

**MENDOCINO LAND TRUST, INC.**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**



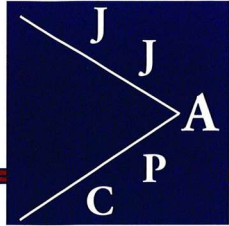
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**Mendocino Land Trust, Inc.**  
**Financial Statements**  
**For the year ended June 30, 2020**  
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# JJACPA, Inc.

A Professional Accounting Services Corp.

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## **Independent Auditor's Report**

Governing Board  
Mendocino Land Trust, Inc.  
Fort Bragg, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Mendocino Land Trust, Inc. (Organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Governing Board  
Mendocino Land Trust, Inc.  
Fort Bragg, California

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***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2020, and the changes in its Net Position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

September 17, 2020

*JJACPA, Inc.*

**JJACPA, Inc.  
Dublin, CA**

**Mendocino Land Trust, Inc.****Statement of Financial Position****June 30, 2020**

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**ASSETS****Current Assets:**

Cash and cash equivalents:

Unrestricted \$ 91,951

Restricted 21,723

Accounts receivable 62,867

Prepaid expenses and deposits 34,728

**Total current assets** 211,269**Noncurrent Assets:**

Long-term investments:

Unrestricted 470,611

Restricted 1,573,516

Furniture, equipment and leasehold  
improvements, net 24,709

Conservation lands and easements 5,972,500

**Total noncurrent assets** 8,041,336**Total assets** \$ 8,252,605**LIABILITIES AND NET ASSETS****Liabilities:****Current Liabilities:**

Accounts payable \$ 25,503

Accrued payroll and benefits 24,561

Unearned revenue 90,746

**Total current liabilities** 140,810**Total liabilities** 140,810**Net Assets:**

Without donor restrictions:

Unrestricted 131,982

Board designated 379,834

Capital assets, conservation lands and easements 5,997,209

With donor restrictions:

Purpose 1,602,770**Total net assets** 8,111,795**Total liabilities and net assets** \$ 8,252,605

The accompanying notes are an integral part of these financial statements.

**Mendocino Land Trust, Inc.**  
**Statement of Activities**  
**For the year ended June 30, 2020**

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions and memberships	\$ 245,336	\$ 282,800	\$ 528,136
Foundation grants	1,930	-	1,930
Governmental grants	708,988	33,370	742,358
Program service fees	86,668	-	86,668
Other support	23,771	-	23,771
Investment income	35,624	-	35,624
Net realized and unrealized gain (loss) on investments	(30,056)	9,663	(20,393)
Bequests	20,000	-	20,000
Other revenues and gains	144	-	144
Total support and revenue	1,092,405	325,833	1,418,238
NET ASSETS RELEASED FROM RESTRICTIONS	142,724	(142,724)	-
TOTAL SUPPORT, REVENUE AND NET POSITION RELEASED FROM RESTRICTIONS	1,235,129	183,109	1,418,238
EXPENSES			
Program and stewardship	1,112,183	-	1,112,183
Supporting services:			
Management and general	152,137	-	152,137
Fundraising	19,270	-	19,270
Total expenses	1,283,590	-	1,283,590
CHANGE IN NET ASSETS	(48,461)	183,109	134,648
NET ASSETS - Beginning of year	6,557,486	1,419,661	7,977,147
NET ASSETS - End of year	\$ 6,509,025	\$ 1,602,770	\$ 8,111,795

The accompanying notes are an integral part of these financial statements.



**Mendocino Land Trust, Inc.**  
**Statement of Cash Flows**  
**For the year ended June 30, 2020**

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**CASH FLOWS FROM OPERATING ACTIVITIES:**

Receipts from contributions and bequests	\$ 548,136
Receipts from grants	752,038
Receipts from program service fees and other support	198,606
Payments to vendors for services and supplies	(896,350)
Payments to employees for services	(408,633)
<b>Net cash provided by operating activities</b>	<u>193,797</u>

