

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT

FLATHEAD LAND TRUST

DECEMBER 31, 2021 AND 2020



FLATHEAD LAND TRUST

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Flathead Land Trust
Kalispell, Montana

Opinion

We have audited the accompanying financial statements of Flathead Land Trust, (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Flathead Land Trust, as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Flathead Land Trust and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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; 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.

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 Flathead Land Trust's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Flathead Land Trust's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Flathead Land Trust's ability to continue as a going concern for a reasonable period of time.

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

Junkermier, Clark, Campanella, Stevens, P.C.

Kalispell, Montana
September 20, 2022

FLATHEAD LAND TRUST
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	2021	2020
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 145,858	\$ 173,705
Accounts receivable	5,763	-
Other current assets	1,325	1,325
TOTAL CURRENT ASSETS	152,946	175,030
PROPERTY AND EQUIPMENT		
Property and equipment	13,167	13,167
Less: Accumulated depreciation	(11,795)	(11,240)
TOTAL PROPERTY AND EQUIPMENT	1,372	1,927
OTHER ASSETS		
Investments	772,634	438,207
Investments - endowment	142,228	91,658
TOTAL OTHER ASSETS	914,862	529,865
TOTAL ASSETS	\$ 1,069,180	\$ 706,822
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 4,807	\$ 4,724
Accrued liabilities	8,257	14,495
TOTAL CURRENT LIABILITIES	13,064	19,219
NET ASSETS		
Without donor restrictions	225,388	172,834
Without donor restrictions - board designated	5,505	6,412
With donor restrictions	825,223	508,357
TOTAL NET ASSETS	1,056,116	687,603
TOTAL LIABILITIES AND NET ASSETS	\$ 1,069,180	\$ 706,822

See Notes to Financial Statements

FLATHEAD LAND TRUST
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT			
Contributions income	\$ 122,623	\$ 739,729	\$ 862,352
Grants - general operating	98,321	-	98,321
Grants - project restricted	-	114,898	114,898
Program service fees	6,113	-	6,113
In-kind contributions	5,990	401,000	406,990
Investment income, net of expenses	29,462	-	29,462
Investment gains and losses	6,379	12,313	18,692
Net assets released from restriction	951,074	(951,074)	-
 TOTAL REVENUE AND OTHER SUPPORT	 1,219,962	 316,866	 1,536,828
EXPENSES			
Program	1,083,551	-	1,083,551
Management and general	51,444	-	51,444
Fundraising	33,320	-	33,320
 TOTAL EXPENSES	 1,168,315	 -	 1,168,315
 CHANGE IN NET ASSETS	 51,647	 316,866	 368,513
NET ASSETS - BEGINNING OF YEAR	179,246	508,357	687,603
NET ASSETS - END OF YEAR	\$ 230,893	\$ 825,223	\$ 1,056,116

See Notes to Financial Statements

FLATHEAD LAND TRUST
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT			
Contributions income	\$ 101,317	\$ 191,596	\$ 292,913
Grants - general operating	101,113	-	101,113
Grants - project restricted	-	690,436	690,436
Program service fees	43,628	-	43,628
In-kind contributions	250	726,000	726,250
Investment income, net of expenses	9,221	-	9,221
Investment gains and losses	24,320	12,688	37,008
Net assets released from restriction	<u>1,513,371</u>	<u>(1,513,371)</u>	<u>-</u>
TOTAL REVENUE AND OTHER SUPPORT	<u>1,793,220</u>	<u>107,349</u>	<u>1,900,569</u>
EXPENSES			
Program	1,637,645	-	1,637,645
Management and general	45,844	-	45,844
Fundraising	<u>31,144</u>	<u>-</u>	<u>31,144</u>
TOTAL EXPENSES	<u>1,714,633</u>	<u>-</u>	<u>1,714,633</u>
CHANGE IN NET ASSETS	78,587	107,349	185,936
NET ASSETS - BEGINNING OF YEAR	<u>100,659</u>	<u>401,008</u>	<u>501,667</u>
NET ASSETS - END OF YEAR	<u>\$ 179,246</u>	<u>\$ 508,357</u>	<u>\$ 687,603</u>

