

**MARIN AGRICULTURAL LAND TRUST**

**JUNE 30, 2021**

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INDEPENDENT AUDITORS' REPORT AND  
FINANCIAL STATEMENTS

# Marin Agricultural Land Trust

## Independent Auditors' Report and Financial Statements

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A Century Strong

## **Independent Auditors' Report**

THE BOARD OF DIRECTORS  
MARIN AGRICULTURAL LAND TRUST  
Point Reyes Station, California

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

We have audited the accompanying financial statements of **MARIN AGRICULTURAL LAND TRUST (MALT)**, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and changes in net assets, 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.

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to MALT'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 MALT'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.

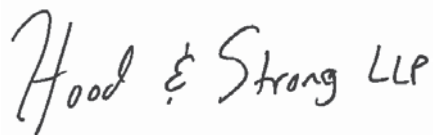
### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Marin Agricultural Land Trust as of June 30, 2021, 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.

### **Other Matter**

#### *Report on Summarized Comparative Information*

We have previously audited MALT's June 30, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our audit report dated December 10, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Hood & Strong LLP". The signature is written in a cursive, flowing style.

San Francisco, California  
February 25, 2022

# Marin Agricultural Land Trust

## Statement of Financial Position

*June 30, 2021 (with comparative totals for 2020)*

	Operating	Land		2021 Total	2020 Total
		Preservation	Stewardship		
<b>Assets</b>					
Cash and cash equivalents	\$ 1,355,436	\$ 38,283	\$ 89,423	\$ 1,483,142	\$ 740,374
Investments	2,121,751	8,863,853	15,987,203	26,972,807	23,894,817
Contributions receivable, net	27,582	316,102	51,223	394,907	2,160,647
Prepaid expenses and other assets	116,767	2,678		119,445	94,907
Charitable trust assets			497,229	497,229	497,229
Property and equipment, net	1,395,597	99,867	574	1,496,038	1,611,898
Conservation easements		87		87	86
<b>Total assets</b>	<b>\$ 5,017,133</b>	<b>\$ 9,320,870</b>	<b>\$ 16,625,652</b>	<b>\$ 30,963,655</b>	<b>\$ 28,999,958</b>
<b>Liabilities and Net Assets</b>					
<b>Liabilities:</b>					
Accounts payable and accrued expenses	\$ 454,799			\$ 454,799	\$ 278,237
Paycheck protection program loan payable				-	369,880
<b>Total liabilities</b>	<b>454,799</b>			<b>454,799</b>	<b>648,117</b>
<b>Net Assets:</b>					
Without donor restrictions	3,409,435	\$ 9,030,952	\$ 4,726,851	17,167,238	15,318,495
With donor restrictions:					
Time and purpose	1,152,899	289,918	6,930,448	8,373,265	8,064,993
Perpetual restrictions			4,968,353	4,968,353	4,968,353
<b>Total net assets with donor restrictions</b>	<b>1,152,899</b>	<b>289,918</b>	<b>11,898,801</b>	<b>13,341,618</b>	<b>13,033,346</b>
<b>Total net assets</b>	<b>4,562,334</b>	<b>9,320,870</b>	<b>16,625,652</b>	<b>30,508,856</b>	<b>28,351,841</b>
<b>Total liabilities and net assets</b>	<b>\$ 5,017,133</b>	<b>\$ 9,320,870</b>	<b>\$ 16,625,652</b>	<b>\$ 30,963,655</b>	<b>\$ 28,999,958</b>

See accompanying notes to financial statements.