**CASH FLOWS FROM CAPITAL AND RELATED  
FINANCING ACTIVITIES:**

Payments of line of credit	-
Acquisition of capital assets	-
<b>Net cash used by capital and related financing activities</b>	<u>-</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Purchases of investments	(221,387)
Sales of investments	-
Investment income received	35,624
<b>Net cash provided (used) by investing activities</b>	<u>(185,763)</u>
<b>Net decrease in cash</b>	<u>8,034</u>

**CASH AND INVESTMENTS:**

Beginning of year	105,640
End of year	<u>\$ 113,674</u>

**PRESENTATION IN STATEMENT OF NET POSITION:**

Cash and cash equivalents:	
Unrestricted	\$ 91,951
Restricted	21,723
<b>Total</b>	<u>\$ 113,674</u>

(continued)

**Mendocino Land Trust, Inc.**  
**Statement of Cash Flows**  
**For the year ended June 30, 2020**

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**CASH FLOWS FROM OPERATING ACTIVITIES:**

Increase (decrease) in net position	\$ 134,648
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	7,250
Investment income	(35,624)
Net realized and unrealized gain (loss) on investments	20,393
Changes in operating assets and liabilities:	
Accounts receivable	7,750
Prepays and deposits	(33,552)
Accounts payable	2,810
Accrued payroll and benefits	2,099
Unearned revenue	88,023
<b>Net cash provided by operating activities</b>	<u><u>\$ 193,797</u></u>

**Supplemental disclosures**

Noncash transactions	
In-kind contributions	\$ -
Cash paid for:	
Interest	\$ -
Taxes	\$ 10

The accompanying notes are an integral part of these financial statements.

(concluded)

**Mendocino Land Trust, Inc.**  
**Statement of Functional Expenses**  
**For the year ended June 30, 2020**

	Program and Stewardship	Supporting Expenses Management and General	Fundraising	Total Supporting Expenses	Total Expenses
<b>Personnel expenses:</b>					
Wages and Salaries	\$ 289,297	\$ 111,586	\$ 12,398	\$ 123,984	\$ 413,281
Payroll Taxes	(412)	(159)	(18)	(177)	(589)
Employee benefits	(1,372)	(529)	(59)	(588)	(1,960)
Total personnel costs	287,513	110,898	12,321	123,219	410,732
<b>Fees:</b>					
Professional services and subcontractors	103,537	1,350	101	1,451	104,988
Legal	3,078	-	-	-	3,078
Accounting	-	9,000	-	9,000	9,000
Environmental compliance permits	-	-	-	-	-
Payroll & IT	1,500	1,000	-	1,000	2,500
Total fees	108,115	11,350	101	11,451	119,566
Advertising and promotion	118	-	20	20	138
Dues and memberships	1,947	-	-	-	1,947
Software subscriptions	2,174	1,461	702	2,163	4,337
Trash disposal (non office)	39	111	-	111	150
Event expenses	5,901	-	-	-	5,901
Licenses, fees and permits	6,013	160	254	414	6,427
Travel expenses	5,695	51	-	51	5,746
Conferences, conventions and meetings	(427)	771	292	1,063	636
Depreciation and amortization	-	7,250	-	7,250	7,250
Internship program	5,000	-	-	-	5,000
Insurance	1,530	11,450	-	11,450	12,980
Postage and shipping	282	490	542	1,032	1,314
Printing and publications	3,774	410	2,364	2,774	6,548
Staff development	2,947	-	-	-	2,947
Supplies	779	1,238	211	1,449	2,228
Volunteer and donor appreciation	565	-	-	-	565
Vehicle maintenance, insurance and fuel	5,115	278	337	615	5,730
Signage	9,666	-	-	-	9,666
Construction expenses program work	634,026	-	-	-	634,026
Mowing and maintenance contractors	2,551	-	-	-	2,551
Construction materials and small tools	14,570	-	-	-	14,570
In-kind expenses	3,012	1,610	1,444	3,054	6,066
Rent	8,365	1,020	-	1,020	9,385
Utilities, internet and phone	-	2,371	-	2,371	2,371
Property taxes	1,859	59	-	59	1,918
Other expenses	1,054	1,159	682	1,841	2,895
Total expenses	\$ 1,112,183	\$ 152,137	\$ 19,270	\$ 171,407	\$ 1,283,590
Percentages	86.65%	11.85%	1.50%	13.35%	100.00%

The accompanying notes are an integral part of these financial statements.

