended December 31, 2020
(With comparative totals for 2019)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 14,380,461	\$ 6,189,792
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	41,817	48,697
Realized and unrealized gains on investments	(2,081,456)	(2,880,698)
Note payable converted to donation	(37,500)	(47,500)
Donations of conservation properties	(817,515)	(75,000)
Proceeds restricted to the acquisition of conservation property	(9,041,631)	(1,044,845)
Proceeds from contributions restricted to endowment	(235,663)	(535,316)
Change in value of beneficial interest in perpetual trust	(27,730)	(40,983)
Gain from sale of property	(28,788)	-
(Increase) decrease in:		
Contracts, grants and contributions receivable	1,068,604	710,714
Other current assets	15,775	(24,377)
Increase (decrease) in:		
Accounts payable, accrued expenses and other	<u>(71,502)</u>	<u>40,708</u>
Net cash flows from operating activities	<u>3,164,872</u>	<u>2,341,192</u>
Cash flows from investing activities:		
Purchase of conservation land	(12,182,372)	(1,478,236)
Proceeds from the sale of property	30,000	-
Purchase of property and equipment	-	(110,604)
Proceeds from sale of investments	7,286,043	8,643,822
Purchase of investments	<u>(9,989,611)</u>	<u>(9,401,570)</u>
Net cash flows from investing activities	<u>(14,855,940)</u>	<u>(2,346,588)</u>
Cash flows from financing activities:		
Proceeds restricted to the acquisition of conservation property	9,041,631	1,044,845
Proceeds from contributions restricted to endowment	235,663	535,316
Payments on notes payable	(175,000)	(135,000)
Proceeds from notes payable	<u>1,400,000</u>	<u>-</u>
Net cash flows from financing activities	<u>10,502,294</u>	<u>1,445,161</u>
Net change in cash and cash equivalents	(1,188,774)	1,439,765
Cash and cash equivalents - beginning of year	<u>3,247,288</u>	<u>1,807,523</u>
Cash and cash equivalents - end of year	<u>\$ 2,058,514</u>	<u>\$ 3,247,288</u>

See notes to financial statements.

COLUMBIA LAND TRUST
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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 51,571 acres at 232 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, 2020

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.

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.

COLUMBIA LAND TRUST
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Grants and Contributions Receivable

Grants and contributions receivable are reported at the amount management expects to collect on balances outstanding at year-end. Management considers history with donors, and current economic and industry trends when determining the collectability of specific accounts. As a result, management determined that an allowance for doubtful accounts is not necessary.

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. Investments in land available for sale are reported at cost when purchased and at fair market value on the date received when acquired by gift. 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 corporation 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, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Revenue Recognition

Contributions and Private Grants: Contributions and private grants, which include unconditional promises to give (pledges), are recognized as revenues in the period the Trust is notified of the commitment. Bequests are recorded as revenue at the time the Trust has an established right to the bequest and the proceeds are measurable. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

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.

Special Events: The Trust records special events revenue at the time the event takes place. Revenue may include the fair value of direct benefits received by donors, and contribution income.

Government Grants: A portion of the Trust's revenue is derived from cost-reimbursable contracts and grants, which are conditional upon certain performance requirements and/or incurring allowable qualifying expenses. Amounts received are recognized as revenue when the Trust has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are recorded as refundable advances and included as deferred revenue in the statement of financial position. The Trust has been awarded cost-reimbursable grants of approximately \$11.3 million for the period through November 2021 that have not been recognized at December 31, 2020 because qualifying expenditures have not yet been incurred. The Trust has recorded liabilities for advances on these grants totaling approximately \$127,000 and \$122,000 as of June 30, 2020 and 2019.

Services Revenue: Service revenues, included in other income, are recognized at the time services are provided. 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.

Donated Materials and Services (In-kind Contributions)

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.

COLUMBIA LAND TRUST
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Donated Materials and Services (In-kind Contributions), Continued

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 as the criteria for recording these contributed services have not been met.

