

MARIN AGRICULTURAL LAND TRUST

JUNE 30, 2022

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

Opinion

We have audited the financial statements of **MARIN AGRICULTURAL LAND TRUST (MALT)**, which comprise the statement of financial position as of June 30, 2022, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of MALT as of June 30, 2022, 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of MALT 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.

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 MALT's ability to continue as a going concern for one year from the date of this report.

Auditors' 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 auditors' 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 GAAS 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 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.

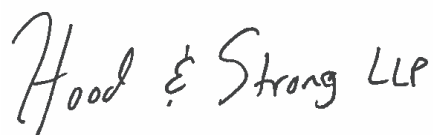
In performing an audit in accordance with GAAS, we:

- 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 MALT'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 MALT'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 MALT's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 25, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



San Francisco, California
February 28, 2023

Marin Agricultural Land Trust

Statement of Financial Position

June 30, 2022 (with comparative totals for 2021)

	Operating	Land		2022 Total	2021 Total
		Preservation	Stewardship		
Assets					
Cash and cash equivalents	\$ 4,077,603	\$ 197,999	\$ 92,501	\$ 4,368,103	\$ 1,483,142
Investments	2,066,706	8,448,347	14,104,236	24,619,289	26,972,807
Contributions receivable, net	2,282,191	205,191	40,679	2,528,061	394,907
Prepaid expenses and other assets	75,093			75,093	119,445
Charitable trust assets			521,606	521,606	497,229
Property and equipment, net	1,290,884	92,414	310	1,383,608	1,496,038
Conservation easements		87		87	87
Total assets	\$ 9,792,477	\$ 8,944,038	\$ 14,759,332	\$ 33,495,847	\$ 30,963,655
Liabilities and Net Assets					
Liabilities:					
Accounts payable and accrued expenses	\$ 234,837			\$ 234,837	\$ 454,799
Total liabilities	234,837	-	-	234,837	454,799
Net Assets:					
Without donor restrictions	6,718,807	\$ 8,697,119	\$ 4,201,101	19,617,027	17,167,238
With donor restrictions:					
Time and purpose	2,838,833	246,919	5,589,878	8,675,630	8,373,265
Perpetual restrictions			4,968,353	4,968,353	4,968,353
Total net assets with donor restrictions	2,838,833	246,919	10,558,231	13,643,983	13,341,618
Total net assets	9,557,640	8,944,038	14,759,332	33,261,010	30,508,856
Total liabilities and net assets	\$ 9,792,477	\$ 8,944,038	\$ 14,759,332	\$ 33,495,847	\$ 30,963,655

See accompanying notes to the financial statements.

Marin Agricultural Land Trust

Statement of Activities and Changes in Net Assets

Year Ended June 30, 2022 (with comparative totals for 2021)

	2022			2021 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenue and Support:				
Grants and contributions	\$ 7,698,673	\$ 2,647,402	\$ 10,346,075	\$ 4,055,734
In-kind contributions	2,350		2,350	5,140
Investment (loss) income, net	(1,020,634)	(1,332,168)	(2,352,802)	3,562,315
Change in value of beneficial interest in charitable gifts		24,377	24,377	-
Other income	13,200		13,200	-
Net assets released from restriction	1,037,246	(1,037,246)	-	-
Total revenue and support	7,730,835	302,365	8,033,200	7,623,189
Expenses:				
Program services	1,670,374		1,670,374	2,678,775
General and administrative	1,747,582		1,747,582	1,269,179
Fundraising	1,863,090		1,863,090	1,888,100
Total expenses	5,281,046	-	5,281,046	5,836,054
Change in Net Assets before Other Changes	2,449,789	302,365	2,752,154	1,787,135
Other Changes in Net Assets:				
Forgiveness of Paycheck Protection Program loan (Note 7)			-	369,880
Change in Net Assets	2,449,789	302,365	2,752,154	2,157,015
Net Assets, beginning of year	17,167,238	13,341,618	30,508,856	28,351,841
Net Assets, end of year	\$ 19,617,027	\$ 13,643,983	\$ 33,261,010	\$ 30,508,856

See accompanying notes to the financial statements.

Marin Agricultural Land Trust

Statement of Functional Expenses

Year Ended June 30, 2022 (with comparative totals for 2021)