## **1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Summary of Organization**

Mendocino Land Trust is a California non-profit public benefit corporation, as described in Section 501(c) (3) of the Internal Revenue Code and is exempt from federal and state income taxes. The Land Trust was formed in 1976 under the laws of the State of California for the purpose of protecting the scenic, natural, agricultural and open spaces of the Mendocino Coast for the benefit of the community, including future generations, by developing long-term land protection strategies, by promoting private and public funding for land conservation, by acquiring land and conservation easements, by practicing stewardship, including the restoration of conservation properties, and by developing both a sense of place and a land ethic through activities, education and outreach.

In February 2017 Mendocino Land Trust became Accredited and received national recognition from the Land Trust Alliance joining a network of only 372 accredited land trusts across the nation that have demonstrated their commitment to professional excellence and to maintaining the public's trust in their work.

Mendocino Land Trust has an office in Fort Bragg, California and its operations are funded by support from donors, contracts from various state and federal agencies, and from fee for service work.

### ***Basis of Accounting***

The financial statements of Mendocino Land Trust have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). The Land Trust reports information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions in the following net asset categories.

#### ***Net Assets Without Donor Restrictions***

Net assets without donor restrictions represent available resources other than donor-restricted contributions. These funds may be expended at the discretion of the Board of Directors. The Board periodically designates a portion of unrestricted net assets for use on specific projects or programs. Current designations are for land, land preservation and other conservation projects.

***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.

**Mendocino Land Trust, Inc.**  
**Notes to Financial Statements, Continued**  
**For the year ended June 30, 2020**

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**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,**  
**Continued**

*Cash and Cash Equivalents*

Mendocino Land Trust considers cash balances and unrestricted highly liquid investments with original or remaining maturities of three months or less at the time of purchase to be cash equivalents. The Land Trust reports money market accounts and certificates of deposits held as part of investment accounts as investments.

*Accounts Receivable*

Accounts receivable are recorded at net realizable value consisting of the carrying amount less an allowance for uncollectible accounts, if amounts are deemed uncollectible. The allowance is established based on factors such as historical experience, credit quality and the age of the account balances. At June 30, 2020 all amounts were deemed collectible with no allowance required.

*Investments*

Investments are stated at fair value. Realized and unrealized gains and losses are reflected in the statement of activities.

*Furniture, Equipment, and Leasehold Improvements*

Mendocino Land Trust has adopted a capitalization policy requiring all assets acquired whether purchased or received by donation, with a cost or value of more than \$5,000 to be capitalized. Those below that threshold are expenses in the period received.

Purchased fixed assets are stated at cost. Donated capital assets are recorded as contributions at their estimated fair value. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the related assets, which range from five to seven years, or over the lesser of the term of the lease or the estimated useful life of the asset for assets under capital lease.

Leasehold improvements are amortized over the lesser of the term of the lease or the estimated useful life of the improvements.

Upon sale or retirement of depreciable assets, the related cost and accumulated depreciation or amortization are removed from the accounts. Any gain or loss on the sale or retirement is recognized in current operations.

*Conservation Lands and Easements*

Mendocino Land Trust records land it acquires at cost or records the land at fair value on the date of acquisition if all or part of the land is received as a donation. Values are recorded based on the following:

- Independent professional appraisals are performed for the donor or the organization; or
- Value is adopted by the acquiring public agency; or
- Where neither of the preceding sources is available, the organization may use the full cash value as established by the local tax assessor.

**Mendocino Land Trust, Inc.**  
**Notes to Financial Statements, Continued**  
**For the year ended June 30, 2020**

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**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,**  
**Continued**

*Conservation Lands and Easements, continued*

Conservation easements acquired by or donated to the Mendocino Land Trust represent numerous restrictions over the use and development of land not owned by the organization. These easements provide that the land will be maintained unimpaired in its current natural, agricultural, scenic or recreational state. Since the benefits of such easements accrue to the public upon acquisition, and the easements themselves have no marketable value, easements acquired by the Mendocino Land Trust are reflected as zero value.

