

THE WILDERNESS LAND TRUST
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

THE WILDERNESS LAND TRUST
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management of
The Wilderness Land Trust
Bainbridge Island, Washington

We have audited the accompanying financial statements of The Wilderness Land Trust (a nonprofit organization), which comprise the statement of financial position as of June 30, 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 opinions 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.

Opinion

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

Report on Summarized Comparative Information

The Wilderness Land Trust's financial statements for the year ended June 30, 2019 were audited by a predecessor auditor. The predecessor auditor expressed an unmodified opinion on those financial statements in their report dated February 12, 2020. Newland and Company is not expressing an opinion on the financial statements for the year ended June 30, 2019. The summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements, audited by a predecessor auditor, from which it has been derived.

Newland and Company

NEWLAND AND COMPANY
A Professional Corporation

Butte, Montana
December 16, 2020

THE WILDERNESS LAND TRUST
STATEMENT OF FINANCIAL POSITION
June 30, 2020
(With Comparative Totals as of June 30, 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
ASSETS				
Cash and cash equivalents	\$ 66,720	\$ -	\$ 66,720	\$ 359,145
Accounts receivable	-	4,700	4,700	50,225
Prepaid expenses	40,630	-	40,630	7,345
Earnest money deposits	-	3,000	3,000	10,000
Wilderness Opportunity Fund:				
Investments (Notes 4, 5)	924,896	1,738,930	2,663,826	2,362,789
Land available for sale or donation (Notes 5, 6)	-	5,344,657	5,344,657	4,487,924
Property and equipment, net (Note 7)	3,020	-	3,020	720
TOTAL ASSETS	\$ 1,035,266	\$ 7,091,287	\$ 8,126,553	\$ 7,278,147
LIABILITIES				
Accounts payable	\$ 2,143	\$ -	\$ 2,143	\$ 2,967
Interest payable	23,842	-	23,842	8,858
Payroll liabilities	1,067	-	1,067	-
Wilderness Opportunity Fund:				
Investments held for others (Note 5)	-	685,747	685,747	711,330
Land held for others (Note 5)	-	2,188,331	2,188,331	888,248
Notes payable (Notes 5, 8)	82,957	2,151,500	2,234,457	2,807,500
TOTAL LIABILITIES	110,009	5,025,578	5,135,587	4,418,903
NET ASSETS				
Without donor restrictions				
Undesignated	698,258	-	698,258	916,736
Net investment in property and equipment	3,020	-	3,020	720
Board designated (Note 9)	223,979	-	223,979	263,000
Total without donor restrictions	925,257	-	925,257	1,180,456
With donor restrictions (Note 10)	-	2,065,709	2,065,709	1,678,788
TOTAL NET ASSETS	925,257	2,065,709	2,990,966	2,859,244
TOTAL LIABILITIES AND NET ASSETS	\$ 1,035,266	\$ 7,091,287	\$ 8,126,553	\$ 7,278,147

See notes to financial statements

THE WILDERNESS LAND TRUST
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues, gains, and other support				
Contributions	\$ 188,002	\$ 292,745	\$ 480,747	\$ 662,824
Grant revenues	120,000	100,000	220,000	127,000
Gain on property transfers	24,441	1,787	26,228	94,347
Expense reimbursements	15,900	-	15,900	34,893
Investment income	18,516	-	18,516	24,987
Land donations	-	252,950	252,950	-
Other revenue	17,500	-	17,500	-
In-kind contributions	811	-	811	350
	<u>385,169</u>	<u>647,482</u>	<u>1,032,651</u>	<u>944,401</u>
Net assets released from restrictions (Note 11):	260,561	(260,561)	-	-
Total revenues, gains, and other support	<u>645,730</u>	<u>386,921</u>	<u>1,032,651</u>	<u>944,401</u>
Expenses				
Land program services	690,166	-	690,166	622,766
Supporting services:				
Management and general	87,964	-	87,964	93,253
Fundraising and development	122,800	-	122,800	106,580
Total expenses	<u>900,930</u>	<u>-</u>	<u>900,930</u>	<u>822,599</u>
Change in net assets	(255,199)	386,921	131,722	121,802
Net assets, beginning of year	1,180,456	1,678,788	2,859,244	2,737,442
Net assets, end of year	<u>\$ 925,257</u>	<u>\$ 2,065,709</u>	<u>\$ 2,990,966</u>	<u>\$ 2,859,244</u>