	2022									
	Program Services					Supporting Services				
	Easement Acquisition	Stewardship	DRAWS	Outreach	Total Programs	General and Administrative	Fundraising	Total Supporting Services	Total	2021 Total
Salaries and benefits	\$ 87,898	\$ 586,667	\$ 57,516	\$ 170,539	\$ 902,620	\$ 539,330	\$ 885,746	\$ 1,425,076	\$ 2,327,696	\$ 2,685,478
Professional services	135,757	63,505	679	86,684	286,625	1,040,554	583,423	1,623,977	1,910,602	1,042,472
Office expenses		26,479		25,557	52,036	60,069	263,196	323,265	375,301	329,201
Repairs, maintenance, and utilities		9,570		7,391	16,961	24,591	21,072	45,663	62,624	43,496
Travel, conferences, and events	470	12,633		7,487	20,590	17,973	15,678	33,651	54,241	75,793
Depreciation		14,601		7,719	22,320	65,065	30,610	95,675	117,995	120,312
Grants - stewardship assistance		103,094	266,128		369,222			-	369,222	432,329
Easement acquisition					-			-	-	1,143,008
Bad debt expense (recovery)					-		63,365	63,365	63,365	(36,035)
Total expenses	\$ 224,125	\$ 816,549	\$ 324,323	\$ 305,377	\$ 1,670,374	\$ 1,747,582	\$ 1,863,090	\$ 3,610,672	\$ 5,281,046	\$ 5,836,054

See accompanying notes to the financial statements.

Marin Agricultural Land Trust

Statement of Cash Flows

<i>Year Ended June 30, 2022 (with comparative totals for 2021)</i>	2022	2021
Cash Flows from Operating Activities:		
Change in net assets	\$ 2,752,154	\$ 2,157,015
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	117,995	120,312
Provision (recovery) for doubtful accounts	27,419	(36,035)
Net change in present value discount	49,393	(1,938)
Net realized and unrealized loss (gain) on investments	2,723,007	(3,223,804)
Change in value of charitable gifts	(24,377)	
Forgiveness of Paycheck Protection Program loan		(369,880)
Changes in assets and liabilities:		
Contributions receivable	(2,209,966)	1,803,713
Prepaid expenses and other assets	44,352	(24,538)
Conservation easements		(1)
Accounts payable and accrued expenses	(219,962)	176,562
Net cash provided by operating activities	3,260,015	601,406
Cash Flows from Investing Activities:		
Purchases of investments	(369,489)	(8,484,305)
Proceeds from sales and maturities of investments		8,630,119
Acquisition of property and equipment	(5,565)	(4,452)
Net cash (used) provided by investing activities	(375,054)	141,362
Change in Cash and Cash Equivalents	2,884,961	742,768
Cash and Cash Equivalents, beginning of year	1,483,142	740,374
Cash and Cash Equivalents, end of year	\$ 4,368,103	\$ 1,483,142

See accompanying notes to the financial statements.

Marin Agricultural Land Trust

Notes to the Financial Statements

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 \$4,197,662 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 the Financial Statements

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 the Financial Statements

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 including the MAU provision as part of the easement transaction, and the value is included in the price of the easement.

No conservation easements were purchased during the year ended June 30, 2022. MALT purchased conservation easements totaling \$1,143,008 during the year ended June 30, 2021. Subsequent to June 30, 2022, MALT purchased one conservation easement totaling \$3,631,377.

h. Grants

Grants are made to farmers and ranchers to implement conservation practices specific to water development and security as part of the DRAWS initiative. Grant expenses are recorded when MALT makes an unconditional promise to give. Conditional promises to give are recognized as grant expense in the period in which the recipient meets the terms of the condition. Grant cancellations or unspent funds are recorded in the year cancelled or funds returned. As of June 30, 2022, MALT had approved grants totaling approximately \$243,000 which were not recognized as the recipients had not yet met the conditions.

Marin Agricultural Land Trust

Notes to the Financial Statements

i. 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 2.8% per annum as of June 30, 2022. 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).

j. 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.

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.

Marin Agricultural Land Trust

Notes to the Financial Statements

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, 2022.

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.

k. Allocation of Functional Expenses

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.

l. 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.

Marin Agricultural Land Trust

Notes to the Financial Statements

m. Comparative Financial Statements

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 MALT's financial statements for the year ended June 30, 2021 from which the summarized information is derived.

n. 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, 2022, 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.

o. Recent Accounting Pronouncement

Pronouncement Effective in the Future

In January 2018, the FASB issued Accounting Standards Update 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.

p. Subsequent Events

MALT evaluated subsequent events with respect to the financial statements for the year ended June 30, 2022 through February 28, 2023, 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, except as discussed in Note 2g.

Marin Agricultural Land Trust

Notes to the Financial Statements

Note 3 - Contributions Receivable, Net:

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

	2022	2021
Less than one year	\$ 1,613,208	\$ 280,142
One to five years	1,000,000	123,100
	<hr/>	<hr/>
	2,613,208	403,242
Less unamortized discount	(49,669)	(276)
Less allowance for uncollectible amounts	(35,478)	(8,059)
	<hr/>	<hr/>
	\$ 2,528,061	\$ 394,907

Note 4 - Investments and Fair Value Measurements:

Investments:

Investments consisted of the following at June 30:

	2022	2021
Money market accounts	\$ 3,709,205	\$ 3,702,850
Mutual funds – bonds	11,231,703	11,951,716
Mutual funds – equities	9,678,381	11,318,241
	<hr/>	<hr/>
	\$ 24,619,289	\$ 26,972,807

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

	2022	2021
Net realized and unrealized (losses) gains	\$ (2,723,007)	\$ 3,223,804
Interest and dividends	370,205	338,511
	<hr/>	<hr/>
	\$ (2,352,802)	\$ 3,562,315

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 \$521,606 and \$497,229 at June 30, 2022 and 2021, respectively, that are classified as Level 2.