*Donated Furniture, Equipment and Property*

Donations of furniture and equipment are recorded as support at their estimated fair value at the date of receipt or unconditional promise to give. Donated property is reported at the appraised value of the property when received. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long the donated assets must be maintained, Mendocino Land Trust reports expirations of donor restrictions when the donated or acquired assets are placed in service. Mendocino Land Trust reclassifies temporarily restricted net assets to unrestricted net assets at that time.

*Contributions*

Contributions are recorded as revenues at fair value at the date of receipt or unconditional promise to give, and as assets or decreases of liabilities or expenses, depending on the form of the benefit received.

Donor-restricted contributions, whose restrictions are met in the same reporting period, are reported as unrestricted contributions.

*Contributed Services*

Contributed services are recognized in the financial statements if they enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased, if not provided by donation. General volunteers do not meet these recognition criteria, but have donated significant amounts of time and performed a variety of tasks that assist Mendocino Land Trust in meeting their objectives.

*Unearned revenue*

The balance of the unearned revenue account represents payments that the Mendocino Land Trust received that were not fully expensed by the end of the current fiscal year. The balance of the unearned revenue account at the balance sheet date is \$90,746.

*Advertising*

Costs incurred for advertising are charged to expenses as incurred. Total advertising costs were \$138 for the year ended June 30, 2020.

**Mendocino Land Trust, Inc.**  
**Notes to Financial Statements, Continued**  
**For the year ended June 30, 2020**

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**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,**  
**Continued**

*Functional Allocation of Expenses*

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain administrative costs have been allocated among the programs and supporting services benefited based on personnel, space, and other factors.

*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. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the relevant period. Actual results may differ from those estimates.

Significant accounting estimates reflected in the Mendocino Land Trust's financial statements include the valuation of investments, the valuation of donated land holdings and conservation easements, and functional allocation of expenses.

*Income Taxes*

Mendocino Land Trust is a not-for-profit organization that is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and related California code sections.

Mendocino Land Trust follows the guidance of FASB ASC 740 – Accounting for Uncertainty in Income Taxes. As of June 30, 2020, management evaluated the Land Trust's tax positions and concluded that Mendocino Land Trust maintained its tax-exempt status and had taken no uncertain tax positions that require adjustments to the financial statements.

*Adoption of New Accounting Standards*

During the year ended December 31, 2019, Mendocino Land Trust adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2018-08 – Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made (ASU 2018-08). This update clarifies and improves the scope and accounting guidance for contributions received and contributions made. The amendments in this update should assist entities in (1) evaluation whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The adoption of ASU 2018-08 has had no material effect on the change in net assets or net asset balances, by classification, as previously reported.

During the year ended December 31, 2019, Mendocino Land Trust adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2014-09 – Revenue from Contracts with Customers (Topic 606) (ASU 2014-09). The amendments in this Update create Topic 606, Revenue from Contracts with Customers, and supersede the revenue recognition requirements in Topic 605, Revenue Recognition, including most industry-specific revenue recognition guidance throughout the Industry Topics of the Codification. In addition, the amendments supersede the cost

**Mendocino Land Trust, Inc.**  
**Notes to Financial Statements, Continued**  
**For the year ended June 30, 2020**

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**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,**  
**Continued**

*Adoption of New Accounting Standards, (continued)*

guidance in Subtopic 605-35, Revenue Recognition—Construction-Type and Production-Type Contracts, and create new Subtopic 340-40, Other Assets and Deferred Costs—Contracts with Customers. In summary, the core principle of Topic 606 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The adoption of ASU 2014-09 has had no material effect on the change in net assets or net asset balances, by classification, as previously reported.

**2. LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

	2020	2019
Financial assets at June 30:		
Cash and cash equivalents	\$ 113,674	\$ 105,640
Accounts receivable	62,867	70,617
Investments	2,044,127	1,760,255
Total financial assets	<u>2,220,668</u>	<u>1,936,512</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>(1,602,770)</u>	<u>(1,419,661)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 617,898</u>	<u>\$ 516,851</u>

Although the Mendocino Land Trust does not intend to spend from the board-designated funds of \$379,834, these amounts could be made available if necessary.



