

Sonoma Land Trust

Financial Statements

March 31, 2023
(With Comparative Totals for 2022)



TABLE OF CONTENTS

	<u>Page No.</u>
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 27



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Sonoma Land Trust
Santa Rosa, California

Opinion

We have audited the accompanying financial statements of Sonoma Land Trust ("SLT"), which comprise the statement of financial position as of March 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sonoma Land Trust as of March 31, 2023, and the 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Sonoma Land Trust and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As described in Note 2 to the financial statements, the SLT has adopted ASU 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Our opinion is not modified with respect to that matter.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Sonoma Land Trust's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Sonoma Land Trust's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Sonoma Land Trust's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Sonoma Land Trust's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 27, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Armanino^{LLP}
San Francisco, California

November 16, 2023

Sonoma Land Trust
Statement of Financial Position
March 31, 2023
(With Comparative Totals for 2022)

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 9,127,096	\$ 6,512,430
Restricted cash	3,224,670	3,768,311
Investments	8,528,933	8,977,107
Accounts and grants receivable	250,548	1,146,240
Contributions and bequests receivable, net	6,701,159	3,359,646
Prepaid expenses and other assets	275,851	290,501
Property and equipment, net	352,634	209,836
Property subject to life estate, net	951,306	967,381
Conservation lands and improvements, net	26,387,659	22,841,974
Total assets	\$ 55,799,856	\$ 48,073,426
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 482,511	\$ 570,289
Accrued expenses	357,738	342,722
Deferred revenue	6,260	5,660
Conditional grants and refundable advances	4,570,752	5,155,834
Use obligation - life estate	546,929	554,870
Security deposits	4,950	4,950
Total liabilities	5,969,140	6,634,325
Net assets		
Without donor restrictions		
Undesignated	13,796,603	10,153,672
Designated for conservation projects, including endowment	2,676,682	3,459,993
Investment in conservation lands	26,387,659	22,841,974
Total without donor restrictions	42,860,944	36,455,639
With donor restrictions	6,969,772	4,983,462
Total net assets	49,830,716	41,439,101
Total liabilities and net assets	\$ 55,799,856	\$ 48,073,426

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

Sonoma Land Trust
Statement of Activities
For the Year Ended March 31, 2023
(With Comparative Totals for 2022)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2023 Total</u>	<u>2022 Total</u>
Revenues, gains (losses) and other support				
Contributions, foundation grants and bequests	\$ 8,846,690	\$ 3,043,867	\$ 11,890,557	\$ 7,878,600
Government grants	3,159,296	500,000	3,659,296	4,677,291
In-kind contributions	31,255	-	31,255	37,745
Project revenue and fees	131,437	18,000	149,437	170,866
Rental income	235,618	-	235,618	204,022
Interest and dividends, net	310,519	-	310,519	185,460
Realized and unrealized gain (loss) on investments	(448,739)	(117,942)	(566,681)	20,733
Net assets released from restrictions	<u>1,457,615</u>	<u>(1,457,615)</u>	<u>-</u>	<u>-</u>
Total revenues, gains (losses) and other support	<u>13,723,691</u>	<u>1,986,310</u>	<u>15,710,001</u>	<u>13,174,717</u>
Functional expenses				
Program services	4,414,279	-	4,414,279	4,760,633
Management and general	1,374,651	-	1,374,651	1,171,176
Fundraising	<u>1,537,397</u>	<u>-</u>	<u>1,537,397</u>	<u>1,631,199</u>
Total functional expenses	<u>7,326,327</u>	<u>-</u>	<u>7,326,327</u>	<u>7,563,008</u>
Change in net assets from operations	<u>6,397,364</u>	<u>1,986,310</u>	<u>8,383,674</u>	<u>5,611,709</u>
Other income (expense)				
Contributions of land	-	-	-	50,000
Change in value of property subject to life estate	7,941	-	7,941	14,137
Other income, net	-	-	-	301,769
Conservation easement expense	-	-	-	(2,800,000)
Grants to others	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,130,000)</u>
Total other income (expense)	<u>7,941</u>	<u>-</u>	<u>7,941</u>	<u>(3,564,094)</u>
Change in net assets	6,405,305	1,986,310	8,391,615	2,047,615
Net assets, beginning of year	<u>36,455,639</u>	<u>4,983,462</u>	<u>41,439,101</u>	<u>39,391,486</u>
Net assets, end of year	<u>\$ 42,860,944</u>	<u>\$ 6,969,772</u>	<u>\$ 49,830,716</u>	<u>\$ 41,439,101</u>