# Marin Agricultural Land Trust

## Statement of Activities and Changes in Net Assets

*Year Ended June 30, 2021 (with comparative totals for 2020)*

	2021			2020 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>Revenue and Support:</b>				
Grants and contributions	\$ 3,667,879	\$ 387,855	\$ 4,055,734	\$ 5,621,260
Special event, net of expenses of \$41,697			-	13,003
In-kind contributions	5,140		5,140	18,555
Investment income, net	1,007,571	2,554,744	3,562,315	467,963
Change in value of beneficial interest in charitable gifts			-	43,464
Other income			-	3,648
Net assets released from restriction	2,634,327	(2,634,327)	-	-
<b>Total revenue and support</b>	<b>7,314,917</b>	<b>308,272</b>	<b>7,623,189</b>	<b>6,167,893</b>
<b>Expenses:</b>				
Program services	2,678,775		2,678,775	1,358,154
General and administrative	1,269,179		1,269,179	1,122,459
Fundraising	1,888,100		1,888,100	1,455,339
<b>Total expenses</b>	<b>5,836,054</b>	<b>-</b>	<b>5,836,054</b>	<b>3,935,952</b>
<b>Change in Net Assets before Other Changes</b>	<b>1,478,863</b>	<b>308,272</b>	<b>1,787,135</b>	<b>2,231,941</b>
<b>Other Changes in Net Assets:</b>				
Farmland preservation program refund (Note 2g)			-	(833,250)
Forgiveness of Paycheck Protection Program loan	369,880		369,880	-
<b>Change in Net Assets</b>	<b>1,848,743</b>	<b>308,272</b>	<b>2,157,015</b>	<b>1,398,691</b>
<b>Net Assets, Beginning of year</b>	<b>15,318,495</b>	<b>13,033,346</b>	<b>28,351,841</b>	<b>26,953,150</b>
<b>Net Assets, End of year</b>	<b>\$ 17,167,238</b>	<b>\$ 13,341,618</b>	<b>\$ 30,508,856</b>	<b>\$ 28,351,841</b>

See accompanying notes to financial statements.

# Marin Agricultural Land Trust

## Statement of Functional Expenses

Year Ended June 30, 2021 (with comparative totals for 2020)

	2021										2020 Total
	Program Services					Supporting Services					
	Easement Acquisition	Stewardship	DRAWS	Outreach	Total Programs	General and Administrative	Fundraising	Total Supporting Services	Total		
Salaries and benefits	\$ 152,178	\$ 639,638	\$ 11,253	\$ 79,359	\$ 882,428	\$ 683,351	\$ 1,119,699	\$ 1,803,050	\$ 2,685,478	\$ 2,515,919	
Professional services	78,329	47,765		5,092	131,186	429,591	481,695	911,286	1,042,472	617,200	
Office expenses		18,569	236	17,371	36,176	74,876	218,149	293,025	329,201	333,458	
Repairs, maintenance, and utilities		5,537		2,806	8,343	11,981	23,172	35,153	43,496	64,980	
Travel, conferences, and events	382	6,145		16,052	22,579	3,120	50,094	53,214	75,793	99,666	
Depreciation		14,865		7,861	22,726	66,260	31,326	97,586	120,312	122,263	
Grants - stewardship assistance		272,329	160,000		432,329			-	432,329	200,296	
Easement acquisition	1,143,008				1,143,008			-	1,143,008	-	
Bad debt expense (recovery)					-		(36,035)	(36,035)	(36,035)	(17,830)	
Expenses as shown on the Statement of Activities and Changes in Net Assets	1,373,897	1,004,848	171,489	128,541	2,678,775	1,269,179	1,888,100	3,157,279	5,836,054	3,935,952	
Other expenses:											
Farmland preservation program refund (Note 2g)					-			-	-	833,250	
Special event expenses					-			-	-	41,697	
<b>Total expenses</b>	<b>\$ 1,373,897</b>	<b>\$ 1,004,848</b>	<b>\$ 171,489</b>	<b>\$ 128,541</b>	<b>\$ 2,678,775</b>	<b>\$ 1,269,179</b>	<b>\$ 1,888,100</b>	<b>\$ 3,157,279</b>	<b>\$ 5,836,054</b>	<b>\$ 4,810,899</b>	

See accompanying notes to financial statements.