See notes to financial statements

THE WILDERNESS LAND TRUST
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	2020			2019	
	Land Program Services	Supporting Services		Total	Total
		Management and General	Fundraising and Development		
Salaries	\$ 260,055	\$ 24,600	\$ 66,771	\$ 351,426	\$ 304,675
Payroll taxes and benefits	69,098	6,536	17,741	93,375	70,459
Accounting	-	36,987	-	36,987	51,040
Professional fees	95,646	-	-	95,646	146,158
Bank charges	-	247	2,222	2,469	3,034
Board meetings expense	-	8,932	-	8,932	20,131
Communication	3,796	359	975	5,130	6,048
Information technology	3,771	357	968	5,096	12,528
Dues and subscriptions	6,560	622	1,685	8,867	16,349
Insurance	5,455	516	1,401	7,372	7,014
Travel	36,380	3,441	9,341	49,162	46,978
Office supplies	3,701	350	950	5,001	2,834
Postage	1,633	154	419	2,206	1,181
Property taxes and fees	16,076	-	-	16,076	10,287
Training and conferences	17,240	1,631	4,427	23,298	7,764
Office rent	7,305	691	1,876	9,872	9,147
Rehabilitation	475	-	-	475	9,537
Appraisals and surveys	71,223	-	-	71,223	52,250
Closing fees and transaction support	55,386	-	-	55,386	17,237
Donor database	-	-	4,062	4,062	3,774
Marketing	-	2,385	9,539	11,924	9,744
Interest expense	34,716	-	-	34,716	13,709
Depreciation	1,649	156	423	2,228	721
	<u>\$ 690,166</u>	<u>\$ 87,964</u>	<u>\$ 122,800</u>	<u>\$ 900,930</u>	<u>\$ 822,599</u>

See notes to financial statements

THE WILDERNESS LAND TRUST
STATEMENT OF CASH FLOWS
For The Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	2020	2019
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 131,722	\$ 121,802
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,228	721
Gain on property transfers	(26,228)	-
Donated land	(252,950)	-
Donated securities	-	(1,166)
Decrease/(increase) in accounts receivable	45,526	(34,352)
Decrease/(increase) in prepaid expenses	(33,284)	10,047
Decrease/(increase) earnest money deposits	7,000	(8,600)
Decrease/(increase) in land available for sale or donation	-	(2,445,415)
Proceeds from land available for sale or donation	882,617	-
Purchase of land available for sale or donation	(210,176)	-
Increase/(decrease) in accounts payable	(824)	(9,186)
Increase/(decrease) in interest payable	14,984	5,065
Increase/(decrease) in payroll liabilities	1,067	-
Increase/(decrease) in grants payable	-	(139,793)
Increase/(decrease) in investments held for others	(25,583)	-
Increase/(decrease) in land held for others	50,083	450,000
Non-cash investment income	(18,516)	-
Net cash provided/(used) by operating activities	567,665	(2,050,877)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of property and equipment	(4,526)	(1,081)
Proceeds from sale of investments	259,870	939,426
Purchase of investments	(542,392)	(875,990)
Net cash provided/(used) by investing activities	(287,048)	62,355
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Borrowings on notes payable	82,957	2,410,000
Repayments of notes payable	(656,000)	(269,000)
Net cash provided/(used) by financing activities	(573,043)	2,141,000
Net increase/(decrease) in cash and cash equivalents	(292,425)	152,478
Cash and cash equivalents, beginning of year	359,145	206,667
Cash and cash equivalents, end of year	\$ 66,720	\$ 359,145
<u>SUPPLEMENTAL DISCLOSURE:</u>		
Cash paid during the year for interest	\$ 19,733	\$ 8,644
<u>NON-CASH ACTIVITY</u>		
Donations of land and securities	\$ 252,950	\$ 1,166
Purchase of land held for others	\$ 1,250,000	\$ -
In kind contributions	\$ 811	\$ 350