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

Sonoma Land Trust
Statement of Functional Expenses
For the Year Ended March 31, 2023
(With Comparative Totals for 2022)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2023 Total</u>	<u>2022 Total</u>
Personnel expenses					
Salaries and wages	\$ 1,604,665	\$ 715,928	\$ 649,096	\$ 2,969,689	\$ 2,662,688
Employee benefits	255,646	103,675	80,747	440,068	412,988
Payroll taxes	<u>129,711</u>	<u>49,775</u>	<u>52,049</u>	<u>231,535</u>	<u>204,072</u>
Total personnel expenses	1,990,022	869,378	781,892	3,641,292	3,279,748
Legal and professional fees	1,270,552	242,965	353,539	1,867,056	1,464,407
Land restoration and re-vegetation	343,287	-	-	343,287	1,589,013
Computer equipment and software	86,722	89,274	79,680	255,676	192,028
Land related repairs and maintenance	231,747	4,976	4,475	241,198	89,292
Rent and utilities	120,101	50,190	45,139	215,430	173,913
Insurance	68,089	15,914	13,091	97,094	111,798
Printing and copying	7,960	4,358	73,038	85,356	84,487
Meals and entertainment	10,164	20,245	30,755	61,164	49,374
Books, dues and subscriptions	29,628	13,522	12,628	55,778	41,808
Telephone	28,859	11,420	10,813	51,092	37,251
Conferences and networking	26,038	3,346	9,143	38,527	737
Small furniture and equipment	28,107	2,923	4,906	35,936	6,971
Supplies and materials	17,283	9,158	8,938	35,379	33,098
Transportation and travel	24,844	742	4,817	30,403	20,188
Advertising and promotion	1,545	8,098	18,702	28,345	88,033
Bank fees	897	2,518	21,844	25,259	30,186
Property tax	24,946	-	-	24,946	22,769
Postage and mailing	474	1,007	19,751	21,232	17,365
Bad debt expense	-	10,000	-	10,000	-
Other expenses	5,866	1,926	415	8,207	6,849
Staff development	5,255	1,130	542	6,927	8,173
Equipment rental and maintenance	4,946	739	664	6,349	3,769
Signs and plaques	3,439	-	-	3,439	-
Office equipment	1,376	601	541	2,518	390
Depreciation and amortization	<u>82,132</u>	<u>10,221</u>	<u>42,084</u>	<u>134,437</u>	<u>211,361</u>
Total functional expenses	4,414,279	1,374,651	1,537,397	7,326,327	7,563,008
Conservation easement expense	-	-	-	-	2,800,000
Grants to others	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,130,000</u>
Total other expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,930,000</u>
 Total expenses	 <u>\$ 4,414,279</u>	 <u>\$ 1,374,651</u>	 <u>\$ 1,537,397</u>	 <u>\$ 7,326,327</u>	 <u>\$ 11,493,008</u>

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

Sonoma Land Trust
Statement of Cash Flows
For the Year Ended March 31, 2023
(With Comparative Totals for 2022)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Change in net assets	\$ 8,391,615	\$ 2,047,615
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	134,437	211,361
Donation of stock	(147,429)	(308,368)
Gain on sale of non-conservation property held for sale	-	(18,120)
Contributions restricted for long-term purposes	(35,000)	(145,510)
Realized and unrealized (gain) loss on investments	566,681	(20,733)
Bad debt expense	10,000	-
Change in value of property subject to life estate	(7,941)	(14,137)
Amortization of discount on long-term receivables	(36,769)	(75,449)
Changes in operating assets and liabilities		
Accounts and grants receivable	895,692	(346,406)
Contributions and bequests receivable, net	(3,445,483)	(880,350)
Prepaid expenses and other assets	14,650	16,574
Accounts payable	(87,778)	164,438
Accrued expenses	15,016	(32,214)
Deferred revenue	600	(10,527)
Conditional grants and refundable advances	(585,082)	266,924
Security deposits	-	1,200
Net cash provided by operating activities	<u>5,683,209</u>	<u>856,298</u>
Cash flows from investing activities		
Purchase of investments	-	(4,714,482)
Proceeds from sale of investments	28,922	2,586,855
Purchase of property and equipment	(202,422)	(167,805)
Purchase of conservation lands and improvements	(3,604,423)	(40,875)
Proceeds from sale of non-conservation property held for sale	-	156,620
Net cash used in investing activities	<u>(3,777,923)</u>	<u>(2,179,687)</u>
Cash flows from financing activities		
Payments received on contributions restricted for long-term purposes	<u>35,000</u>	<u>145,510</u>
Net cash provided by financing activities	<u>35,000</u>	<u>145,510</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	1,940,286	(1,177,879)
Cash, cash equivalents and restricted cash, beginning of year	<u>10,280,741</u>	<u>11,458,620</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 12,221,027</u>	<u>\$ 10,280,741</u>
Cash, cash equivalents and restricted cash consisted of the following:		
Cash and cash equivalents	\$ 9,127,096	\$ 6,512,430
Restricted cash	<u>3,224,670</u>	<u>3,768,311</u>
	<u>\$ 12,351,766</u>	<u>\$ 10,280,741</u>

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

Sonoma Land Trust
Notes to Financial Statements
March 31, 2023

1. NATURE OF OPERATIONS

Sonoma Land Trust (the "SLT") is a not-for-profit public benefit California corporation established in 1976. SLT protects the scenic, agricultural and open landscapes of Sonoma County 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 promoting both a sense of place and a land ethic through activities, education and outreach on the land.

SLT's offices are located in Santa Rosa, California and its operations are funded by support from donors, foundation grants, and grants and contracts from various local, state, and federal agencies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

SLT's financial statements are presented on the accrual basis of accounting, which recognizes income in the period earned and expenses when incurred, in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

SLT reports information regarding its financial position and activities according to two classes of net assets. Net assets and changes therein are classified as follows:

- *Net assets without donor restrictions* - Net assets not subject to donor-imposed stipulations. The Board of Directors periodically designates a portion of net assets without donor restrictions for use on specific conservation projects, programs, and endowment.
- *Net assets with donor restrictions* - Net assets subject to donor-imposed stipulations for which use is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of SLT, as well as net assets subject to donor-imposed stipulations that require they be maintained in perpetuity. Income from net assets with donor restrictions to be held in perpetuity is available to support specific activities of SLT.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant accounting estimates reflected in SLT's financial statements include the valuation of investments, valuation of receivables, valuation of split-interest assets and liabilities, valuation of donated land holdings and conservation easements and the functional allocation of expenses. Actual results could differ from those estimates.