# Marin Agricultural Land Trust

## Statement of Cash Flows

<i>Year Ended June 30, 2021 (with comparative totals for 2020)</i>	2021	2020
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ 2,157,015	\$ 1,398,691
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	120,312	122,263
Provision for doubtful accounts	(36,035)	(17,830)
Change in discount related to present value of receivables	(1,938)	(85,070)
Net realized and unrealized (gains) losses on investments	(3,223,804)	34,677
Cash received from maturities of charitable gifts		142,487
Change in value of charitable gifts		(43,464)
Forgiveness of Paycheck Protection Program loan	(369,880)	
Changes in assets and liabilities:		
Contributions receivable	1,803,713	1,389,484
Prepaid expenses and other assets	(24,538)	50,516
Conservation easements	(1)	
Accounts payable and accrued expenses	176,562	87,007
Deferred revenue		(46,825)
Obligation to fiscal sponsor		(5,892)
Net cash provided by operating activities	601,406	3,026,044
<b>Cash Flows from Investing Activities:</b>		
Purchases of investments	(8,484,305)	(3,822,606)
Proceeds from sales and maturities of investments	8,630,119	130,488
Acquisition of property and equipment	(4,452)	(79,553)
Net cash provided (used) by investing activities	141,362	(3,771,671)
<b>Cash Flows from Financing Activities:</b>		
Paycheck protection program loan proceeds		369,880
Net cash provided by financing activities		369,880
<b>Change in Cash and Cash Equivalents</b>	742,768	(375,747)
<b>Cash and Cash Equivalents, beginning of year</b>	740,374	1,116,121
<b>Cash and Cash Equivalents, end of year</b>	\$ 1,483,142	\$ 740,374

See accompanying notes to financial statements.



# Marin Agricultural Land Trust

## Notes to Financial Statements

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### Note 1 - Nature of Organization:

Marin Agricultural Land Trust (MALT) was established as a California nonprofit corporation in 1980 by a coalition of local ranchers and environmentalists to help save Marin County's agricultural land. MALT acquires agricultural conservation easements through voluntary transactions with landowners. After the easements are recorded, landowners are bound by its terms in perpetuity. MALT stewardship staff monitor and enforce each easement annually. Some of the Bay Area's most highly acclaimed dairy products and organic crops are produced on farmland protected by MALT conservation easements, which total over 54,000 acres on 87 family farms and ranches. Additionally, MALT encourages public policies in support of agriculture, and conducts hikes, tours, and lectures relating to agriculture.

In early 2021, in response to the second year of intensifying drought conditions, MALT launched the Drought Resilience and Water Security (DRAWS) initiative to allocate funding and technical assistance to farmers and ranchers to implement conservation practices specific to water development and security. All projects will have a public benefit by ensuring continuing economic agricultural activity in the county and a local source of food.

### Note 2 - Summary of Significant Accounting Policies:

#### a. Basis of Presentation

MALT prepares its financial statements using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, MALT presents information regarding its net assets and activities according to two classes of net assets:

*Net Assets Without Donor Restrictions* - the portion of net assets that is not subject to time or donor-imposed restrictions and available at the discretion of MALT. The Board of Directors has designated \$4,726,851 as a quasi-endowment to support the Stewardship Fund (see Note 9).

*Net Assets With Donor Restrictions* - the portion of net assets that is restricted due to either a time restriction on when the asset will be spent, a purpose restriction imposed by a donor that is not yet completed, or donor endowed funds to be maintained in perpetuity.

#### b. Cash and Cash Equivalents

MALT considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents, except for money market accounts held within investment accounts which are held for investment purposes.

