

MARIN AGRICULTURAL LAND TRUST

JUNE 30, 2023

INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS

Marin Agricultural Land Trust

Independent Auditors' Report and Financial Statements

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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, 2023, 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, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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.

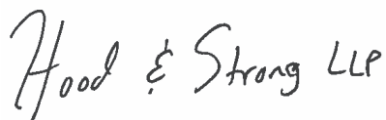
In performing an audit in accordance with GAAS, we:

- 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 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 28, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



San Francisco, California
February 16, 2024

Marin Agricultural Land Trust

Statement of Financial Position

June 30, 2023 (with comparative totals for 2022)

	Operating	Land		2023 Total	2022 Total
		Preservation	Stewardship		
Assets					
Cash and cash equivalents	\$ 983,408	\$ 174,754	\$ 116,401	\$ 1,274,563	\$ 4,368,103
Investments	5,479,065	5,362,360	15,729,029	26,570,454	24,619,289
Contributions receivable, net	912,558			912,558	2,528,061
Prepaid expenses and other assets	106,337			106,337	75,091
Charitable trust assets			485,153	485,153	521,605
Property and equipment, net	1,193,298	84,368	44	1,277,710	1,383,607
Conservation easements		93		93	91
Total assets	\$ 8,674,666	\$ 5,621,575	\$ 16,330,627	\$ 30,626,868	\$ 33,495,847
Liabilities and Net Assets					
Liabilities:					
Accounts payable and accrued expenses	\$ 400,332			\$ 400,332	\$ 234,837
Total liabilities	400,332	-	-	400,332	234,837
Net Assets:					
Without donor restrictions	5,910,971	\$ 5,600,738	\$ 4,569,317	16,081,026	19,617,027
With donor restrictions:					
Time and purpose	2,363,363	20,837	6,792,957	9,177,157	8,675,630
Perpetual restrictions			4,968,353	4,968,353	4,968,353
Total net assets with donor restrictions	2,363,363	20,837	11,761,310	14,145,510	13,643,983
Total net assets	8,274,334	5,621,575	16,330,627	30,226,536	33,261,010
Total liabilities and net assets	\$ 8,674,666	\$ 5,621,575	\$ 16,330,627	\$ 30,626,868	\$ 33,495,847

See accompanying notes to the financial statements.

Marin Agricultural Land Trust

Statement of Activities and Changes in Net Assets

Year Ended June 30, 2023 (with comparative totals for 2022)

	2023			2022 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenue and Support:				
Public agency grants	\$ 3,150,000		\$ 3,150,000	
Grants and contributions	3,531,448	\$ 206,952	3,738,400	\$ 10,346,075
In-kind contributions	91,917		91,917	2,350
Investment income (loss), net	674,668	1,214,091	1,888,759	(2,352,802)
Change in value of beneficial interest in charitable gifts		(36,452)	(36,452)	24,377
Other income	41,800		41,800	13,200
Net assets released from restriction	883,064	(883,064)	-	-
Total revenue and support	8,372,897	501,527	8,874,424	8,033,200
Expenses:				
Program services	8,413,813		8,413,813	1,670,374
General and administrative	1,252,948		1,252,948	1,747,582
Fundraising	2,242,137		2,242,137	1,863,090
Total expenses	11,908,898	-	11,908,898	5,281,046
Change in Net Assets	(3,536,001)	501,527	(3,034,474)	2,752,154
Net Assets, beginning of year	19,617,027	13,643,983	33,261,010	30,508,856
Net Assets, end of year	\$ 16,081,026	\$ 14,145,510	\$ 30,226,536	\$ 33,261,010

See accompanying notes to the financial statements.

Marin Agricultural Land Trust

Statement of Functional Expenses

Year Ended June 30, 2023 (with comparative totals for 2022)