See Notes to Financial Statements

FLATHEAD LAND TRUST
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Depreciation expense	\$ 394	\$ 89	\$ 72	\$ 555
Dues and subscriptions	7,410	1,059	2,116	10,585
Employee benefits	2,565	578	470	3,613
Fundraising expenses	-	-	2,731	2,731
In-kind expense - operating	2,163	-	3,827	5,990
In-kind expense - projects	401,000	-	-	401,000
Insurance	4,317	1,850	-	6,167
Miscellaneous	-	3,072	-	3,072
Office supplies	1,211	969	242	2,422
Payroll expenses	109,856	24,756	20,115	154,727
Postage and delivery	894	358	536	1,788
Printing and reproduction	2,400	400	1,200	4,000
Professional fees	24,817	16,025	-	40,842
Project expenses	515,000	-	-	515,000
Rent	8,391	1,891	1,537	11,819
Telephone	1,762	397	322	2,481
Travel and entertainment	<u>1,371</u>	<u>-</u>	<u>152</u>	<u>1,523</u>
	<u>\$ 1,083,551</u>	<u>\$ 51,444</u>	<u>\$ 33,320</u>	<u>\$ 1,168,315</u>

See Notes to Financial Statements

FLATHEAD LAND TRUST
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Depreciation expense	\$ 247	\$ 56	\$ 45	\$ 348
Dues and subscriptions	6,059	866	1,730	8,655
Employee benefits	3,157	712	578	4,447
Fundraising expenses	-	-	4,165	4,165
In-kind expense - projects	726,000	-	-	726,000
Insurance	4,023	1,724	-	5,747
Miscellaneous	-	1,625	-	1,625
Office supplies	1,525	1,220	305	3,050
Payroll expenses	112,255	25,297	20,554	158,106
Postage and delivery	687	275	412	1,374
Printing and reproduction	2,584	431	1,292	4,307
Professional fees	41,957	11,350	-	53,307
Project expenses	726,250	-	-	726,250
Rent	8,254	1,860	1,512	11,626
Telephone	1,901	428	349	2,678
Training	925	-	-	925
Travel and entertainment	1,821	-	202	2,023
	<u>\$ 1,637,645</u>	<u>\$ 45,844</u>	<u>\$ 31,144</u>	<u>\$ 1,714,633</u>

FLATHEAD LAND TRUST
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 368,513	\$ 185,936
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	555	348
(Gain) loss on investments	(18,692)	(37,008)
Change in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(5,763)	-
Other current assets	-	2,332
Increase (decrease) in:		
Accounts payable	83	1,242
Accrued liabilities	<u>(6,238)</u>	<u>5,661</u>
NET CASH FROM OPERATING ACTIVITIES	<u>338,458</u>	<u>158,511</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed and intangible assets	-	(1,774)
Proceeds from sale of investments	532,198	50,329
Purchase of investments	<u>(898,503)</u>	<u>(135,172)</u>
NET CASH FROM INVESTING ACTIVITIES	<u>(366,305)</u>	<u>(86,617)</u>
NET CHANGE IN CASH	(27,847)	71,894
CASH - BEGINNING OF YEAR	<u>173,705</u>	<u>101,811</u>
CASH - END OF YEAR	<u><u>\$ 145,858</u></u>	<u><u>\$ 173,705</u></u>
SUPPLEMENTAL DISCLOSURE		
Noncash operating activities:		
Donated easements	\$ 401,000	\$ 726,000
In-kind services	5,990	250
	<u><u>\$ 406,990</u></u>	<u><u>\$ 726,250</u></u>

See Notes to Financial Statements

FLATHEAD LAND TRUST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Flathead Land Trust is a non-profit organization incorporated under the laws of Montana in 1985 as a membership organization. It is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization is dedicated to the conservation of Northwest Montana's land and water legacy through voluntary conservation easement agreements with private landowners. The Organization partners with community members to preserve the natural resources, scenic beauty and rural character of the Flathead Valley. These voluntary conservation easements preclude changes that would negatively affect the property, primarily subdivision and development. The Organization's support comes primarily from individual and business contributions as well as private and federal grants.

Basis of Reporting

The Organization prepares its financial statements in accordance with generally accepted accounting principles, which involves the application of accrual accounting; whereby revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Classification of Net Assets

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

FLATHEAD LAND TRUST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For financial statement purposes, the Organization considers all highly-liquid investments purchased with an original maturity of three months or less to be cash equivalents. At times the cash balances may exceed FDIC insurance limits. The Organization will monitor the cash balances for any activity that results in balances exceeding the maximum FDIC insurance, then take action to ensure that the Organization's cash balances are fully insured.

Property and Equipment

Property and equipment is stated at cost and depreciated on the straight line method over estimated useful lives. Office furniture and equipment is depreciated over estimated useful lives of 5 to 7 years. Repairs, maintenance, and purchases of minor equipment (equipment costing less than \$500) are not capitalized.

