BIG SUR LAND TRUST
(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS
with
INDEPENDENT AUDITOR'S REPORT
and
SUPPLEMENTARY INFORMATION

Year Ended June 30, 2018
(with comparative totals for the year ended June 30, 2017)

McGILLOWAY, RAY, BROWN & KAUFMAN
ACCOUNTANTS & CONSULTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Big Sur Land Trust
(A California Nonprofit Public Benefit Corporation)
Monterey, California

Report on the Financial Statements

We have audited the accompanying financial statements of Big Sur Land Trust (the Trust) (a California nonprofit corporation), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Big Sur Land Trust as of June 30, 2018, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 25 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited Big Sur Land Trust's financial statements for the year ended June 30, 2017, and we expressed an unmodified audit opinion on those statements in our report dated November 14, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

McGilloway, Ray, Brown & Kaufman

McGilloway, Ray, Brown & Kaufman
Salinas, California
November 14, 2018

BIG SUR LAND TRUST
(A California Nonprofit Public Benefit Corporation)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018
(with comparative totals for the year ended June 30, 2017)

	2018	2017
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,425,846	$ 1,948,415
Investments	5,554,406	5,397,078
Interest receivable	19,608	683
Current portion of pledges receivable	488,960	25,000
Grants receivable, net of allowance of $44,758 and $44,758 at June 30, 2018 and 2017, respectively	443,515	174,053
Bequest and endowment receivable	-	518,750
Note receivable	26,600	26,600
Other current assets	60,157	58,627
Total current assets	8,019,092	8,149,206
Property and equipment, net	1,384,511	1,310,206
Other assets		
Pledges receivables, net	1,350,288	25,000
Conservation land and land deposits, net of	21,973,147	21,973,147
Residual interest in irrevocable charitable unitrust	500,000	500,000
Beneficial interest in assets held by others	685,311	598,663
Benefical interest in split-interest trusts, net	1,014,707	1,064,423
Investment in real estate	519,131	-
Investments restricted for endowment	6,627,615	6,402,615
Total other assets	32,670,199	30,563,848
Total assets	$42,073,802	$40,023,260

The accompanying notes are an integral part of these financial statements.

BIG SUR LAND TRUST
(A California Nonprofit Public Benefit Corporation)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018
(with comparative totals for the year ended June 30, 2017)

	2018	2017
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	$ 59,855	$ 212,407
Accrued liabilities	177,008	4,082
Accrued compensated absences	130,556	112,014
Deferred revenue	-	26,000
Security deposits	3,200	-
Current portion of loans payable	578,028	134,795
Total current liabilities	948,647	489,298
Long-term liabilities, net of current portion		
Loans payable	280,000	857,428
Total liabilities	1,228,647	1,346,726
Net assets		
Unrestricted net assets		
Undesignated	2,833,873	3,680,671
Board designated	1,785,805	1,584,964
Land fund	14,623,147	14,553,147
Property and equipment fund	876,483	737,497
Total unrestricted net assets	20,119,308	20,556,279
Temporarily restricted net assets	7,098,232	4,717,640
Permanently restricted net assets	13,627,615	13,402,615
Total net assets	40,845,155	38,676,534
Total liabilities and net assets	$ 42,073,802	$ 40,023,260

The accompanying notes are an integral part of these financial statements.

BIG SUR LAND TRUST
(A California Nonprofit Public Benefit Corporation)
STATEMENT OF ACTIVITIES
June 30, 2018
(with comparative totals for the year ended June 30, 2017)