See notes to financial statements

THE WILDERNESS LAND TRUST
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1. DESCRIPTION OF THE ORGANIZATION

The Wilderness Land Trust (the Trust), a Colorado nonprofit corporation, was incorporated in 1992 for the purpose of acquiring private lands in current and potential wilderness areas from willing sellers and transferring those lands to public ownership so that all generations of Americans will enjoy an enduring source of wilderness. The Trust is supported primarily through contributions and foundation grants. The Trust arranges advance funding from grants, contributions, and loans for the majority of its acquisitions of land inholdings. Notes payable are repaid with the proceeds from sales of land inholdings to the federal government.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Trust have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Support or revenue is recognized when earned and expenses are recognized when incurred.

Basis of Presentation

The financial statements of the Trust have been prepared to present balances and transactions according to the existence or absence of donor-imposed restrictions. As such, the Trust reports information according to the following net asset classifications:

Net assets with donor restrictions: Resources that are subject to donor-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, whereby the donor has stipulated the funds be maintained in perpetuity.

Net assets without donor restrictions: Resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are broad limits resulting from the nature of the Trust, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors or others that are entered into in the course of its operations. Net assets without donor restrictions include resources which have been designated by the governing board or other designated funds.

THE WILDERNESS LAND TRUST
NOTES TO FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Basis of Presentation - Continued

Revenue and support are reported as increases in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Investment income is reported as an increase in net assets without donor restrictions unless its use is restricted by explicit donor stipulation.

When a donor's restriction is satisfied, either by using the resources in a manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Revenue Recognition

Revenue is recognized when earned. Contributions are recognized when cash, or other assets, and unconditional promise to give, or notification of beneficial interest is received. The Trust is delaying implementation of ASC Topic 606, Revenue from Contracts with Customers. The delay in implementation has been authorized by the Financial Accounting Standards Board.

Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Beneficiary designation in a donor's will is considered an intention to give and is not recognized until after the death of the donor and the probate court has declared the will valid and fair value of the estate has been determined.

Cash and Cash Equivalents

Cash and cash equivalents are considered to be all unrestricted highly liquid investments held for operational purposes with an initial maturity of three months or less.

Receivables

Unconditional contributions receivable is recognized as revenues in the period earned. Conditional contributions receivable are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. The Trust uses the allowance method to determine uncollectible contributions receivable. Management has determined that no allowance is necessary as of June 30, 2020.

THE WILDERNESS LAND TRUST
NOTES TO FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Contributions of Land, Property, and Equipment

Contributed land, property, and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Capital Assets

The Trust follows the practice of capitalizing all expenditures for land, property, and equipment of \$1,000 or more. Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the assets. Estimated useful lives range from 3 to 7 years.

Land Inholdings

Parcels of privately owned lands contained within federally-designated wildernesses are termed land inholdings. The Trust receives grants and contributions from private organizations to be used for the purchase of land inholdings and general operating expenses.

Land Acquisition Costs and Reimbursements

Costs related to land acquisitions are incurred routinely for land that may or not be acquired by the Trust. Due to the uncertainty related to these expenses, the Trust capitalizes all land acquisition related expenses if the land purchase is completed during the same fiscal year or within 30 days of the fiscal year-end. All other costs are expensed as incurred. In addition, some acquisition expenses may be reimbursed to the Trust as a part of the purchase agreement. Reimbursements are recorded in the fiscal year in which payment is received.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates based on management's knowledge and experience. Management believes that the estimates and assumptions are reasonable in the circumstances; however, due to their prospective nature, actual results could differ from those estimates.

Fair Value Measurements

The Trust follows the provisions of Financial Accounting Standards Board (FASB) ASC 820, *Fair Value Measurements*, which establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (level 1 measurements) and the lowest priority to unobservable inputs for the assets and liabilities (level 3 measurements).