Investments

Investments are reported at fair value based on quoted market prices. Interest, dividends, and realized and unrealized gains and losses are included in investment income.

Accrued Leave Payable

Employees earn paid leave based on years of service with a maximum of 10 days of vacation carryover allowed per calendar year for full-time employees. Part-time employees accrue vacation at a pro-rated rate. The amount of accrued leave at December 31, 2021 and 2020, was \$3,027 and \$8,219, respectively.

Contributions

Contributions, including unconditional promises to give, are recognized as either with donor restrictions or without donor restrictions in accordance with donor stipulations. Unconditional promises to give with payments due in future periods are recognized as revenue with donor restrictions. Restricted contributions whose restrictions are met within the same reporting period are accounted for as support without donor restrictions. Unconditional and conditional promises to give are valued at the present value of amounts expected in future years, provided that reliable information is available.

In-kind Contributions

In-kind contributions are reflected as contributions at their fair value at date of donation and are reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used. The Organization recognizes the fair value of contributed conservation easements, at their appraised or estimated values. The Organization recognizes the fair value of contributed services received if such services a) create or enhance non-financial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. The Organization receives services from a large number of volunteers who give significant amounts of their time to the Organization's programs and fund-raising campaigns but which do not meet the criteria for financial statement recognition.

FLATHEAD LAND TRUST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program and supporting services benefited. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Depreciation expense	Historical usage
Dues and subscriptions	Historical usage
Employee benefits	Time and effort
Insurance	Historical usage
Office supplies	Historical usage
Payroll expenses	Time and effort
Postage and delivery	Historical usage
Printing and reproduction	Historical usage
Rent	Historical usage
Telephone	Historical usage
Travel and entertainment	Historical usage

Advertising Costs

The cost of advertising and marketing is expensed as incurred.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization's federal Return of Organization Exempt From Income Tax (Form 990) is subject to examination by the taxing authorities, generally, for three years after they were filed or the due date of the return; whichever is later.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 -- INVESTMENTS

Investments are presented in the financial statements at fair market value. Investments are maintained in custodial accounts with investment firms and are primarily composed of equities, mutual funds, certificates of deposit, and cash instruments at their listed prices. As of December 31, 2021 and 2020, the Board of Directors had designated \$5,505 and \$6,412, respectively, of net assets without donor restrictions as a general endowment fund to support the mission of the Organization. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets.

FLATHEAD LAND TRUST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 2 -- INVESTMENTS (CONTINUED)

The investments' basis and market value information is as follows as of December 31:

	2021		2020	
	<u>Cost</u>	<u>FMV</u>	<u>Cost</u>	<u>FMV</u>
Equities	\$ 61,425	\$ 62,252	\$ -	\$ -
Mutual funds	577,943	585,358	261,955	340,149
Certificates of deposit	7,237	7,237	72,204	73,758
Cash instruments	<u>260,015</u>	<u>260,015</u>	<u>115,958</u>	<u>115,958</u>
Total	<u>\$ 906,620</u>	<u>\$ 914,862</u>	<u>\$ 450,117</u>	<u>\$ 529,865</u>

NOTE 3 -- FAIR VALUE MEASUREMENTS

The Organization follows FASB ASC 820, which provides a framework for measuring fair value. FASB ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FASB ASC 820 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

FASB ASC 820 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels. The three levels are defined as follows:

Level 1 - observable inputs that are based upon quoted market prices for identical assets or liabilities within active markets.

Level 2 - observable inputs other than Level 1 that are based upon quoted market prices for similar assets or liabilities, based upon quoted prices within inactive markets, or inputs other than quoted market prices that are observable through market data for substantially the full term of the asset or liability.

Level 3 - inputs that are unobservable for the particular asset or liability due to little or no market activity and are significant to the fair value of the asset or liability. These inputs reflect assumptions that market participants would use when valuing the particular asset or liability.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Assets and liabilities itemized below were measured at fair value during the year ended using the market and income approaches. The market approach was used for Level 1.

FLATHEAD LAND TRUST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 3 -- FAIR VALUE MEASUREMENTS (CONTINUED)

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2021: Investments	\$ 914,862	\$ 914,862	\$ -	\$ -
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2020: Investments	\$ 529,865	\$ 529,865	\$ -	\$ -

NOTE 4 -- ENDOWMENT

The Organization's endowment consists of mutual funds and includes donor-restricted endowment funds. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors has interpreted the Montana Uniform Prudent Management of Institutional Funds Act ("MUPMIFA") 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, the Organization classifies the following as net assets with donor restrictions that are perpetual in nature (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) any 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 perpetual is classified as temporary in nature until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by MUPMIFA.