Sonoma Land Trust
Notes to Financial Statements
March 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Change in accounting principle

In September 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 addresses stakeholder requests for more transparent disclosures of how a nonprofit organization values and utilizes contributed nonfinancial assets. ASU 2020-07 amends presentation and disclosure requirements for contributed nonfinancial assets, without changing recognition and measurement principles. Specifically, in the statement of activities, a nonprofit organization must present contributed nonfinancial assets separately from cash contributions or other financial assets. Furthermore, certain information must be disclosed for each category of contributed nonfinancial asset recognized within the statement of activities during the reporting period (see Note 15). SLT adopted ASU 2020-07 with a date of initial application of April 1, 2022 using the modified retrospective method.

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Codification ("ASC") 842, *Leases*, to increase transparency and comparability among organizations by requiring the recognition of right-of-use ("ROU") assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. SLT adopted ASC 842 with a date of initial application of April 1, 2022 and recognized and measured leases existing at, or entered into after, July 1, 2022, with certain practical expedients available. SLT has elected not to recognize ROU assets and lease liabilities for short term leases and instead records them in a manner similar to operating leases under legacy leasing guidelines. A short-term lease is one with a maximum lease term of 12 months or fewer and does not include a purchase option that the lessee is reasonably certain to exercise. The adoption of the new lease accounting guidance did not have an impact on SLT's financial position, results of operations, or cash flows as SLT maintains no irrevocable lease agreements with terms in excess of 12 months.

Cash and cash equivalents

Cash and cash equivalents include all cash accounts and all highly liquid investments with an initial maturity of six months or less.

Investments

Investments are recorded at fair value as determined primarily by quoted market prices in active markets. Investment income and realized and unrealized gains (losses) on investments are reported in the statement of activities as increases (decreases) in net assets without donor restrictions, unless their use is restricted by the donor.

Sonoma Land Trust
Notes to Financial Statements
March 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments (continued)

Investments in certain securities are partially held and managed by the Community Foundation Sonoma County (the "Foundation") pursuant to an agreement dated March 31, 2001 that established the Sonoma Land Trust Stewardship Fund as a component fund under the administration of the Foundation. According to this agreement, the Foundation is the steward of assets contributed to this fund. The Board of Trustees of the Foundation has the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to a specified organization if, in the sole judgment of the Board of Trustees, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served.

Fair value measurements

In determining fair value, SLT uses various valuation approaches. A hierarchy has been established for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of SLT. Unobservable inputs reflect SLT's assumption about what market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

- *Level 1* - Valuations based on quoted prices in active markets for identical assets or liabilities that SLT has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- *Level 2* - Valuations based on inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.
- *Level 3* - Valuations based unobservable inputs for the asset or liability. Unobservable inputs reflect SLT's own assumptions about what the market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include SLT's own data.

Money market funds are valued at the closing price reported from an actively traded exchange. Certificates of deposits are valued at amortized cost, which approximates fair value. The fair value of mutual funds and common stocks are generally based on readily available quoted prices in active markets. Alternative investments are comprised of real estate and private equity investments and are valued at the net asset value per unit or percentage of ownership as reported by the funds. The investments in the Foundation are fully redeemable and are invested in the Foundation's socially responsible investment pool which is valued at the net asset value per unit or percentage of ownership as reported by the funds.

Sonoma Land Trust
Notes to Financial Statements
March 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts and grants receivable

Accounts and grants receivable consist primarily of trade receivables and receivables from governmental agencies. At March 31, 2023, management believes the accounts and grants receivables are current and collectible and therefore, no allowance has been provided.

Contributions and bequests receivable

Contributions receivable include unconditional commitments from various individuals that are recorded at the net realizable value of the amount to be collected. Contributions receivable with due dates extending beyond one year are discounted using a risk adjusted rate. The discount rates ranged from 0.16% to 3.88% as of March 31, 2023. An allowance for uncollectible contributions is provided by taking a percentage of pledges receivable based on a three-year historical look back period.

Bequest revenue is recorded when SLT is notified by donors or the trustees of their estates that they have been named as a beneficiary in their wills. SLT recognizes these gifts as receivables and revenue if they are irrevocable, unconditional and measurable. If a gift does not meet these criteria, it is not recognized as bequest revenue until the will is declared valid and subject to distribution. At the time of recognition, SLT recognizes the bequest revenue, net of a discount for likely fees and taxes, based on historical experience or other disclosed information. SLT considers information obtained through the date the financial statements are available to be issued in determining the bequest amount.

Property and equipment

Acquisitions of equipment with a cost or fair value of \$5,000 or more, buildings, and significant leasehold improvements are recorded as property and equipment. Property and equipment are stated at cost at the date of acquisition or fair value if acquired through donation. Depreciation is provided over the shorter of remaining lease life or the estimated useful lives of the assets, generally four to seven years for equipment, seven years for furniture, three to five years for vehicles, and forty years for building and building improvements, using the straight-line method of depreciation.