**Mendocino Land Trust, Inc.**  
**Notes to Financial Statements, Continued**  
**For the year ended June 30, 2020**

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**3. FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS**

The following is a summary of changes for furniture, equipment, and leasehold improvements as of June 30, 2020:

	July 1, 2019	Additions	Retirements	June 30, 2020
<b>Depreciable assets:</b>				
Autos	\$ 36,248	\$ -	\$ -	\$ 36,248
<b>Total depreciable assets</b>	36,248	-	-	36,248
<b>Total accumulated depreciation</b>	(4,289)	(7,250)	-	(11,539)
<b>Net depreciable assets</b>	31,959	(7,250)	-	24,709
<b>Total capital assets</b>	\$ 31,959	\$ (7,250)	\$ -	\$ 24,709

Depreciation expense charged to operations for the year ended June 30, 2020, is \$7,250.

**4. FAIR MARKET VALUE AND INVESTMENTS**

FASB ASC 820 established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

**Level 1:** Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that Mendocino Land Trust has the ability to access at the measurement date.

**Level 2:** Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

**Level 3:** Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. As a practical expedient, certain investments are measured at fair value on the basis of net asset value. The fair value of these investments is not included in the fair value hierarchy.

**Mendocino Land Trust, Inc.**  
**Notes to Financial Statements, Continued**  
**For the year ended June 30, 2020**

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**4. FAIR MARKET VALUE AND INVESTMENTS, Continued**

Mendocino Land Trust uses appropriate valuation techniques based on the available inputs to measure the fair value of their investments. When available, Mendocino Land Trust measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying investments.

The following schedule reports the types of investments that Mendocino Land Trust owns as well as the investment's cost and fair market value at June 30, 2020:

Description	Cost Basis	Fair Market Value Using		
		Level 1	Level 2	Level 3
Money market funds	\$567,116	\$661,248	-	-
Mutual funds	1,578,084	1,471,763	-	-
	<u>\$2,145,200</u>	<u>\$2,133,011</u>	<u>\$-</u>	<u>\$-</u>
Presented in the Statement of Financial				
Position – Long-term investments				
Unrestricted		\$ 470,611		
Restricted		<u>1,573,516</u>		
		<u>\$2,044,127</u>		

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**5. CONSERVATION LANDS AND EASEMENTS**

Mendocino Land Trust has several land holdings that require the organization to adhere to use limits and maintenance requirements. If these requirements are not met by the Mendocino Land Trust, the properties will revert either to the heirs of the donor or other land conservancy organizations. Also, certain conservation lands have been purchased using governmental funds. Such funds restrict the sale and disposition of the property under various agreements.

**Mendocino Land Trust, Inc.**  
**Notes to Financial Statements, Continued**  
**For the year ended June 30, 2020**

**5. CONSERVATION LANDS AND EASEMENTS, Continued**

Conservation lands held as of June 30, 2020, include:

	<i>Year Acquired</i>	<i>Property</i>
1	1999	Navarro Point (55.3 acres for public access, trails and preserve)
2	2010	Hare Creek Beach (5.8 acres for public access, trails, and preserve)
3	2012	Noyo River Redwoods (426 acres of forest land managed for old growth redwoods)
4	2013	Pelican Bluffs (75 acres)
5	2014	Seaside Beach (13.6 acres)
6	2016	Ten Mile Estuary (49 acres)

Conservation easements held as of June 30, 2020, include:

	<i>Year Acquired</i>	<i>Property</i>
1	1992	Phillips/Corning (Oak woodlands near Hopland)
2	1998	Fetzer/Skinner (Oak woodlands and forest near Hopland)
3	1998	Fetzer/Concha y Toro (Oak woodlands and forest near Hopland)
4	2000	Salvation Army/Miller-Schell (Redwood forest near Point Arena)
5	2000	Linney/Dye (Coniferous forest near Point Arena)
6	2001	Galbreath-Johnson (Oak woodlands, Old Growth Redwood and Fir; salmon streams)
7	2005	Ridgewood Ranch (Old Growth and second growth Redwoods)
8	2005	Hannum and Partners (Oak woodlands, grasslands, and salmon habitat)
9	2007	Ridgewood Ranch (Oak woodlands, grasslands, and salmon habitat)
10	2007	Freriks (Nature preserve and retreat near Albion)
11	2012	Maxwell ("Gleason-Prescott Preserve," Oak woodlands, grasslands, and forest)
12	2013	Dolan/Gobbi St. Vineyard (Ukiah valley agricultural conservation)
13	2013	Dolan/Dark Horse Ranch (Ukiah valley agricultural conservation)
14	2014	Big River (Estuarine, wetlands, and wildlife)
15	2014	Gordon/Potter Valley