THE WILDERNESS LAND TRUST
NOTES TO FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fair Value Measurements - Continued

Level 2 investments include quoted prices for similar assets or liabilities in active markets or quoted prices for identical assets or liabilities in inactive markets.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Money market funds are valued at the closing price on the last trading day of the fiscal year reported in the active market in which the funds are traded. There have been no changes in the methodologies used at June 30, 2020.

Income Taxes

The Trust is exempt from federal and state income taxes under the provisions of Internal Revenue Code Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the financial statements.

Functional Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification of expenses by function. Directly identifiable expenses are charged to program services or supporting activities. Expenses related to more than one function are allocated among the programs and supporting activities benefited. The allocation of salaries and other payroll-related costs are based on time studies which established percentages of time for staff for each functional area. Other shared expenses, such as occupancy costs, office expenses, telecommunications, information technology, and dues and subscriptions, are based on management's analysis of the use and benefits derived for each functional area. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Trust.

Description of Program and Supporting Services

The program service of the Trust is acquiring private lands in current and potential wilderness areas from willing sellers and transferring those lands to public ownership so that all generations of Americans will enjoy an enduring source of wilderness. Supporting activities include management and general, fundraising and development, and membership development activities. The Trust has no membership development activities.

THE WILDERNESS LAND TRUST
NOTES TO FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Agency Transactions

In certain instances, the Trust accepts land or assets from a contributing organization, and the Trust agrees to use those assets on behalf of or transfer those assets to a specific beneficiary specified by the contributing organization. In these instances, the Trust recognizes the asset from the contributing organization and a liability related to the specified beneficiary.

New Accounting Pronouncements

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows – Classification of Certain Cash Receipts and Cash Payments*, which addresses eight specific cash flow issues in order to limit diversity in practice. The Trust adopted this accounting standard update on July 1, 2019. The adoption of the guidance does not materially affect the Trust's statements of financial position, activities, functional expenses, or cash flows.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows - Restricted Cash*, which requires that that statement of cash flows explain the change during the period in the total of cash and cash equivalents, and amounts generally described as restricted cash and cash equivalents. The Trust adopted this accounting standard update on July 1, 2019. The adoption of the guidance does not materially affect the Trust's statements of financial position, activities, functional expenses, or cash flows.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958); Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which clarifies existing guidance in order to address diversity in practice in classifying grants and contracts received by not-for-profit entities and requires entities to evaluate whether the resource provider receives commensurate value. In addition, the standard clarifies the guidance on how entities determine what a contribution is conditional, including whether the agreement includes a barrier that must be overcome for the recipient to be entitled to the transferred assets and a right of return of the transferred assets. The Trust adopted this accounting standard update on July 1, 2019. The adoption of the guidance does not materially affect the Trust's statements of financial position, activities, functional expenses, or cash flows.

Summarized Prior-Year Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Trust's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

THE WILDERNESS LAND TRUST
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2020

NOTE 3. AVAILABILITY AND LIQUIDITY

The following represents the Trust's financial assets at June 30, 2020, reduced by amounts not available for general use within one year due to contractual, donor-imposed restrictions, or governing board designations:

Financial assets at year end:	
Cash and cash equivalents	\$ 66,720
Accounts receivable	4,700
Earnest money deposits	3,000
Investments	2,663,826
Total financial assets	<u>2,738,246</u>
Less amounts not available to be used within one year:	
Earnest money deposits	3,000
Investments included in the Wilderness Opportunity	1,738,930
Fund Accounts receivable with donor restriction	4,700
Board designated net assets	223,979
Amounts not available to be used within one year	<u>1,970,609</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 767,637</u>

Management's goal is generally to maintain financial assets to meet approximately 6 months of operating expenses, estimated at \$430,000, in the event of unexpected circumstances. As part of the Trust's liquidity management, cash in excess of daily requirements is invested in short-term investments, typically money market and savings accounts. In addition to the above amounts, the Trust has a \$400,000 revolving line of credit on an investment account. The Trust arranges advance funding from grants, contributions, and loans for the majority of its acquisitions of land inholdings. Notes payable are repaid with the proceeds from sales of land inholdings to the federal government.