During 2020 and 2019, the Trust received the following in-kind contributions:

	2020	2019
Program services:		
Legal and consulting services	\$ 1,048	\$ 2,302
Supporting services:		
Special event goods and services	329	15,514
Other	7,698	20,365
Total donated materials and services	9,075	38,181
Bargain sale on land and donated property	817,515	75,000
Total in-kind contributions	\$ 826,590	\$ 113,181

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 (conservation property) or placed in service (property and equipment).

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.

COLUMBIA LAND TRUST
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Change in Accounting Principle

The Trust has implemented Accounting Standards Update 2014-09, *Revenue from Contracts with Customers*. This standard establishes a new contract and control-based revenue recognition model, changes the basis for deciding when revenue is recognized over time or at a point in time, and expands disclosures about revenue. This amendment has been applied retrospectively to all periods presented. There was no impact to the Trust's revenue recognition in either year presented for this change in accounting principle. For 2020 and 2019, revenues from contracts with customers are insignificant to the financial statements.

Future Accounting Standard Change

Effective for financial statements for the year ending December 31, 2022, the Trust expects to adopt a new accounting standard issued by the Financial Accounting Standards Board (FASB) that will require significant changes in accounting for operating leases under which the Trust is lessee. Upon adoption, among other effects, the Trust will be required to record assets and liabilities for all operating lease obligations with terms of 12 months or greater. These changes may require certain retrospective adjustments. The qualitative effects on the Trust's future financial statements of these changes and related retrospective adjustments have not yet been determined.

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 2019

The financial information as of December 31, 2019 and for the year then ended is presented for comparative purposes and is not intended to be a complete financial statement presentation.

Subsequent Events

The Trust has evaluated all subsequent events through June 2, 2021, the date the financial statements were available to be issued.

COLUMBIA LAND TRUST
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2020

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, 2020 and 2019:

	2020	2019
Cash and cash equivalents	\$ 2,058,514	\$ 3,247,288
Contracts receivables	642,248	383,496
Contributions receivable	952,485	2,279,841
Investments	<u>21,314,582</u>	<u>16,814,628</u>
Total financial assets	24,967,829	22,725,253
Less amounts unavailable for general expenditure:		
Net assets with donor restrictions	(19,093,706)	(17,529,982)
Board designations	(4,384,297)	(3,745,824)
Add approved distribution from endowment	<u>633,536</u>	<u>383,486</u>
Financial assets available for general expenditure	<u>\$ 2,123,362</u>	<u>\$ 1,832,933</u>

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 \$4.4 million is also subject to the annual spending rate of 5% as described in Note 22. 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); however, these amounts could be made available, if necessary, with a vote of the Board (See Note 15).

The Trust also has a line of credit available as a source of liquidity (See Note 10). 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.

COLUMBIA LAND TRUST
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2020

4. CONTRACTS RECEIVABLE

Contracts receivable are unsecured and are summarized as follows at December 31, 2020 and 2019:

Salmon Recovery Funding Board (passed through State of Washington)	\$ 20,882	\$ 86,621
Bonneville Power Administration	171,649	60,222
Oregon Watershed Enhancement Board	60,614	43,342
State of Washington Wildlife Recreation program	50,285	-
Natural Resources Conservation Services	13,698	61,355
Others	<u>325,120</u>	<u>131,956</u>
Total contracts receivable	<u>\$ 642,248</u>	<u>\$ 383,496</u>

Amounts included in contracts receivable that are over 90 days past due totaled approximately \$125,000 and \$81,000 at December 31, 2020 and 2019, respectively.

5. GRANTS AND CONTRIBUTIONS RECEIVABLE

	<u>2020</u>	<u>2019</u>
Expected to be collected in:		
Within one year	\$ 923,235	\$ 2,241,341
Two to five years	<u>29,250</u>	<u>38,500</u>
Total grants and contributions receivable	<u>\$ 952,485</u>	<u>\$ 2,279,841</u>

Management estimates that any uncollectible accounts will be insignificant.