Sonoma Land Trust
Notes to Financial Statements
March 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property subject to life estate

SLT is the beneficiary of real property that is subject to a life estate. SLT recognized its interest in this property when it was irrevocable, unconditional and measurable. The value of the asset is recorded at the fair value of the real estate property, less a recorded liability for the value of the use obligation of other beneficiaries. SLT records the use obligation associated with the attached life estate at the estimated present value, using estimated discount rates, estimated equivalent rental market rates, and life expectancies. The difference in the value of the property recorded and the estimated present value of the use obligation is recorded as changes in net assets after operations on the statement of activities. Subsequent changes to the value based on changes in estimates are recorded as a change in value of property subject to life estate in the statement of activities. The property is depreciated over the estimated useful life of 40 years. Total depreciation for the year ended March 31, 2023 was \$16,075.

Conservation lands and improvements

SLT records the 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. Fair values are determined based on the following:

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

Property improvements, including furniture and fixtures, on conservation lands held long-term by SLT are depreciated on a straight-line basis over a period between 7 and 40 years. Depreciation of property improvements was \$58,738 for the year ended March 31, 2023. Costs incurred to subsequently improve the condition of conservation lands are expensed.

Occasionally, SLT acquires land and simultaneously conveys a conservation easement over the property to a public agency or nonprofit land conservation organization for permanent stewardship of the easement. In such circumstances, the land is held on SLT's books at cost or fair value as described above, less the value of the easement conveyed to the public agency. In other cases land is acquired and subsequently improved with the intent to transfer the property to a public agency or nonprofit land conservation organization for permanent stewardship. These costs are expensed as incurred as they will benefit the end recipient and not SLT.

SLT periodically evaluates whenever events or changes in circumstances indicate that the carrying amount of the long lived assets, including conservation lands, may not be recoverable. Impairments, if any, are recorded by a charge to change in net assets and a valuation allowance if the carrying value of the lands exceeds its estimated fair value.

Sonoma Land Trust
Notes to Financial Statements
March 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Conservation easements

Conservation easements acquired by or donated to SLT represent numerous restrictions over the use and development of land not owned by SLT. These easements generally provide that the land will be maintained unimpaired in its current natural, agricultural, scenic, or recreational state. Easements acquired by SLT are recorded as program expense and donated easements are not recognized by SLT as their values are generally undeterminable.

Revenue recognition

Contributions and grants - SLT reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions and grants are recognized when the donor makes a promise to give to SLT that is, in substance, unconditional. Unconditional promises to give due within one year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using a risk adjusted rate. Conditional promises to give are not recognized until they become unconditional, which is when donor stipulated barriers are overcome and SLT is entitled to the assets transferred or promised (see Note 11). Funds received prior to the conditions being substantially met are recorded as conditional grants. Contributions also consist of donated investments which are recorded at fair value on the date of donation.

A portion of SLT's revenue is derived from cost-reimbursable federal and state contracts, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when SLT has incurred expenditures in compliance with specific contract or grant provisions. SLT has elected a simultaneous release option to account for these grants and thus are recorded as government grants without donor restriction upon satisfaction of the barriers. SLT received cost-reimbursable grants of \$5,797,893 that have not been recognized at March 31, 2023 because qualifying expenditures have not yet been incurred. Amounts received prior to incurring qualifying expenditures are reported as refundable advances.

In-kind contributions - Contributed professional services are recorded at the fair value of the services received if they enhance non-financial assets or the services received require specialized skills, are provided by licensed or qualified individuals possessing those skills and who offer those skills as a normal part of business, and if the services would typically be purchased if not received through donation. Donated goods and conservation land and improvements are recorded at the fair value of the goods and conservation land and improvements received.

Sonoma Land Trust
Notes to Financial Statements
March 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Project revenue and fees - Project revenue and fees earned through billable contracts, which are typically on a cost-reimbursement basis, are recognized as revenue on the date of the invoice to the granting authority. However, revenue may be recognized and recorded as unbilled receivables when significant contract work has been performed and not yet billed, based on estimates of the percentage completion and related costs. Funds received in advance of costs incurred are recognized as deferred revenue.

Rental income - Rental income is recognized as earned over the length of the lease on a straight-line basis.

Advertising costs

SLT uses advertising to promote its programs and mission. The costs of advertising are expensed as incurred. Advertising costs for the year ended March 31, 2023 were \$28,345.

Functional expenses

The costs of providing program services and supporting services have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs are allocated among program services and supporting services based on employees' time incurred, usage and other estimates by management.

Measure of operations

SLT's measure of operations is its changes in net assets from operating activities, which includes operating revenues without donor restrictions, operating revenues with donor-stipulated time or purpose restrictions, and expenses that are an integral part of its non-land acquisition and transfers programs and supporting activities. Contributions without donor restrictions and net assets released from donor restrictions to support its operating activities are also included. The measure of operations exclude contributions restricted for land acquisitions, grants specifically restricted for land acquisitions, major restoration projects and expenses related to transfers of land.

Income tax status

SLT is recognized as a public charity exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code, whereby only unrelated business income, as defined by Section 512(a)(1) of the Internal Revenue Code and similar code section of the California Revenue and Taxation Code, is subject to income tax.