NOTE 4. INVESTMENTS

Investments consisted of cash and money market accounts held for specified purposes of the Wilderness Opportunity Fund discussed in Note 5. The value of the investments approximates cost. Investments are valued at fair market value as discussed in Note 2. Fair market value at June 30, 2020 was \$2,663,826. Money market accounts are a level 1 investment.

THE WILDERNESS LAND TRUST
NOTES TO FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 5. THE WILDERNESS OPPORTUNITY FUND

The Trust acquires land from willing landowners and then conveys the land to public agencies for protection, usually within one to five years. When land is sold to public agencies, the funds used to acquire land are re-deposited and used for future land purchases. The land purchases are financed by what the Trust refers to as the "The Wilderness Opportunity Fund" (the Fund). The Fund is a revolving loan fund that includes all of the Trust's assets and liabilities restricted for land acquisition. The funding received by the Fund came from a variety of sources, including grants, contributions, and loans from private foundations and individuals. Gains on land sales, if any, are recorded as revenue without donor restrictions of the Trust unless the agreement with the financing source stipulates otherwise.

As of June 30, 2020, three of the funding sources included in the Fund stipulate that the Trust has a legal obligation to transfer land purchased with these sources to agencies of the federal government. Therefore, the Trust considers assets held on account of these funding source to be assets held for third parties, and the Trust records offsetting liabilities for these amounts. As of June 30, 2020, assets held for third parties in the Fund included \$1,149,578 from the Wyss Foundation, \$474,500 from Resource Legacy Foundation, and \$1,250,000 from the California Wildlife Conservation Board. In general, the Trust does not have an obligation to restore losses on land sales financed with these funds. However, the agreement with the Wyss Foundation stipulates that gains on sales of property financed by assets provided by the Wyss Foundation are without donor restriction, but only if cumulative losses on land financed by the Wyss Foundation have been restored to the Fund. As of June 30, 2020, the Trust has incurred a total of \$88,788 in losses on land financed by the Wyss Foundation. This amount will be restored to the Fund if future land sales financed with this source result in gains.

THE WILDERNESS LAND TRUST
NOTES TO FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 5. THE WILDERNESS OPPORTUNITY FUND - CONTINUED

As of June 30, 2020, the detail of the assets and liabilities of the Fund consisted of:

Assets

Investments (by source)	
Wyss Foundation	\$ 685,747
Resources Legacy Foundation	5,791
Grants	839,890
Donors	207,502
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Investments, subtotal	1,738,930
Accounts receivable	4,700
Land and easement deposits	5,347,657
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	\$ 7,091,287
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Liabilities and Net Assets

Investments held for others	\$ 685,747
Land held for others	2,188,331
Notes payable	2,151,500
Total liabilities	5,025,578
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Total net assets	2,065,709
Total liabilities and net assets	\$ 7,091,287
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NOTE 6. LAND AVAILABLE FOR SALE OR DONATION

As part of its normal operations, the Trust was involved in various stages of negotiation for the purchase of real property at June 30, 2020. Purchase and sale agreements were executed with various contingencies for inspection period, seller requirements, etc. Some of these negotiations will result in completed acquisitions in the following fiscal year. All land inholdings held by the Trust are classified as net assets with donor restrictions because of the inherent restrictions on the land, related funding sources, and the specific beneficiary being the U.S. government.

THE WILDERNESS LAND TRUST
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2020

NOTE 7. PROPERTY AND EQUIPMENT

Property and equipment consisted of:

Description	Amount
Office equipment	\$ 6,692
Office furniture	4,298
Total	10,990
Less: Accumulated depreciation	(7,970)
Net property and equipment	\$ 3,020

Depreciation expense for the year was \$2,228.