Approximately 79% of grants and contributions receivable at December 31, 2020 are due from two donors (85% due from four donors in 2019). 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, 2020

6. INVESTMENTS

Investments at December 31, 2020 and 2019 are carried at fair value and consist of the following:

	2020	2019
Cash equivalents	\$ 478,894	\$ 14,216
Mutual funds:		
Fixed income	1,773,226	2,006,425
Equity securities	18,671,582	14,381,059
Investment in limited partnership	222,534	272,312
Beneficial interest in perpetual trust	168,346	140,616
Total investments	\$ 21,314,582	\$ 16,814,628
Endowment (Note 22)	\$ 20,298,243	\$ 16,579,221
Other purposes	1,033,390	235,407
Total investments	\$ 21,314,582	\$ 16,814,628

Investments totaling \$415,411 and \$386,942 at December 31, 2020 and 2019, respectively, are held as collateral on a loan. See Note 11.

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, 2020 and 2019:

	2020	2019
Leasehold improvements	\$ 132,268	\$ 132,268
Computer hardware and software	68,236	68,236
Office equipment and furniture	11,150	11,150
Stewardship equipment	240,875	240,808
Total property and equipment	452,529	452,462
Less accumulated depreciation	321,690	279,873
Net property and equipment	\$ 130,839	\$ 172,589

COLUMBIA LAND TRUST
 NOTES TO FINANCIAL STATEMENTS, Continued
 December 31, 2020

8. CONSERVATION PROPERTY

Conservation property consists of the following at December 31, 2020 and 2019:

	2020	2019
Fee simple land and property	\$ 77,293,466	64,856,500
Land held on behalf of local governments	4,278,854	4,278,854
Access easements	18,300	18,300
Fee simple land in progress	-	153,358
Total conservation property	\$ 81,590,620	\$ 69,307,012

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.

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, 2020 the Trust held 52 conservation easements on 5,191 acres of land (53 conservation easements on 5,576 acres of land at December 31, 2019).

COLUMBIA LAND TRUST
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2020

10. LINE OF CREDIT

The Trust has a \$500,000 unsecured revolving line of credit with Columbia State Bank, expiring July 2021. Advances on the credit line are payable on demand and carry an interest rate of 5.75% at December 31, 2020 (prime plus 1% with a minimum rate of 4.75%). There were no advances on the line of credit at December 31, 2020 and 2019.

11. NOTES PAYABLE

Notes payable consist of the following at December 31, 2020 and 2019:

	2020	2019
Unsecured note payable to an individual, with no interest and principal due at maturity in December 2021.	\$ 10,000	\$ 10,000
Note payable to Craft3, with interest due quarterly at 2% and principal due at maturity in July 2023. The note is secured by real property and an investment account.	400,000	-
Note payable to Craft3, with interest due quarterly at 2% and principal due at maturity in July 2020. The note is secured by real property and an investment account. Paid in full during 2020 as part of the sale of property.	-	715,000
Unsecured note payable to an individual, with no interest and principal due at maturity in June 2020. Paid in full during 2020.	-	50,000
Unsecured note payable to an individual, with no interest and principal due at maturity in June 2020. Partially forgiven (\$37,500) and the balance paid in full during 2020.	-	162,500
Note payable to Packard Foundation, with interest due annually at 1.5% and principal due at maturity, March 2023. The note is secured, in part, by real property.	1,000,000	-
Total notes payable	\$ 1,410,000	\$ 937,500

COLUMBIA LAND TRUST
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2020

II. NOTES PAYABLE, Continued

Current maturities of notes payable are as follows:

For the years ending December 31, 2021	\$	10,000
2022		-
2023		1,400,000
		1,410,000
	\$	1,410,000

Interest estimated at fair value on the three interest-free notes payable during 2020 and 2019 total approximately \$7,000 and \$15,200, 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.

13. LEASE COMMITMENTS

The Trust's main office in Vancouver is leased under an operating lease expiring January 2023. Monthly rent is currently \$11,345 subject to annual increases. The Trust also leases an office in Portland under an operating lease through September 2021, with current monthly rent of \$1,500. Both of these leases are expensed over the life of the lease on a straight-line basis with deferred rent totaling approximately \$18,200 at December 31, 2020, recorded as a accrued expense (\$25,900 at December 31, 2019).

Warehouse, equipment and other offices and storage are leased under operating leases with total monthly rent of approximately \$3,300 expiring at various dates through November 2021.