# Marin Agricultural Land Trust

## Notes to Financial Statements

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c. Investments

Investments are carried at estimated fair value on the accompanying Statement of Financial Position. Investments include money market funds, certificates of deposit, and mutual funds. Investments received through gifts are recorded at estimated fair value at the date of contribution. Gains and losses that result from market fluctuations are recognized in the Statement of Activities and Changes in Net Assets in the period such fluctuations occur. Dividend and interest income are accrued when earned.

d. Fair Value Measurements

MALT carries certain assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement standards also require MALT to classify these financial instruments into a three-level hierarchy. MALT classifies its financial assets and liabilities according to three levels and maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value.

Level 1 – Unadjusted quoted market prices in active markets for identical assets or liabilities that MALT has the ability to access at the measurement date.

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

Level 3 – Unobservable inputs for assets or liabilities that are uncorroborated by market data.

e. Revenue Recognition

Grants and contributions are recognized as revenue when received or unconditionally promised. Contributions of assets other than cash are recorded at their estimated fair value on the date the donation is made. Public agency grants are recognized when MALT incurs expenditures related to the required easement transaction or services are rendered.

Contributions expected to be collected in future years, including future interests in charitable lead trusts, are recorded at the present value of estimated future cash flows. Discounts on the future interests are calculated using a rate equal to the approximate investment return applicable to the year in which the unconditional promise is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

MALT estimates the allowance for uncollectible contributions on an annual basis based on past collection experience and current economic conditions.

# Marin Agricultural Land Trust

## Notes to Financial Statements

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MALT classifies gifts of cash and other assets as support with restrictions if received with donor stipulations that limit the use of the contributions. When such donor restrictions expire, that is, when stipulated or implied time restrictions end or purpose restrictions are accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying Statement of Activities and Changes in Net Assets as net assets released from restrictions. Certain contributions are reported as support without donor restrictions when the restriction is met in the same period in which the contribution is received.

f. Property and Equipment

Property and equipment are recorded at cost or, if donated, at fair market value on the date of donation. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Useful lives range from five to thirty-nine years.

g. Conservation Easements

Conservation easements reflect legally enforceable land preservation agreements between landowners and MALT and were created specifically for the purposes of land conservation. MALT's policy is to assign each easement a nominal value of \$1 because it is MALT's intention to hold such easements in perpetuity. During the year of acquisition, public agency grants and contributions received for the acquisition of conservation easements are recorded as revenue while the related expenditures are recorded as expenses in the accompanying Statement of Activities and Changes in Net Assets.

Mandatory Agricultural Use (MAU) Amendments are legally enforceable agreements to amend conservation easements acquired prior to August 2011. MALT's MAU provision states that land must remain in commercial agricultural use in perpetuity regardless of ownership. This provision is added to the easement in exchange for a price which is recorded as a conservation easement expense. Conservation easements acquired in August 2011 and after include the MAU provision as part of the easement transaction, and the value is included in the price of the easement.

MALT purchased a conservation easement totaling \$1,143,008 during the year ended June 30, 2021. There were no conservation easements purchased during the year ended June 30, 2020.

During the year ended June 30, 2020, MALT returned \$833,250 to the Marin County Farmland Preservation Program that had been awarded for the purchase of an easement in December 2016. This expense appears as an other change in net assets on the Statement of Activities and Changes in Net Assets.

# Marin Agricultural Land Trust

## Notes to Financial Statements

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### h. Beneficial Interest in Charitable Trusts

Beneficial interest in charitable trusts include the estimated fair value of various irrevocable charitable trusts. Charitable trust assets are maintained by third parties and invested in a diversified portfolio of mutual funds, stocks, and bonds. MALT records charitable trust assets at the projected future fair value of MALT's vested interest in the underlying assets which is discounted to net present value using an interest rate of 0.07% per annum. On an annual basis, MALT revalues its beneficial interest in each instrument based on the applicable life expectancy tables published by the Internal Revenue Service (IRS).