Sonoma Land Trust
Notes to Financial Statements
March 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax status (continued)

SLT recognizes the effect of income tax positions only if those positions are more likely than not of being sustained, and changes in recognition or measurement are reflected in the period in which the change in judgment occurs. SLT has evaluated its current tax positions and has concluded that as of March 31, 2023 it does not have any significant uncertain tax positions for which a reserve would be necessary.

3. RESTRICTED CASH

SLT occasionally receives funds from grants awarded by various donors that are restricted for the purchase of specific property or other projects.

The balances and purposes of these restricted funds at March 31, 2023 are as follows:

Moore Foundation - Restricted Grants	\$ 2,774,360
Drake Easement Restoration	158,555
Santa Rosa SE Greenway	291,155
Live Oaks Ranch Stewardship	<u>600</u>
	<u>\$ 3,224,670</u>

Use of these funds is restricted to the specific projects, and SLT is required to account for them separately.

4. INVESTMENTS

Investments consisted of the following:

U.S. treasury securities	\$ 1,800,465
Mutual funds	5,527,744
Common stock	91,622
Alternative investments	873,145
Pooled investment funds	<u>235,957</u>
	<u>\$ 8,528,933</u>

Investment fees for the year ended March 31, 2023 totaled \$52,355, and are reported net of interest and dividend income.

Sonoma Land Trust
Notes to Financial Statements
March 31, 2023

5. FAIR VALUE MEASUREMENTS

The following table sets forth by level, within the fair value hierarchy, SLT's assets at fair value as of March 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Cash and cash equivalents				
Cash	\$ 8,269,927	\$ -	\$ -	\$ 8,269,927
Money market funds	<u>857,169</u>	<u>-</u>	<u>-</u>	<u>857,169</u>
	<u>9,127,096</u>	<u>-</u>	<u>-</u>	<u>9,127,096</u>
Restricted cash				
Cash	187,042	-	-	187,042
Money market funds	<u>3,037,628</u>	<u>-</u>	<u>-</u>	<u>3,037,628</u>
	<u>3,224,670</u>	<u>-</u>	<u>-</u>	<u>3,224,670</u>
Investments				
U.S. treasury securities	1,800,465	-	-	1,800,465
Mutual funds	5,527,744	-	-	5,527,744
Common stock	<u>91,622</u>	<u>-</u>	<u>-</u>	<u>91,622</u>
	<u>7,419,831</u>	<u>-</u>	<u>-</u>	<u>7,419,831</u>
	<u>\$ 19,771,597</u>	<u>\$ -</u>	<u>\$ -</u>	19,771,597
Pooled investment funds and alternative investments measured at net asset value				<u>1,109,102</u>
				<u>\$ 20,880,699</u>

SLT uses the net asset value ("NAV") to determine the fair value of all the underlying investments that (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company.

Sonoma Land Trust
Notes to Financial Statements
March 31, 2023

5. FAIR VALUE MEASUREMENTS (continued)

The following table lists SLT's investments measured at NAV by major category as of March 31, 2023:

Product	Strategy	NAV in Funds	Redeemable	Non- Redeemable	Amount of Unfunded Commitments	Redemption Terms	Redemption Restrictions
Starwood Real Estate Income Trust	Real Estate	\$ 291,735	\$ 291,735	N.A.	N.A.	Monthly	Fund gates: 2% a Month / 5% a Quarter / 20% a year
Hines Global Income Trust	Real Estate	292,292	292,292	N.A.	N.A.	Monthly	2% of the aggregate NAV per month and 5% per quarter
Owl Rock Core Income Corp.	Diversified Direct Lending	289,118	289,118	N.A.	N.A.	Quarterly	None
Community Foundation Sonoma County Stewardship Fund	Socially Responsible Investment Pool	<u>235,957</u>	<u>235,957</u>	N.A.	N.A.	Daily	None
		<u>\$1,109,102</u>	<u>\$1,109,102</u>				

6. ACCOUNTS AND GRANTS RECEIVABLE

Accounts and grants receivable consisted of the following:

Accounts receivable	<u>\$ 67,376</u>
Grants receivable	
California Wildlife Conservation Board	32,505
CalFire	11,583
California Natural Resources Agency	68,279
National Fish and Wildlife Foundation	30,096
Natural Resources Conservation Service	21,921
Sonoma County Agricultural Preservation and Open Space District	<u>18,788</u>
	<u>183,172</u>
	<u>\$ 250,548</u>

Sonoma Land Trust
Notes to Financial Statements
March 31, 2023

7. CONTRIBUTIONS AND BEQUESTS RECEIVABLE

Contributions and bequests receivable, net consisted of the following:

Less than one year	\$ 4,577,404
One to five years	2,246,500
More than five years	<u>151,500</u>
	6,975,404
Less unamortized discount	(134,680)
Less allowance for doubtful accounts	<u>(139,565)</u>
	<u><u>\$ 6,701,159</u></u>

8. PROPERTY AND EQUIPMENT

Property and equipment, net consisted of the following:

Leasehold improvements	\$ 894,931
Automobiles	103,169
Furniture and equipment	422,383
Software	<u>123,082</u>
	1,543,565
Less accumulated depreciation and amortization	<u>(1,190,931)</u>
	<u><u>\$ 352,634</u></u>

Depreciation and amortization expense on property and equipment for the year ended March 31, 2023 totaled \$59,624. Total depreciation and amortization expense presented on the statement of functional expenses also includes the the depreciation on the property subject to life estate and the depreciation and amortization on conservation land improvement assets.