**Mendocino Land Trust, Inc.**  
**Notes to Financial Statements, Continued**  
**For the year ended June 30, 2020**

**5. CONSERVATION LANDS AND EASEMENTS, Continued**

Conservation easements held as of June 30, 2020, continued

16	2015	Brush Creek
17	2018	Smith Family Conservation Easement
18	2019	Lovers Lane
19	2019	Trout Creek
20	2019	Alder Creek

In addition to the conservation land and easements identified above, the Mendocino Land Trust also has four Open Space Easements near Navarro Point, Little River, Gualala and Gordon Lane pygmy forest, and ninety-seven public access easements granted between June 1996 and July 2014 to preserve the public's right to access the California coast.

**6. VACATION LIABILITY**

Mendocino Land Trust provides for vacation benefits at a rate of 10 days accrued for full-time employees having 1-4 years of tenure, and 15 days accrued for employees with 5 or more years of tenure. Part-time employees accrue days based upon their hours worked at a pro rata amount in accordance with the days accrued for full-time employees in accordance with the current policy. As of June 30, 2020, the vacation benefit liability is \$8,802, included in accrued payroll and benefits liability of \$24,561.

**7. BOARD DESIGNATED NET ASSETS**

The Land Trust Board of Directors has designated portions of unrestricted net assets as an Operating Reserve fund and a Stewardship Reserve Fund that the Board may use for whatever it chooses in conjunction with the Trust's exempt purpose. Current designations are for land, land preservation and other conservation projects. The balance of the fund as of June 30, 2020, is \$379,834.

**8. RESTRICTED NET ASSETS**

At June 30, 2020, the restricted net assets of the organization was as follows:

Easement Stewardship & Legal Defense Fund	\$765,864
Noyo River Redwoods Fund	699,402
Fee Land Stewardship & Legal Defense Funds:	
Hare Creek	7,671
Ten Mile	70,110
Fiscal Sponsorship Fund	
DOT Mitigation Trust Fund	17,691
Tepper/Real Strategic Planning	8,380
Intern Program Fund	33,652
	<u>\$1,602,770</u>

## **9. GOVERNMENT SUPPORT**

Mendocino Land Trust received a substantial amount of its operating support from state and local governments. Any significant reduction in the level of this support could affect the Land Trust's programs and ability to maintain operations at their current level.

## **10. RETIREMENT BENEFITS**

Mendocino Land Trust sponsors a Simple IRA retirement plan covering qualified employees as defined by their Personnel Policy. For the year ended June 30, 2020, the Land Trust contributed \$7,209 as a matching contribution of three percent of the eligible employee's compensation.

## **11. OPERATING LEASE COMMITMENTS**

Mendocino Land Trust has entered into a lease for a facility in Fort Bragg, California that is both its operating headquarters and a place for program activities. The lease term is month-to-month rent with a monthly payment of \$855.

## **12. CONTINGENCIES**

As of June 30, 2020, Mendocino Land Trust did not have any pending litigation or potential nondisclosed liabilities that management believes would have a material effect on the financial statements.

## **13. SUBSEQUENT EVENTS**

Mendocino Land Trust has evaluated subsequent events through September 17, 2020, the date which the financial statements were available to be issued. The COVID-19 pandemic in the United States has caused business disruption and a reduction in economic activity. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration and the impact it will have on the Land Trust's operations and the financial position. Any financial impact to the Land Trust cannot be reasonably estimated at this time. Therefore, no subsequent events were identified that required adjustment to or additional disclosure within the financial statement for the year ended June 30, 2020.