NOTE 8. NOTES PAYABLE

Notes payable consisted of the following as of June 30, 2020:

David and Lucille Packard Foundation

Chuck River/Windham Bay purchase funds dated April 9, 2017, matures April 15, 2022 or upon sale of property; stated interest rate of 1.00%; interest paid annually; secured by first deed of trust; 50% restricted cash balance required

\$ 154,000

Little Castle Lake purchase funds dated June 27, 2019, matures June 27, 2024 or upon sale of property; stated interest rate of 1.50%; interest paid annually; secured by first deed of trust

1,900,000

Subtotal, David and Lucille Packard Foundation

2,054,000

Southeast Alaska Land Trust

Chuck River/Windham Bay purchase funds dated May 23, 2017, originally scheduled to mature May 23, 2019; subsequently modified to mature May 23, 2021 or upon sale of property; 1.00% interest due at maturity of loan; secured by deed of trust

2,500

THE WILDERNESS LAND TRUST
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2020

NOTE 8. NOTES PAYABLE – CONTINUED

Individuals

Ryan: Dated January 1, 2011; originally scheduled to mature December 31, 2012; subsequently modified to mature December 31, 2020; stated interest rate of 1.00%; unsecured 10,000

Hiatt: Dated September 15, 2015; originally scheduled to mature November 1, 2017; subsequently modified to mature December 31, 2020; stated interest rate of 2.00%; secured by deed of trust on McCullough Springs 75,000

Fisher: Dated January 1, 2019; scheduled to mature December 31, 2020; stated interest rate of 1.00%; unsecured 10,000

Subtotal, Individuals 95,000

Paycheck Protection Program (PPP)

On May 13, 2020, the Trust received loan proceeds under the PPP. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act provides loans to qualifying businesses. The loans and accrued interest is forgivable after twenty-four weeks as long as the Trust uses the loan proceeds for eligible purposes including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four week period. The unforgiven portion of the loan is payable over two years at an interest rate of 1% with deferral of payments for the first six months. While the Trust currently believes that the use of the loan proceeds will meet the conditions for forgiveness of the loan, the US Small Business Administration is required to approve loan forgiveness.

Total 82,957

\$ 2,234,457

THE WILDERNESS LAND TRUST
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2020

NOTE 8. NOTES PAYABLE – CONTINUED

Interest expense related to notes payable for the year ended June 30, 2020 was \$ 34,716. Interest has been imputed for below-market rate loans.

The future scheduled maturities for the fiscal years ending June 30 are:

<u>Year</u>	
2021	\$ 134,023
2022	200,434
2023	-
2024	1,900,000
2025	-
Total	<u><u>\$ 2,234,457</u></u>

NOTE 9. BOARD DESIGNATED NET ASSETS

At year end, board-designated net assets included the following:

	<u>Amount</u>
Little Castle Lake - operating costs	\$ 160,979
Legal defense fund	53,000
Lands stewardship reserve	10,000
	<u><u>\$ 223,979</u></u>

THE WILDERNESS LAND TRUST
NOTES TO FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10. NET ASSETS WITH DONOR RESTRICTIONS

At year end, net assets with donor restrictions included the following:

	Cash, receivables, investments	Land, net of liabilities	Total
Wilderness Acquisition Funds	\$ 1,025,447	\$ 594,528	\$ 1,619,975
Catto Foundation Fund	26,645	26,870	53,515
RLFF Wilderness Acquisition Fund	5,791	944	6,735
Additional capitalized land acquisitions	-	385,484	385,484
 Total Wilderness Opportunity Fund	 1,057,883	 1,007,826	 2,065,709
Contributions receivable	-	-	-
 Total	 \$ 1,057,883	 \$1,007,826	 \$ 2,065,709

Some acquisition costs of land held by the Wilderness Opportunity Fund were paid for with Trust net assets with donor restrictions. As of June 30, 2020, a total of \$385,484 of Trust net assets were used and capitalized as donor restricted land. All land inholdings held by the Trust are classified as net assets with donor restrictions because of the inherent restrictions on the land, related funding sources, and the specific beneficiary being the U.S. government.

NOTE 11. NET ASSETS RELEASED FROM DONOR RESTRICTIONS

During the year ended June 30, 2020, net assets were released from restrictions as follows:

Wilderness Opportunity Fund	\$ 161,971
Resource Legacy Foundation Operating Grants	40,290
Pledges Receivable	45,300
Rim Rock Rose Ranch	10,000
Northwest Citizens for Wilderness Mining	3,000
Total	<u>\$ 260,561</u>

THE WILDERNESS LAND TRUST
NOTES TO FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 12. COMMITMENTS, CONTINGENCIES, AND CONCENTRATIONS

Operating Lease

The Trust has an operating lease for office space which expires February 2021. The lease contains an annual renewal option. Rent expense for the lease was \$9,872 for the year ended June 30, 2020.