9. PROPERTY SUBJECT TO LIFE ESTATE AND USE OBLIGATION

In September 2013, SLT was the beneficiary of real property that is subject to a life estate located near Kenwood, California, whereby third party beneficiaries named by the donor have use of the property for the remainder of their lives. The value of the asset was determined based on the fair value of the real property as determined by an independent real estate property appraisal. The estimated present value of the use obligation associated with the life estate attached to the property was \$546,929 as of March 31, 2023. The estimated liability was calculated using the present value of an ordinary annuity based on a 41/42-year life expectancy, a 4% interest rate, and the estimated rental fair value of a similar rental property.

Sonoma Land Trust
Notes to Financial Statements
March 31, 2023

10. CONSERVATION LANDS AND EASEMENTS

Conservation lands and easements held at March 31, 2023 included the following:

Conservation Easements			Conservation Lands		
Calendar Year Acquired	Properties		Calendar Year Acquired	Properties	
1	1979	Nefertierra	1	1979	Secret Pasture
2	1979	Watson Ranch	2	1979	Little Black Mountain
3	1980	Enchanted Wood	3	1985	Sonoma Creek
4	1980	Morgan Hill	4	1988	Laufenburg Ranch
5	1985	Oak Hill Farm	5	1990	Leonard Ranch
6	1986	Finley Creek	6	1991	White Rock
7	1987	River Bend	7	1992	Freezeout Redwoods
8	1989	Airport Boulevard	8	1997	Estero Americano (Hepper)
9	1989	Lower Ranch	9	2001	Estero Americano (Dewar)
10	1989	Blucher Creek	10	2002	Glen Oaks Ranch
		Griffin Wildlife Sanctuary			
11	1989	(Middler Reach)	11	2004	Dickson Ranch
12	1990	Cuffey's Cove	12	2005	North Point Joint Venture
13	1990	Fish Rock Ranch	13	2005	Davis Cabin
14	1992	Old Hill Ranch	14	2007	Pitkin Marsh
15	1993	Summerfield Waldorf School	15	2007	Gateway to the Cedars
					Live Oaks Ranch - Napa
16	1994	Mother Gardens at OAEC	16	2010	Country
	1996 and				
17	2000	Gird Creek	17	2011	Stewart Creek Run
18	1996	Van Winkle Redwoods	18	2012	Metallinos
	1996 and				Stuart Creek Hill
19	1999	Rancheria Creek Recesses	19	2012	(Malinvosky)
					Live Oaks Ranch - Sonoma
20	1997	Westridge Knolls	20	2013	County
		Camelis Old-Growth			
21	1998	Redwoods	21	2013	Lakeville
22	1998	Quail Hill	22	2014	Pole Mountain
23	1999	Sunrise Redwoods	23	2018	Mix Property
24	2000	Knaus Forest at Nuns Canyon	24	2019	Bear Canyon
					Sonoma Mountain Vernal
25	2000	Little Creek	25	2023	Pools
		Santa Rosa Creek Headwaters			
26	2000	(restated 2016)			
		Bohemia Ranch (CE assigned			
27	2000	2001; amended 2012)			
28	2002	Bear Canyon			
29	2002	Mill Creek Old Growth			
30	2002	Ward Creek			

Sonoma Land Trust
Notes to Financial Statements
March 31, 2023

10. CONSERVATION LANDS AND EASEMENTS (continued)

Conservation Easements			Conservation Lands		
Calendar Year	Acquired	Properties	Calendar Year	Acquired	Properties
		OGA Annapolis (amended			
31	2003	2010)			
32	2005	Mason Estate			
33	2006	Elarra			
34	2007	Tolay Creek Riparian			
35	2007	Rock Fall Woods			
36	2009	Drake Family			
37	2009	Wild Turkey Hill			
38	2010	Bald Mountain Ranch			
39	2010	Sassin			
40	2011	Rocky Point			
41	2011	Dimbat Tree Farm			
42	2012	Bohemia Ecological Preserve			
43	2013	John Holden			
44	2016	Be Here			
45	2018	Sunsrays			
46	2019	Starcross			
47	2021	Foppiano Ranch			

11. CONDITIONAL GRANTS AND REFUNDABLE ADVANCES

Conditional grants represent payments received by SLT under various grant agreements to be used for the acquisition of specified properties and conservation easements that had not been acquired as of year end. Under the terms of the grant agreements, if SLT does not successfully acquire the properties or conservation easements, or if the property to be acquired is subsequently sold to a private buyer, the assets received must be returned in full to the grantor.

Refundable advances include mitigation funds, including a Management Agreement between Pacific Gas & Electric, SLT and the U.S. Fish and Wildlife Service ("USFWS") for the long-term biological management and monitoring of the red-legged frog and other restoration projects. SLT also has contacts with the California Department of Transportation ("Caltrans") to use mitigation funds for environmental restoration at SLT's Tolay Creek Ranch property and for environmental restoration projects at Sears Point.