### i. Endowments

Endowments include both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. MALT follows the guidance of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958-205 *Endowments of Not-for-Profit Organizations – Net Assets Classification of Funds Subject to Enacted Version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and Enhanced Disclosures for All Endowment Funds*. The State of California has adopted a version of the UPMIFA as its State Prudent Management of Institutional Funds Act (SPMIFA).

#### *Interpretation of Relevant Law*

The Board of Directors have determined that MALT holds net assets that meet the definition of endowment funds under SPMIFA.

MALT has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, MALT classifies as net assets with perpetual donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as net assets with perpetual donor restrictions is classified as net assets with time and purpose donor restrictions until those amounts are appropriated for expenditure by MALT in a manner consistent with the standard of prudence prescribed by UPMIFA and SPMIFA.

# Marin Agricultural Land Trust

## Notes to Financial Statements

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In accordance with SPMIFA, MALT 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 MALT 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 MALT, and (7) the investment policies of MALT.

From time to time, the fair value of the assets associated with individual donor restricted endowment funds may fall below historical gift value. There are no underwater endowment funds as of June 30, 2021.

### *Investment and Spending Policies*

MALT 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 are invested in a manner that is intended to (1) produce results that approximate the price and yield results of the general market conditions (2) subject MALT to a moderate level of investment risk and (3) maintain sufficient liquidity to meet planned expenditures. To satisfy its long-term rate-of-return objectives, MALT relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). MALT targets a diversified asset allocation that places a greater emphasis on equity-based investments (mutual funds) to achieve its long-term return objectives within prudent risk constraints. Prior to the year ended June 30, 2019, MALT suspended its policy of appropriating for distribution an amount equal to or less than 3.5% of the average value of the total fund investments for the most recent twelve calendar quarters in order to increase total endowment assets. However, funds without donor restrictions may be transferred for expenditure monthly; amounts from funds with perpetual donor restrictions in excess of their historical gift value may be transferred for expenditure semi-annually or as otherwise directed by the donor. The Board may direct the transfer of funds without donor restrictions in excess of a target balance to other MALT purposes.

### j. Functional Expense Allocations

The costs of providing MALT's various programs and other activities have been summarized on a functional basis in the Statement of Activities and Changes in Net Assets. Accordingly, salaries and benefits are allocated among program services, general and administrative, and fundraising based on an allocation of employee time. Expenses incurred directly by a department are coded directly to that department. Shared facility costs such as utilities and repair and maintenance among others are allocated based on square footage. Shared operating costs such as office supplies and postage are allocated based on staffing levels.

# Marin Agricultural Land Trust

## Notes to Financial Statements

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k. 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 and disclosures. Accordingly, actual results could differ from those estimates.

l. Comparative Financial Statements and Reclassification

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 U.S. GAAP. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended June 30, 2020 from which the summarized information is derived.

Certain reclassifications have been made to the 2020 financial statements to conform to the 2021 presentation. The reclassifications had no impact on net assets or the change in net assets.

m. Tax Exempt Status

MALT has received notification from the IRS and the State of California that it qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. Contributions to MALT are deductible as allowed under the applicable tax code.

As of June 30, 2021, management evaluated MALT's tax positions and concluded that MALT had maintained its tax-exempt status and had not taken uncertain tax positions that required adjustment to the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements.

n. Recent Accounting Pronouncements

*Pronouncements Effective in the Future*

In January 2018, the FASB issued ASU 2018-01, *Leases (Topic 842): Land Easement Practical Expedient for Transition to Topic 842*. The amendments in the update provide an optional transition practical expedient under Topic 842 not to evaluate existing or expired land easements that were not previously accounted for as leases under the current lease guidance in Topic 840. An entity that elects this practical expedient should evaluate new or modified land easements under Topic 842 beginning at the date that the entity adopts Topic 842, which will be effective for MALT for its fiscal year ending June 30, 2023. An entity that does not elect this practical expedient should evaluate all existing or expired land easements in connection with the adoption of the new lease requirement in Topic 842 to assess whether they meet the definition of a lease. MALT is currently evaluating the impact of this pronouncement on its financial statements.