Rent expense for the above leases totaled approximately \$201,500 and \$194,100 during 2020 and 2019, respectively.

Future minimum lease commitments under operating leases are as follows:

For the years ending December 31, 2021	\$	166,700
2022		141,400
2023		11,800
		319,900
	\$	319,900

COLUMBIA LAND TRUST
 NOTES TO FINANCIAL STATEMENTS, Continued
 December 31, 2020

13. LEASE COMMITMENT, Continued

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, 2020, 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 these are incurred.

15. BOARD DESIGNATED NET ASSETS

Board designated net assets are reserved as follows at December 31, 2020 and 2019:

	2020	2019
Stewardship endowment (Note 22)	\$ 4,425,112	\$ 3,988,505
Operating reserve	374,596	144,261
Investments held as collateral on loan	(415,411)	(386,942)
Total board designated net assets	\$ 4,384,297	\$ 3,745,824

COLUMBIA LAND TRUST
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2020

16. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with expiring donor restrictions consist of the following at December 31, 2020 and 2019:

	2020	2019
Land acquisition and related costs	\$ 1,805,561	\$ 1,373,500
Stewardship funds	1,305,024	2,014,565
Earnings on endowment (Note 22)	10,719,565	7,700,543
Other restrictions	61,839	1,109,301
Future periods	48,151	441,900
Total net assets with expiring donor restrictions	\$ 13,940,140	\$ 12,639,809

Net assets with perpetual donor restrictions consist of the following at December 31, 2020 and 2019:

	2020	2019
Endowment (Note 22)	\$ 4,985,220	\$ 4,749,557
Beneficial interest in perpetual trust	168,346	140,616
Total net assets with perpetual donor restrictions	\$ 5,153,566	\$ 4,890,173

The principal portion of the endowment is restricted in perpetuity and income on the principal is restricted to the Trust's stewardship (see Note 22, Endowment).

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 2020 totaled approximately \$107,500 (\$99,200 in 2019).

COLUMBIA LAND TRUST
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2020

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.

At times, the Trust receives in-kind professional services from companies where board members are employees (Note 2). In 2020, the Trust received approximately \$13,100 of in-kind professional services related to land conservation and stewardship.

In 2020, the Trust paid approximately \$43,200 for services from two companies where a board member is employed (\$46,500 in 2019).

During 2020, the Trust acted as the fiscal agent for Oregon Agricultural Trust until it received its determination as a separate charitable organization in October 2020.

In 2019, the Trust has a board member in common with an organization that has a conservation easement on a conservation property owned by the Trust.

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 \$1,682,000 and \$259,000 at December 31, 2020 and 2019, 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 40% of total revenues coming from one state government during 2020 (16% from one foundation in 2019).

COLUMBIA LAND TRUST
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2020

20. PAYCHECK PROTECTION PROGRAM

The Trust received funds totaling \$479,100, guaranteed by the Small Business Administration (SBA), from a bank through the federal Paycheck Protection Program (PPP). The Trust accounted for the funding as a conditional advance with interest accrued at 1%. The PPP provided that the funding may be forgiven, in whole or in part, if certain conditions are met including incurrence of allowable qualifying expenses (mostly personnel and occupancy costs). Upon satisfaction of the conditions, the advance is recognized as revenue. As of December 31, 2020, all funds received under this program have been spent on qualified expenses and the full amount received has been recognized as grant revenue based on conditions being satisfied. Subsequent to year-end, the Trust received notification of full forgiveness from the bank.

21. FAIR VALUE MEASUREMENTS

Fair Value Hierarchy: 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.