	2023										2022 Total
	Program Services					Supporting Services					
	Easement Acquisition	Stewardship	DRAWS	Outreach	Total Programs	General and Administrative	Fundraising	Total Supporting Services	Total		
Salaries and benefits	\$ 299,881	\$ 430,039	\$ 35,900	\$ 226,316	\$ 992,136	\$ 722,181	\$ 1,189,429	\$ 1,911,610	\$ 2,903,746	\$ 2,327,696	
Professional services	175,038	31,340		70,674	277,052	375,517	245,417	620,934	897,986	1,869,728	
Office expenses	319	33,952		18,150	52,421	46,439	136,009	182,448	234,869	202,099	
Insurance		15,209		1,693	16,902	6,414	14,073	20,487	37,389	16,937	
Direct mail and advertising		357		5,560	5,917	15,908	211,122	227,030	232,947	120,698	
Printing		632		9,525	10,157		98,069	98,069	108,226	57,111	
Repairs, maintenance, and utilities	1,480	2,560		1,378	5,418	11,617	4,135	15,752	21,170	62,624	
Travel, conferences, and events	1,188	7,445		21,772	30,405	17,296	67,196	84,492	114,897	73,571	
Depreciation		12,951		6,831	19,782	57,576	28,539	86,115	105,897	117,995	
Grants - stewardship assistance		367,670	209,055	100,000	676,725			-	676,725	369,222	
Easement acquisition	6,326,898				6,326,898			-	6,326,898	-	
Bad debt expense					-		248,148	248,148	248,148	63,365	
Total expenses	\$ 6,804,804	\$ 902,155	\$ 244,955	\$ 461,899	\$ 8,413,813	\$ 1,252,948	\$ 2,242,137	\$ 3,495,085	\$ 11,908,898	\$ 5,281,046	

See accompanying notes to the financial statements.

Marin Agricultural Land Trust

Statement of Cash Flows

<i>Year Ended June 30, 2023 (with comparative totals for 2022)</i>	2023	2022
Cash Flows from Operating Activities:		
Change in net assets	\$ (3,034,474)	\$ 2,752,154
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	105,897	117,995
Provision for doubtful accounts	238,248	27,419
Net change in present value discount	18,047	49,393
Net realized and unrealized (gain) loss on investments	(1,884,852)	2,723,007
Change in value of charitable gifts	36,452	(24,377)
Changes in assets and liabilities:		
Contributions receivable	1,359,208	(2,209,966)
Prepaid expenses and other assets	(31,246)	44,352
Conservation easements	(2)	
Accounts payable and accrued expenses	165,495	(219,962)
Net cash (used) provided by operating activities	(3,027,227)	3,260,015
Cash Flows from Investing Activities:		
Purchases of investments	(3,300,000)	(369,489)
Proceeds from sales and maturities of investments	3,233,687	
Acquisition of property and equipment		(5,565)
Net cash used by investing activities	(66,313)	(375,054)
Change in Cash and Cash Equivalents	(3,093,540)	2,884,961
Cash and Cash Equivalents, beginning of year	4,368,103	1,483,142
Cash and Cash Equivalents, end of year	\$ 1,274,563	\$ 4,368,103

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 monitors and enforces each easement annually.

Since its founding, MALT has protected 55,721 acres of agricultural land on 93 easements. This growing network of conserved farm and ranch land makes up the majority of privately owned agricultural land in West Marin. In addition to land conservation, MALT uses incentive-based grant programs to improve stewardship of natural and working lands on easements and non-easement agricultural lands. To raise awareness of the mission, MALT encourages public policies in support of agriculture, and conducts hikes, tours, and lectures relating to agriculture.

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 \$4,699,735 as a quasi-endowment to support the Stewardship Fund (see Note 8).

Net Assets With Donor Restrictions - the portion of net assets that is restricted due to either a time restriction on when the asset may 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 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.

MALT purchased two conservation easements totaling \$6,326,898 during the year ended June 30, 2023. No conservation easements were purchased during the year ended June 30, 2022.

h. Grants

Grants are made to farmers and ranchers to implement conservation practices. 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, 2023, MALT had approved grants totaling approximately \$591,000 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 5.4% per annum as of June 30, 2023. 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.

Marin Agricultural Land Trust

Notes to the Financial Statements

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, 2023.

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.

Marin Agricultural Land Trust

Notes to the Financial Statements

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.

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, 2022 from which the summarized information is derived.

Certain reclassifications have been made to the 2022 financial statements to conform to 2023 presentation. These reclassifications had no impact on total net assets or the change in net assets.

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, 2023, 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

Pronouncements Adopted

As of July 1, 2022, MALT adopted FASB Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which requires lessees to recognize leases on the Statement of Financial Position and disclose key information about leasing arrangements. MALT elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing ASU 2016-02, there were no material amounts that required reporting in the Statement of Financial Position and Statement of Activities and Changes in Net Assets for the year ended June 30, 2023.