Wilderness Rehabilitation

The Trust may be potentially responsible for the restoration of properties prior to their conveyance to the federal government. The purpose of the restoration efforts is to remove structures or modify other features of the land to make the properties more consistent with a state of wilderness. The Trust considers these efforts a cost of sales, and management cannot estimate at this time the costs that may be incurred for all properties held as of June 30, 2020, because this will be negotiated in the future with purchasers.

Conveyance of Properties to the U S. Government

The Trust purchases inholdings based on a prioritization methodology that considers conservation issues as well as federal land management agencies' readiness to add the inholding to the National Wilderness Preservation System. As a result, the Trust's purchases and rehabilitation efforts are done in coordination and negotiation with federal land management agencies. However, the Trust bears the risks and responsibilities related to ownership of the inholding before it is conveyed to an agency of the U.S. Government. In addition, the Trust bears the risk that the U.S. Government does not fulfill obligations negotiated related to a land acquisition.

COVID-19

The Trust's operations may be affected by the continued ongoing outbreak of the coronavirus disease (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in a material impact on the Trust's financial position, operations, and cash flows. Possible effects may include, but are not limited to, disruption to the Trust's support and revenue, absenteeism in the Trust's labor workforce, unavailability of products and supplies used in operations, and a decline in value of assets held by the Trust.

THE WILDERNESS LAND TRUST
NOTES TO FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 12. COMMITMENTS, CONTINGENCIES, AND CONCENTRATIONS -
CONTINUED

Concentration of Credit Risk

The Trust maintains cash and cash equivalents in a bank and an investment brokerage institution. The Trust's cash and cash equivalents are insured, up to \$250,000, at each institution by the Federal Deposit Insurance Corporation (FDIC). At certain times throughout the year, the Trust's balance of cash and cash equivalents held at these institutions exceeded \$250,000. The Trust has not experienced, nor does it anticipate any losses with respect to such accounts.

NOTE 13. RETIREMENT PLAN

The Trust sponsors a Simplified Employee Pension (SEP) plan. The Trust contributes up to 15 percent of eligible employees' annual compensation. During the year ended June 30, 2020, the Trust contributed \$52,575 to the plan.

NOTE 14. LINE OF CREDIT

The Trust has a revolving line of credit with a maximum limit of \$400,000. The credit agreement is with the Trust's investment brokerage, and the investments are pledged as collateral. The Trust did not draw on the line of credit during the current year, and there is no balance due as of June 30, 2020.

NOTE 15. NORTHWEST CITIZENS FOR WILDERNESS MINING

During the year ended June 30, 2017, the Trust completed the acquisition of the Northwest Citizens for Wilderness Mining Company (the Corporation), a C corporation registered in the state of Montana. The Corporation's only assets are 42 unpatented mining claims located across approximately 400 acres in the proposed Scotchman Peaks Wilderness area in northwest Montana.

The Corporation exists to hold the mining claims; the Corporation does not have any current operational activities. The Corporation does not have any other assets other than the mining claims, nor does it have any liabilities. Once a year, the Corporation pays approximately \$7,000 for annual maintenance fees on the mining claims to the Bureau of Land Management. The acquisition of the Corporation by the Trust occurred through the purchase of all 500 of its outstanding shares for a nominal price of \$50.

THE WILDERNESS LAND TRUST
NOTES TO FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 15. NORTHWEST CITIZENS FOR WILDERNESS MINING - CONTINUED

The Trust intends to continue to hold the mining claims within the Corporation and to develop the mining claims within the guidelines established by The Wilderness Act. If the federal government designates the Scotchman Peaks Wilderness as a designated protected wilderness area, the Trust will consider abandoning the mining claims.

These financial statements have not been modified to include the effects of this investment because it is considered immaterial to the financial statements.

NOTE 16. SUBSEQUENT EVENTS

Subsequent events were evaluated through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.