Marin Agricultural Land Trust

Notes to the Financial Statements

Note 5 - Property and Equipment:

Property and equipment consisted of the following at June 30:

	2022	2021
Land	\$ 462,582	\$ 462,582
Office building and improvements	1,319,941	1,314,377
Furnishings and equipment	256,789	258,514
Website and software	224,283	224,283
Vehicles	92,679	97,679
	<hr/>	<hr/>
	2,356,274	2,357,435
Less: accumulated depreciation	(972,666)	(861,397)
	<hr/>	<hr/>
	\$ 1,383,608	\$ 1,496,038

Depreciation expense was \$117,995 and \$120,312 for the years ended June 30, 2022 and 2021, 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 consisted of the following as of June 30:

	2022	2021
Charitable remainder unitrusts	\$ 424,558	\$ 357,691
Charitable gift annuities	97,048	139,538
	<hr/>	<hr/>
	\$ 521,606	\$ 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.

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.

Marin Agricultural Land Trust

Notes to the Financial Statements

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 were forgivable as long as MALT used the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintained its payroll and other personnel related levels. The amount of loan forgiveness would be reduced if certain requirements were not met. During the year ended June 30, 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:

	2022	2021
Time and purpose restrictions:		
Stewardship endowment	\$ 4,216,525	\$ 5,364,157
Red-legged frog mitigation	810,613	1,012,963
Strategic plan initiatives	810,022	1,000,000
DRAWS		80,549
MALT labs	500,000	
Other purposes	67,634	15,398
Charitable trust assets	521,606	497,229
With time restrictions	1,749,230	402,969
	<hr/>	<hr/>
Total time and purpose restrictions	8,675,630	8,373,265
Perpetual restrictions:		
Stewardship endowment	4,418,353	4,418,353
Red-legged frog mitigation	550,000	550,000
	<hr/>	<hr/>
Total perpetual restrictions	4,968,353	4,968,353
	<hr/>	<hr/>
	\$ 13,643,983	\$ 13,341,618

Marin Agricultural Land Trust

Notes to the Financial Statements

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

	2022	2021
Stewardship	\$ 54,500	
Easement acquisition		\$ 627,917
Strategic plan initiatives	189,978	
Red-legged frog mitigation	17,813	1,499
DRAWS	80,549	172,101
Other purposes	65,063	178,596
With time restrictions	629,343	1,654,214
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	\$ 1,037,246	\$ 2,634,327

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 the Financial Statements

Note 9 - Endowment:

Changes in endowment net assets for the years ended June 30, 2022 and 2021 are summarized as follows:

	Without Donor Restrictions	<u>With Donor Restrictions</u>		Total
		Time or Purpose	Perpetuity	
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)
Endowment net assets, June 30, 2021	4,726,851	5,364,157	4,418,353	14,509,361
Contributions	22,700			22,700
Interest and dividends	77,792	162,077		239,869
Net realized and unrealized losses	(628,491)	(1,309,709)		(1,938,200)
Appropriation to operating fund	(1,190)			(1,190)
Endowment net assets, June 30, 2022	\$ 4,197,662	\$ 4,216,525	\$ 4,418,353	\$ 12,832,540

Marin Agricultural Land Trust

Notes to the Financial Statements

Note 10 - Availability of Financial Assets and Liquidity:

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

Financial assets at June 30, 2022	
Cash and cash equivalents	\$ 4,368,103
Investments	24,619,289
Contributions receivable, net	2,528,061
Beneficial interest in charitable gifts	521,606
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Total financial assets	32,037,059
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Less amounts not available to be used within one year:	
Contributions receivable collectible beyond one year	(1,000,000)
Beneficial interest in charitable gifts	(521,606)
Perpetual restrictions	(4,968,353)
Endowment earnings	(4,216,525)
Other net assets with donor restrictions, net of estimated releases of \$2,447,239	(490,260)
Board-designated quasi-endowment funds	(4,197,662)
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	(15,394,406)
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Financial assets available to meet general expenditures within one year	\$ 16,642,653
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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 may 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 \$57,144 and \$84,867 for the years ended June 30, 2022 and 2021, respectively.

Marin Agricultural Land Trust

Notes to the Financial Statements

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. As of June 30, 2022, approximately 90% of contributions receivable were due from two donors.

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 \$160,000 and \$313,000 during the years ended June 30, 2022 and 2021, respectively.

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, 2022 and 2021.

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 during the year June 30, 2021.