FLATHEAD LAND TRUST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 4 -- ENDOWMENT (CONTINUED)

In accordance with MUPMIFA, the Organization 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 the Organization 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 the Organization; and
- (7) The investment policies of the Organization.

Changes in Endowment Net Assets for the year ended December 31, 2021:

	<u>Board Restricted</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 6,413	\$ 85,245	\$ 91,658
Investment return:			
Net appreciation (depreciation) (realized and unrealized)	(908)	12,313	11,405
Contributions	<u>-</u>	<u>39,165</u>	<u>39,165</u>
Endowment net assets, end of year	<u>\$ 5,505</u>	<u>\$ 136,723</u>	<u>\$ 142,228</u>

Changes in Endowment Net Assets for the year ended December 31, 2020:

	<u>Board Restricted</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 6,046	\$ 62,557	\$ 68,603
Investment return:			
Net appreciation (depreciation) (realized and unrealized)	367	12,688	13,055
Contributions	<u>-</u>	<u>10,000</u>	<u>10,000</u>
Endowment net assets, end of year	<u>\$ 6,413</u>	<u>\$ 85,245</u>	<u>\$ 91,658</u>

FLATHEAD LAND TRUST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 4 -- ENDOWMENT (CONTINUED)

The portion of the endowment whereby the donor has stipulated that the funds be maintained in perpetuity at December 31, 2021 and 2020, was \$84,285 and \$45,120, respectively. There were \$52,438 and \$40,125 in endowment funds with donor restrictions that are temporary in nature at December 31, 2021 and 2020, respectively.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or MUPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2021 and 2020.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to operations while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s).

NOTE 5 -- PAYCHECK PROTECTION PROGRAM LOAN

In April 15, 2020, the Organization was granted a loan from Glacier Bank in the amount of \$32,000, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act. The loan and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The loan was fully forgiven on December 14, 2020 and as such has been reported as grants - general operating on the statement of activities in 2020.

NOTE 6 -- OPERATING LEASE

The Organization leases office space with monthly payments of \$875 as of August 1, 2020. The lease term ended June 30, 2021 and became month-to-month. Payments on the lease for the years ended December 31, 2021 and 2020, were \$10,500 and \$10,325.

FLATHEAD LAND TRUST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 7 -- RETIREMENT PLAN

The Organization has a voluntary SIMPLE IRA plan, which covers all employees. The Organization matches employee contributions up to 3% of their wages and employees can contribute additional amounts as permitted by law. The amount contributed to the retirement plan by the Organization was \$4,383 and \$4,204 for the years ended December 31, 2021 and 2020, respectively.

NOTE 8 -- RISK MANAGEMENT

The Organization faces a number of risks including (a) loss or damage to property, (b) general liability, (c) workers compensation, (d) and employee medical insurance. The risks are mitigated through the use of commercial insurance and there were no significant changes in how the Organization covered its risks in 2021 and 2020.

NOTE 9 -- NET ASSETS

Net assets with donor restrictions were as follows for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Not subject to appropriation or expenditure:		
Endowed funds	\$ 137,048	\$ 45,120
Subject to expenditure for specified purpose:		
Land protection assistance	5,870	5,835
Stewardship	328,560	310,697
Projects	301,307	106,580
To be appropriated	<u>52,438</u>	<u>40,125</u>
	<u>688,175</u>	<u>463,237</u>
Net assets with donor restrictions	<u>\$ 825,223</u>	<u>\$ 508,357</u>

Net assets without donor restrictions were as follows for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Undesignated	\$ 225,388	\$ 172,834
Board designated endowment funds	<u>5,505</u>	<u>6,412</u>
Net assets without donor restrictions	<u>\$ 230,893</u>	<u>\$ 179,246</u>

FLATHEAD LAND TRUST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 10 -- AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at December 31:

	<u>2021</u>	<u>2020</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 145,858	\$ 173,705
Investments	<u>914,862</u>	<u>529,865</u>
Total financial assets	<u>1,060,720</u>	<u>703,570</u>
Less amounts not available for use within one year:		
Net assets with donor restrictions	825,223	508,357
Net assets designated by the Board	<u>5,505</u>	<u>6,412</u>
	<u>830,728</u>	<u>514,769</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 229,992</u>	<u>\$ 188,801</u>

The Organization currently maintains an average of three months of operating expenses in reserves. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit. If these amounts are insufficient to meet cash flow needs, the board has the ability to apply for a line of credit.

NOTE 11 -- SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 20, 2022, the date on which the financial statements were available to be issued.