# Marin Agricultural Land Trust

## Notes to Financial Statements

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In August 2018, the FASB issued ASU 2018-13, *Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement (Topic 820)*. The ASU removes the requirements for disclosing transfers between Levels 1 and 2 as well as the valuation processes for Level 3 fair value measurements. In lieu of a rollforward for Level 3 fair value measurements, a nonpublic entity is required to disclose transfers into and out of Level 3 as well as purchases and issues of Level 3 assets and liabilities. It clarifies that the measurement uncertainty disclosure is to communicate information about the uncertainty in measurement as of the reporting date. The amendments in the update are effective for MALT for its fiscal year ending June 30, 2022. MALT is currently evaluating the impact of this pronouncement on its financial statements.

o. Subsequent Events

MALT evaluated subsequent events with respect to the financial statements for the year ended June 30, 2021 through February 25, 2022, the date these financial statements were available to be issued, and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

**Note 3 - Contributions Receivable, Net:**

Contributions receivable are expected to be collected as follows at June 30:

	2021	2020
Less than one year	\$ 280,142	\$ 1,833,255
One to five years	123,100	373,700
	<hr/>	<hr/>
	403,242	2,206,955
Less unamortized discount	(276)	(2,214)
Less allowance for uncollectible amounts	(8,059)	(44,094)
	<hr/>	<hr/>
	\$ 394,907	\$ 2,160,647
	<hr/>	<hr/>

# Marin Agricultural Land Trust

## Notes to Financial Statements

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### Note 4 - Investments and Fair Value Measurements:

#### *Investments:*

Investments consisted of the following at June 30:

	2021	2020
Money market accounts	\$ 3,702,850	\$ 3,603,868
Mutual funds – bonds	11,951,716	11,316,821
Mutual funds – equities	11,318,241	8,974,128
	<hr/>	<hr/>
	\$ 26,972,807	\$ 23,894,817

Investment income, net consisted of the following for the years ended June 30:

	2021	2020
Net realized and unrealized gains (losses)	\$ 3,223,804	\$ (34,677)
Interest and dividends	338,511	502,640
	<hr/>	<hr/>
	\$ 3,562,315	\$ 467,963

#### *Fair Value Measurement:*

Investments held at year end include money market funds and mutual funds that are held at fair value and classified as Level 1. MALT also holds charitable trust assets of \$497,229 that are classified as Level 2.



# Marin Agricultural Land Trust

## Notes to Financial Statements

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### Note 5 - Property and Equipment:

Property and equipment consist of the following at June 30:

	2021	2020
Land	\$ 462,582	\$ 462,582
Office building and improvements	1,314,377	1,309,924
Furnishings and equipment	258,514	258,514
Website and software	224,283	224,283
Vehicles	97,679	106,336
	<hr/>	<hr/>
	2,357,435	2,361,639
Less: accumulated depreciation	(861,397)	(749,741)
	<hr/>	<hr/>
	\$ 1,496,038	\$ 1,611,898

Depreciation expense was \$120,312 and \$122,263 for the years ended June 30, 2021 and 2020, respectively.

### Note 6 - Charitable Trust Assets:

Charitable trust assets include MALT's beneficial interest in irrevocable charitable remainder unitrusts and charitable gift annuities.

Charitable trust assets consist of the following as of June 30:

	2021	2020
Charitable remainder unitrusts	\$ 357,691	\$ 357,691
Charitable gift annuities	139,538	139,538
	<hr/>	<hr/>
	\$ 497,229	\$ 497,229

Each charitable trust requires periodic distributions to designated primary beneficiaries over a period of time. These distributions are based on the value of the gift instruments' underlying assets and its earnings. Following the passing of the specified individuals, a percentage of the remaining principal will be distributed to MALT.