Marin Agricultural Land Trust

Notes to the Financial Statements

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 was effective for MALT for its fiscal year ended 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 adopted the practical expedient as of July 1, 2022 with no significant impact to the financial statements.

p. Subsequent Events

MALT evaluated subsequent events with respect to the financial statements for the year ended June 30, 2023 through February 16, 2024, 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:

	2023	2022
Less than one year	\$ 754,000	\$ 1,613,208
One to five years	500,000	1,000,000
	<hr/>	<hr/>
	1,254,000	2,613,208
Less unamortized discount	(67,716)	(49,669)
Less allowance for uncollectible amounts	(273,726)	(35,478)
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	\$ 912,558	\$ 2,528,061
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Marin Agricultural Land Trust

Notes to the Financial Statements

Note 4 - Investments and Fair Value Measurements:

Investments:

Investments consisted of the following at June 30:

	2023	2022
Money market accounts	\$ 5,564,662	\$ 3,709,205
Mutual funds – bonds	11,945,655	11,231,703
Mutual funds – equities	9,060,137	9,678,381
	<hr/>	<hr/>
	\$ 26,570,454	\$ 24,619,289

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

	2023	2022
Net realized and unrealized gains (losses)	\$ 1,330,082	\$ (2,723,007)
Interest and dividends	558,677	370,205
	<hr/>	<hr/>
	\$ 1,888,759	\$ (2,352,802)

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 \$485,153 and \$521,605 at June 30, 2023 and 2022, 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:

	2023	2022
Land	\$ 462,582	\$ 462,582
Office building and improvements	1,319,941	1,319,941
Furnishings and equipment	256,788	256,788
Website and software	130,340	224,283
Vehicles	92,679	92,679
	<hr/>	<hr/>
	2,262,330	2,356,273
Less: accumulated depreciation	(984,620)	(972,666)
	<hr/>	<hr/>
	\$ 1,277,710	\$ 1,383,607

Depreciation expense was \$105,897 and \$117,995 for the years ended June 30, 2023 and 2022, 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 (Level 2) consisted of the following as of June 30:

	2023	2022
Charitable remainder unitrusts	\$ 386,095	\$ 424,557
Charitable gift annuities	99,058	97,048
	<hr/>	<hr/>
	\$ 485,153	\$ 521,605

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 - Net Assets With Donor Restrictions:

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

	2023	2022
Time and purpose restrictions:		
Stewardship endowment	\$ 5,262,787	\$ 4,216,525
Red-legged frog mitigation	909,415	810,613
Strategic plan initiatives	810,022	810,022
Stewardship projects	525,000	
MALT labs		500,000
Other purposes	48,497	67,635
Charitable trust assets	485,153	521,605
With time restrictions	1,136,283	1,749,230
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Total time and purpose restrictions	9,177,157	8,675,630
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Perpetual restrictions:		
Stewardship endowment	4,418,353	4,418,353
Red-legged frog mitigation	550,000	550,000
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Total perpetual restrictions	4,968,353	4,968,353
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	\$ 14,145,510	\$ 13,643,983

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

	2023	2022
Stewardship projects		\$ 135,040
Strategic plan initiatives		189,978
Red-legged frog mitigation	\$ 69,027	17,813
Other purposes	19,137	65,063
With time restrictions	794,900	629,343
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	\$ 883,064	\$ 1,037,246

Marin Agricultural Land Trust

Notes to the Financial Statements

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.

Note 8 - Endowment:

Changes in endowment net assets for the years ended June 30, 2023 and 2022 are summarized as follows:

	Without Donor Restrictions	With Donor Restrictions		Total
		Time or Purpose	Perpetuity	
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
Interest and dividends	77,935	167,256		245,191
Net realized and unrealized gains	424,138	879,006		1,303,144
Endowment net assets, June 30, 2023	\$ 4,699,735	\$ 5,262,787	\$ 4,418,353	\$ 14,380,875

Marin Agricultural Land Trust

Notes to the Financial Statements

Note 9 - 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, 2023	
Cash and cash equivalents	\$ 1,274,563
Investments	26,570,454
Contributions receivable, net	912,558
Beneficial interest in charitable gifts	485,153
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Total financial assets	29,242,728
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Less amounts not available to be used within one year:	
Beneficial interest in charitable gifts	(461,609)
Perpetual restrictions	(4,968,353)
Endowment earnings	(5,262,787)
Net assets with donor restrictions, including long-term receivables	(3,452,761)
Board-designated quasi-endowment funds	(4,699,735)
Add net assets with restrictions to be met in less than a year	1,383,497
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	(17,461,748)
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Financial assets available to meet general expenditures within one year	\$ 11,780,980
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MALT maintains an operating reserve of approximately 90 days of operating expenses (approximately \$1,562,000). 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 10 - 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 \$52,530 and \$57,144 for the years ended June 30, 2023 and 2022, respectively.

Marin Agricultural Land Trust

Notes to the Financial Statements

Note 11 - 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, 2023, approximately 99% 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 12 - Related Party Transactions:

Collectively, certain MALT board members made monetary contributions totaling approximately \$154,000 and \$160,000 during the years ended June 30, 2023 and 2022, respectively.