Sonoma Land Trust
Notes to Financial Statements
March 31, 2023

11. CONDITIONAL GRANTS AND REFUNDABLE ADVANCES (continued)

Conditional grants and refundable advances consisted of the following:

Conditional grants	
McCormick Ranch acquisition	\$ 2,101,067
Sonoma Developmental Center conservation easement acquisition	563,337
Leveroni Sonoma Baylands acquisition	509,449
Santa Rosa Southeast Greenway acquisition	56,748
Camp Cazadero acquisition	50,000
Mill Bend	<u>25,000</u>
	<u>3,305,601</u>
Refundable advances	
PG&E red-legged frog	11,890
Caltrans mitigation funds - Tolay Creek	489,211
Caltrans mitigation funds - Sears Point	<u>764,050</u>
	<u>1,265,151</u>
	<u>\$ 4,570,752</u>

Sonoma Land Trust
Notes to Financial Statements
March 31, 2023

12. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following:

Restricted for a specified purpose	
Baylands Funds	\$ 272,990
Sonoma Coast Funds	124,006
Sonoma Valley Funds	463,438
Central Sonoma County Funds	34,024
Russian River Funds	1,178,520
Santa Rosa SE Greenway Funds	330,655
Stewardship Funds	190,649
Land Protection Fund	290,920
Other Restricted Funds	<u>491,198</u>
	<u>3,376,400</u>
Restricted for passage of time	
Property subject to life estate	404,377
Long-term contribution and bequest receivables without donor restrictions	2,559,707
Accumulated endowment earnings	<u>33,278</u>
	<u>2,997,362</u>
To be held in perpetuity	
Conservation Easement Endowment	317,000
Sonoma Baylands Endowment	<u>279,010</u>
	<u>596,010</u>
	<u>\$ 6,969,772</u>

Net assets of \$1,457,615 were released from restriction during the year ended March 31, 2023, in accordance with the donors' intent.

13. BOARD-DESIGNATED NET ASSETS

Board-designated net assets designated for conservation projects, including endowment, consist of the following:

Stewardship Reserve Fund	\$ 1,059,543
Conservation Easement Quasi Endowment Fund	899,693
Watkins Revolving Fund	382,118
Legal Reserve Fund	193,269
Land Protection Fund	<u>142,059</u>
	<u>\$ 2,676,682</u>

Sonoma Land Trust
Notes to Financial Statements
March 31, 2023

14. ENDOWMENT

SLT's endowment includes both board-designated and donor-restricted endowment funds. The donor-restricted endowment fund was established in 2018 and is comprised of corpus donor donations totaling \$596,010 as of March 31, 2023. The donor-restricted endowment is restricted to the Conservation Easement Endowment and Sonoma Baylands Endowment. The board-designated endowment fund was established in 2018 as a Conservation Easement Quasi Endowment Fund in the initial amount of \$700,000. As required by U.S. 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

SLT's Board of Directors has interpreted the California enacted version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as allowing SLT to appropriate for expenditure or accumulate so much of an endowment fund as SLT determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise in the gift instrument, the assets in an endowment fund shall be donor-restricted assets until appropriated for expenditures by the Board of Directors. The remaining portion of the donor-restricted endowment fund that is not classified as to be held in perpetuity are appropriated for expenditure by SLT in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, SLT 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 SLT 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 SLT
- (7) The investment policies of SLT

Sonoma Land Trust
Notes to Financial Statements
March 31, 2023

14. ENDOWMENT (continued)

Return objectives and risk parameters

SLT 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 SLT must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Directors, the investment objective is to sustain the spending power of the endowment over a long-term horizon by generating enough return on investment (net of fees) to meet or exceed the sum of the annual spending rates and annual inflation rate.

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires SLT to retain as a fund of perpetual duration. SLT accounts for such "underwater" endowment funds as a reduction of net assets with restrictions. As of March 31, 2023 there were no underwater endowment funds.

Spending policy

SLT has a policy of appropriating for distribution each year a percentage determined by the Board of Directors, acting on advice from SLT's Investment Committee and investment consultants. SLT bases each year's distributions on the average market value of an endowment fund over either the prior twelve quarters ending December 31 or the life of the fund, whichever is lower. This method of determining the amount available for distribution helps to accomplish three goals: (a) to protect the principal of each fund so that it will last in perpetuity; (b) to help the principal grow over time; and (c) to create a reasonably stable, consistent, and predictable flow of funds. No distribution percentage was approved by the Board of Directors for the year ended March 31, 2023.

Endowment composition

Endowment net asset composition by type of fund as of March 31, 2023 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 629,288	\$ 629,288
Board-designated endowment funds	<u>899,693</u>	<u>-</u>	<u>899,693</u>
	<u>\$ 899,693</u>	<u>\$ 629,288</u>	<u>\$ 1,528,981</u>

Sonoma Land Trust
Notes to Financial Statements
March 31, 2023

14. ENDOWMENT (continued)

Endowment composition (continued)

Changes in endowment net assets for the fiscal year ended March 31, 2023 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance, March 31, 2022	\$ 957,557	\$ 631,276	\$ 1,588,833
Realized and unrealized losses on investments	(57,864)	(36,988)	(94,852)
Contributions	-	35,000	35,000
	<u>(57,864)</u>	<u>(1,988)</u>	<u>(59,852)</u>
Balance, March 31, 2023	<u>\$ 899,693</u>	<u>\$ 629,288</u>	<u>\$ 1,528,981</u>

15. IN-KIND CONTRIBUTIONS

In-kind contributions consisted of the following:

Software and licenses	\$ 31,005
Legal services	<u>250</u>
	<u>\$ 31,255</u>

In-kind contribution valuation techniques

Contributed software and licenses are valued at the fair value based on estimated market values that would be received for selling similar products in the United States. Contributed legal services are valued based on the fair market value based on current rates for similar or identical services.