COLUMBIA LAND TRUST
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2020

21. FAIR VALUE MEASUREMENTS, Continued

Fair values of assets measured on recurring basis at December 31, 2020 and 2019 are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 3</u>
<u>December 31, 2020</u>			
Money market and money funds included with cash	\$ 191,008	\$ 191,008	\$ -
Investments:			
Money market and money funds	275,893	275,893	-
Mutual funds:			
Fixed income - domestic	1,256,920	1,256,920	-
Fixed income - global	516,306	516,306	-
Equity - domestic	14,410,143	14,410,143	-
Equity - international/global	4,261,439	4,261,439	-
Beneficial interest in perpetual trust	168,346	-	168,346
Total	<u>20,889,047</u>	<u>\$ 20,911,709</u>	<u>\$ 168,346</u>
Investment measured at NAV	222,534		
Cash equivalents	203,001		
Total investments	<u>\$ 21,314,582</u>		
<u>December 31, 2019</u>			
Money market and money funds included with cash	\$ 630,408	\$ 630,408	\$ -
Investments:			
Money market and money funds	6,496	6,496	-
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	140,616	-	140,616
Total	<u>16,534,596</u>	<u>\$ 17,024,388</u>	<u>\$ 140,616</u>
Investment measured at NAV	272,312		
Cash equivalents	7,720		
Total investments	<u>\$ 16,814,628</u>		

COLUMBIA LAND TRUST
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2020

21. FAIR VALUE MEASUREMENTS, Continued

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, 2020 and 2019:

Beneficial interest in perpetual trust:

	2020	2019
Balance at beginning of year	\$ 140,616	\$ 99,633
Change in value	27,730	40,983
Balance at end of year	\$ 168,346	\$ 140,616

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

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, 2020.

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.

COLUMBIA LAND TRUST
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2020

22. 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.

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.

COLUMBIA LAND TRUST
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2020

22. ENDOWMENT, Continued

Endowment net asset composition by type of fund as of December 31, 2020 and 2019 is as follows:

	Without donor restrictions	With expiring donor restrictions	With perpetual donor restrictions	Total
<u>December 31, 2020</u>				
Donor-restricted	\$ -	\$ 10,719,565	\$ 4,985,220	\$ 15,704,785
Board-designated	<u>4,425,112</u>	<u>-</u>	<u>-</u>	<u>4,425,112</u>
Included in investments	4,425,112	10,719,565	4,985,220	20,129,897
Beneficial interest in perpetual trust	<u>-</u>	<u>-</u>	<u>168,346</u>	<u>168,346</u>
Total endowments	<u>\$ 4,425,112</u>	<u>\$ 10,719,565</u>	<u>\$ 5,153,566</u>	<u>\$ 20,298,243</u>
<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>

Changes in endowment net assets for the years ended December 31, 2020 and 2019 are as follows:

	Without donor restrictions	With expiring donor restrictions	With perpetual donor restrictions	Total
Endowment net assets -				
December 31, 2018	\$ 3,514,910	\$ 4,076,858	\$ 4,313,874	\$ 11,905,642
Contributions and bequests	<u>-</u>	<u>1,553,034</u>	<u>535,316</u>	<u>2,088,350</u>
Investment return, net	644,000	2,607,371	-	3,251,371
Appropriation of endowment assets for expenditure	<u>(170,405)</u>	<u>(536,720)</u>	<u>-</u>	<u>(707,125)</u>
Change in value of perpetual trust	<u>-</u>	<u>-</u>	<u>40,983</u>	<u>40,983</u>
Endowment net assets -				
December 31, 2019	3,988,505	7,700,543	4,890,173	16,579,221
Contributions and bequests	<u>-</u>	<u>1,355,177</u>	<u>235,663</u>	<u>1,590,840</u>
Investment return, net	533,354	2,230,633	-	2,763,987
Appropriation of endowment assets for expenditure	<u>(96,747)</u>	<u>(566,788)</u>	<u>-</u>	<u>(663,535)</u>
Change in value of perpetual trust	<u>-</u>	<u>-</u>	<u>27,730</u>	<u>27,730</u>
Endowment net assets -				
December 31, 2020	<u>\$ 4,425,112</u>	<u>\$ 10,719,565</u>	<u>\$ 5,153,566</u>	<u>\$ 20,298,243</u>

COLUMBIA LAND TRUST
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2020

22. ENDOWMENT, Continued

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.

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.

23. SUPPLEMENTAL CASH FLOW INFORMATION

Non-Cash Financing Activity: During 2020, debt due to Craft3 totaling \$715,000 was paid off at the closing of the sale of a parcel of land.

24. UNCERTAINTIES

Columbia Land Trust has been impacted by the effects of the world-wide coronavirus pandemic. The Trust 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.