# Marin Agricultural Land Trust

## Notes to Financial Statements

Assets associated with charitable trusts consist primarily of cash equivalents, equities and fixed income securities. The change in the estimated value of MALT's beneficial interest in charitable trust assets is reflected on the Statement of Activities and Changes in Net Assets.

### Note 7 - Loan Payable:

MALT received loan proceeds in the amount of \$369,880 with a maturity date of May 15, 2022 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provided loans to qualifying business. The loans and accrued interest may be forgivable as long as MALT uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll and other personnel related levels. The amount of loan forgiveness will be reduced if certain requirements are not met. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%. On June 14, 2021, MALT received notice of full forgiveness of the loan which is reflected on the Statement of Activities and Changes in Net Assets.

### Note 8 - Net Assets with Donor Restrictions:

Net assets with donor restrictions were as follows as of June 30:

	2021	2020
Time and purpose restrictions:		
Stewardship endowment	\$ 5,364,157	\$ 3,163,411
Red-legged frog mitigation	1,012,963	660,462
Easement acquisition		505,450
Strategic plan initiatives	1,000,000	1,000,000
DRAWS	80,549	
Other purposes	15,398	182,194
Charitable trust assets	497,229	497,229
With time restrictions	402,969	2,056,247
Total time and purpose restrictions	8,373,265	8,064,993
Perpetual restrictions:		
Stewardship endowment	4,418,353	4,418,353
Red-legged frog mitigation	550,000	550,000
Total perpetual restrictions	4,968,353	4,968,353
	\$ 13,341,618	\$ 13,033,346

# Marin Agricultural Land Trust

## Notes to Financial Statements

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Net assets released from time and purpose restrictions were as follows during the year ended June 30:

	2021	2020
Easement acquisition	\$ 627,917	
Red-legged frog mitigation	1,499	\$ 3,032
DRAWS	172,101	
Other purposes	178,596	6,459
Maturities of charitable trusts		142,487
With time restrictions	1,654,214	1,314,684
	<hr/>	<hr/>
	\$ 2,634,327	\$ 1,466,662

In a prior year, MALT received a contribution of \$810,000 for the 204-acre red-legged frog mitigation area of the Barboni Home Ranch easement. The donor required MALT to maintain in perpetuity \$550,000 and utilize the related income and corpus as necessary for the red-legged frog mitigation. The remainder of \$260,000 held in net assets with time and purpose donor restrictions will be used for other operating expenses of the mitigation. MALT allocates related expenses as expenses are incurred but does not apply a spending policy to these funds.

# Marin Agricultural Land Trust

## Notes to Financial Statements

**Note 9 - Endowment:**

Changes in endowment net assets for the years ended June 30, 2021 and 2020 are summarized as follows:

	Without Donor Restrictions	<u>With Donor Restrictions</u>		Total
		Time or Purpose	Perpetuity	
Endowment net assets, June 30, 2019	\$ 3,082,664	\$ 3,166,574	\$ 4,418,353	\$ 10,667,591
Contributions	394,480			394,480
Interest and dividends	80,057	194,459		274,516
Net realized and unrealized losses	(41,452)	(197,622)		(239,074)
Appropriation to operating fund	(26,772)			(26,772)
<hr/>				
Endowment net assets, June 30, 2020	3,488,977	3,163,411	4,418,353	11,070,741
Contributions	242,028			242,028
Interest and dividends	66,477	140,464		206,941
Net realized and unrealized gains	931,326	2,060,282		2,991,608
Appropriation to operating fund	(1,957)			(1,957)
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Endowment net assets, June 30, 2021	\$ 4,726,851	\$ 5,364,157	\$ 4,418,353	\$ 14,509,361

# Marin Agricultural Land Trust

## Notes to Financial Statements

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### Note 10 - Availability of Financial Assets and Liquidity:

MALT's financial assets available within one year for general expenditures are as follows:

Financial assets at June 30, 2021	
Cash and cash equivalents	\$ 1,483,142
Investments	26,972,807
Contributions receivable, net	394,907
Beneficial interest in charitable gifts	497,229
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Total financial assets	29,348,085
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Less amounts not available to be used within one year:	
Contributions receivables collectible beyond one year	(123,100)
Beneficial interest in charitable gifts	(497,229)
Perpetual restrictions	(4,968,353)
Endowment earnings	(5,364,157)
Other net assets with donor restrictions, net of estimated releases \$622,478	(1,766,301)
Board designated quasi-endowment funds	(4,726,851)
<hr/>	
	(17,445,991)
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Financial assets available to meet general expenditures within one year	\$ 11,902,094
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MALT maintains an operating reserve of approximately 90 days of operating expenses (approximately \$1,300,000). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts. Board-designated funds could be drawn upon if the board approved the action.

### Note 11 - Retirement Plan:

MALT established a 403(b)(7) Retirement Plan by which individual employees may, through salary reduction payments, make pre-tax contributions to a self-directed custodial account in which dividends, interest, capital gain, and other earnings accumulate. Employees are eligible for employer contributions, which are discretionary, after two years of service. Employer contributions to employee retirement plans amounted to \$84,867 and \$68,654 for the years ended June 30, 2021 and 2020, respectively.

# Marin Agricultural Land Trust

## Notes to Financial Statements

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### **Note 12 - Concentrations of Risk:**

MALT has identified its financial instruments which are potentially subject to credit risk. These financial instruments consist principally of cash, investments, and receivables.

MALT maintains its cash balances in high quality financial institutions, which at times may exceed federally insured limits.

Receivables consist primarily of unsecured amounts due from individuals. The credit risk associated with the receivables from individuals is substantially mitigated by the large number of individuals comprising the receivable balance.

Investments in general are exposed to various risks, such as interest rate, credit and overall market volatility. To address the risk of investments, MALT maintains a formal investment policy that sets out performance criteria, investment and asset allocation guidelines and requires review of the investment managers' performance.

### **Note 13 - Related Party Transactions:**

Collectively, certain MALT board members made monetary contributions totaling approximately \$313,000 and \$1,213,000 during the years ended June 30, 2021 and 2020. Pledges receivable due from certain board members amounted to approximately \$23,000 and \$83,000 at June 30, 2021 and 2020.

No easements were purchased from board members during the years ended June 30, 2021 and 2020.

### **Note 14 - Fiscal Sponsor:**

The Marin Carbon Project (MCP) is a collaboration between UC Berkeley, UC Davis, UC Cooperative Extension, Marin Organic, MALT, Marin Resource Conservation District, the USDA Natural Resources Conservation Service, and Nicasio Native Grass Ranch. MCP is also supported by the Marin County Agriculture Commissioner and the Environmental Defense Fund. MALT held no funds in connection with its support of the MCP at June 30, 2021 and 2020.

MALT served as fiscal sponsor of the Mobile Unit Sub Committee (MUSC) during the year ended June 30, 2021. The MUSC was a collaboration of ranchers who developed a cooperative to provide mobile slaughterhouse facilities for use by Marin County ranchers and producers. Once set up as a cooperative, the fiscal sponsor relationship ended. MALT held no funds in connection with its support of the MUSC at June 30, 2021.

# Marin Agricultural Land Trust

## Notes to Financial Statements

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### **Note 15 - Global Pandemic:**

On March 11, 2020, the World Health Organization publicly characterized COVID-19 as a pandemic. States of emergency have been declared in many federal, state and local jurisdictions and shelter in place orders have been instituted in many cities and states, including Marin County, California, which impacts general business operations in most industries and sectors.

During the year ended June 30, 2021, MALT was unable to hold fundraising events, including a planned 40th anniversary party, due to County of Marin shelter-in-place and business reopening orders. Staff have been working remotely with only essential personnel conducting necessary work at the facility.