Donor restrictions and in-kind contribution use

In-kind contributions had no donor restrictions for the year ended March 31, 2023. Contributed software and licenses consist of mapping and analytics software and licenses that are utilized in SLT's programs. Contributed legal services include services from attorneys for various operational matters.

Sonoma Land Trust
Notes to Financial Statements
March 31, 2023

16. PENSION PLAN

SLT sponsors a defined contribution retirement plan under Section 403(b) of the Internal Revenue Code. SLT contributes 5% of gross salaries for permanent employees working 50% of a full time equivalent or more after one year of employment. Total employer contributions for the year ended March 31, 2023 were \$125,629.

17. LINE OF CREDIT

SLT has a credit line with Morgan Stanley with a variable limit calculated as 85% of the value of securities held in specified accounts at Morgan Stanley. Interest is charged at a variable rate based on the Variable Rate Index on the date of the advance. The line is available to SLT while the specified accounts are active. As of March 31, 2023, the line was not accessed. At March 31, 2023, the total line available to SLT was approximately \$1,000,000 with an interest rate of 7.47%.

18. FUTURE MINIMUM RENTAL INCOME

SLT leases various land parcels, structures and signage on its conservation land. These lease agreement terms varied in rate and frequency. During the year ended March 31, 2023, SLT recorded \$235,618 in rental income from these sources.

The future scheduled minimum rental income under the lease terms is as follows:

<u>Year ending March 31,</u>	
2024	\$ 153,873
2025	150,303
2026	133,157
2027	117,146
2028	66,576
Thereafter	<u>261,604</u>
	<u><u>\$ 882,659</u></u>

19. OPERATING LEASE AGREEMENT

SLT maintains office space in Santa Rosa, California under an operating lease agreement with a commencement date of January 1, 2014 and that expired on August 31, 2022. Base rent for the first year was \$12,326 per month with an adjustment on an annual basis equal to the then-current annual rent multiplied by one plus the percentage change in the Consumer Price Index for the region of San Francisco-Oakland-San Jose. In April 2022, the lease agreement was amended, extending the lease term for a period of five years through August 31, 2027, with a monthly rent of \$15,835. Per the terms of the lease agreement, SLT and the lessor have the right to terminate the lease at any time without penalty, provided the terminating party submits a written notice of at least 120 days. As SLT's lease is cancelable, the accounting guidance under ASC 842 does not apply. During the year ended March 31, 2023, rent and related expenses were \$211,310.

Sonoma Land Trust
Notes to Financial Statements
March 31, 2023

20. CONCENTRATIONS

From time to time, SLT maintains cash balances with financial institutions that exceed the Federal Deposit Insurance Corporation or the Securities Investor Protection Corporation coverage limits. Management periodically assesses uninsured deposits and does not believe there is risk of loss at March 31, 2023.

SLT had four grantors that represented approximately 72% of SLT's accounts and grants receivable at March 31, 2023. At March 31, 2023, approximately 86% of contributions and bequests receivable were comprised of amounts due from one donor.

SLT had four grantors that represented approximately 85% of government grants revenue for the year ended March 31, 2023. SLT had one donor that represented approximately 49% of contributions, foundation grants and bequest revenue for the year ended March 31, 2023.

21. LIQUIDITY AND FUNDS AVAILABLE

As part of SLT's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. SLT invests cash in excess of daily requirements in short-term investments including certificates of deposit and short-term treasury instruments. Board-designated funds for conservation projects and endowment include five board-designated reserve funds, the Land Protection Fund, Stewardship Reserve Fund, Conservation Easement Quasi Endowment Fund, Watkins Revolving Fund and Legal Reserve Fund, totaling \$2,676,682. Although SLT does not intend to spend these reserves, other than amounts appropriated in its annual budget process, amounts from these reserves could be made available if necessary. As more fully described in Note 17, SLT also has a line of credit in the amount of approximately \$1,000,000, which it could draw upon in the event of an unanticipated liquidity need.

Sonoma Land Trust
Notes to Financial Statements
March 31, 2023

21. LIQUIDITY AND FUNDS AVAILABLE (continued)

SLT has financial assets available and unavailable for general expenditure within one year, as of March 31, 2023, as follows.

Financial assets	
Cash and cash equivalents	\$ 9,127,096
Restricted cash	3,224,670
Investments	8,528,933
Accounts and grants receivable	250,548
Contributions and bequests receivable, net	<u>6,701,159</u>
	<u>27,832,406</u>
Less: amounts unavailable for general expenditure within one year	
Donor-imposed restrictions for a specified purpose	(3,376,400)
Donor-imposed restrictions for passage of time	(2,997,362)
Donor-imposed restrictions to be held in perpetuity	(596,010)
Board-designated reserve for conservation projects and endowment	(2,676,682)
Conditional grants and refundable advances	<u>(4,570,752)</u>
	<u>(14,217,206)</u>
	<u>\$ 13,615,200</u>

22. SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 16, 2023, the date the financial statements were available to be issued. No subsequent events have occurred, other than as described below, that would have a material impact on the presentation of SLT's financial statements.

In April 2023, SLT accepted a settlement from PG&E related to the Fire Victim Trust for damages incurred during the North Bay Fires of 2017, in the amount of \$7,220,295. In May 2023, SLT received approximately 60% of the settlement award, net of attorney fees, in the amount of \$3,242,608.