	2018				2017
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Support and revenue					
Support					
Contributions	$ 881,246	$ 508,331	$ -	$ 1,389,577	$ 2,963,075
Pledge revenue, net	-	1,831,102	-	1,831,102	-
Campaign revenue	-	391,897	200,000	591,897	-
Contributed material and services	6,962	-	-	6,962	25,038
Government grants	554,055	-	-	554,055	3,360,449
Private grants (for land purchase)	-	-	-	-	953,000
Change in benefical interest in assets held by others	86,648	-	-	86,648	548,621
Change in value of split interest trusts	50,998	21,159	-	72,157	629,057
Total support	1,579,909	2,752,489	200,000	4,532,398	8,479,240
Revenue					
Investment income, net of fees	242,876	750,111	-	992,987	1,003,356
Property revenue	57,883	113,549	-	171,432	94,572
Other income	46,286	21,311	-	67,597	87,093
Total revenue	347,045	884,971	-	1,232,016	1,185,021
Total support and revenue	1,926,954	3,637,460	200,000	5,764,414	9,664,261
Net assets released from restrictions	1,231,868	(1,231,868)	-	-	-
Total support, revenue and net assets released from restrictions	3,158,822	2,405,592	200,000	5,764,414	9,664,261
Expenses					
Program services					
Land conservation	837,344	-	-	837,344	663,135
Acquisition	104,251	-	-	104,251	4,101,698
Stewardship	919,739	-	-	919,739	676,410
Communications	269,344	-	-	269,344	235,472
Community engagement	495,060	-	-	495,060	463,807
Total program services	2,625,738	-	-	2,625,738	6,140,522
Supporting services					
Management and general	511,500	-	-	511,500	457,479
Fundraising	458,555	-	-	458,555	341,252
Total supporting services	970,055	-	-	970,055	798,731
Total expenses	3,595,793	-	-	3,595,793	6,939,253
Change in net assets before extraordinary item	(436,971)	2,405,592	200,000	2,168,621	2,725,008
Extraordinary Item					
Soberanes Fire	-	-	-	-	475,254
Change in net assets after extraordinary item	(436,971)	2,405,592	200,000	2,168,621	3,200,262
Reclass in net assets	-	(25,000)	25,000	-	-
Change in net assets after reclass	(436,971)	2,380,592	225,000	2,168,621	3,200,262
Net assets, beginning of year	20,556,279	4,717,640	13,402,615	38,676,534	35,476,272
Net assets, end of year	$ 20,119,308	$ 7,098,232	$ 13,627,615	$ 40,845,155	$38,676,534

The accompanying notes are an integral part of these financial statements.

BIG SUR LAND TRUST
(A California Nonprofit Public Benefit Corporation)
STATEMENT OF CASH FLOWS
JUNE 30, 2018
(with comparative totals for the year ended June 30, 2017)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$2,168,621	$3,200,262
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	50,057	64,632
Realized and unrealized gain on investments	(742,960)	(892,732)
Permanently restricted contributions	(200,000)	(10,000)
Change in value of split-interest agreement	49,716	456,638
Change in value of benefical interest in assets held by others	(86,648)	(548,621)
Gain on insurance proceeds	(475,254)	(475,254)
(Increase) decrease in assets		
Accounts receivable	(18,925)	(683)
Pledges receivable	(1,789,248)	25,000
Grants receivable	(269,462)	122,998
Bequest and endowment receivable	518,750	(518,750)
Other current assets	(1,530)	(14,780)
Increase (decrease) in liabilities		
Accounts payable	(152,552)	157,649
Accrued liabilities	172,926	(127,855)
Accrued compensated absences	18,542	4,220
Deferred revenue	(26,000)	26,000
Security deposits	3,200	-
Net cash provided (used) by operating activities	(780,767)	1,468,724
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(4,862,792)	(2,726,231)
Proceeds from sale of investments	4,704,294	609,953
Insurance proceeds received for property destruction	475,254	475,254
Purchase of property and equipment	(124,363)	(74,969)
Net cash provided (used) by investing activities	192,393	(1,715,993)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from permanently restricted contributions	200,000	10,000
Principal payments on loans payable	(134,195)	(134,899)
Net cash provided (used) by financing activities	65,805	(124,899)
Net increase (decrease) in cash and cash equivalents	(522,569)	(372,168)
CASH AND CASH EQUIVALENTS, beginning of year	1,948,415	2,320,583
CASH AND CASH EQUIVALENTS, end of year	$1,425,846	$1,948,415
Supplemental Disclosure of Cash Flows Information		
Cash paid for interest	$ 14,380	$ 16,754

The accompanying notes are an integral part of these financial statements.

1. Nature of Business

Big Sur Land Trust (the "Trust"), is a California nonprofit public benefit corporation formed in 1978. The mission of the Trust is to inspire love of the land and conservation of our treasured landscapes. In collaboration with partners and the community, the Trust has protected more than 38,000 acres of land since its inception, including 4,485 acres currently held in fee title, 6,926 acres held in conservation easements, and over 28,000 acres where the Trust has facilitated the transfer of privately held land into protective public and nonprofit ownership.

The Trust is committed to pursuing land and water conservation work that strengthens our communities and inspires a stewardship ethic so that Monterey County can maintain its unique and special place in the world. The goal and commitment of the Trust is to pursue resource conservation that supports the well-being of land and people and sustains our region's unique quality of life for us all.

2. Summary of Significant Accounting Policies

Basis of Accounting
The financial statements of the Trust have been prepared on the accrual basis of accounting.

Basis of Presentation
In accordance with accounting principles generally accepted in the United States of America, the Trust reports its financial position and operating activities in three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets – Net assets over which the Board of Trustees has discretionary control in carrying out the operations of the Trust. Under this category, the Trust distinguishes its land fund and its property and equipment fund.

Temporarily Restricted Net Assets – Net assets which are subject to donor purpose and/or time restriction and for which the applicable restriction was not met as of the year end of the current reporting period.

Permanently Restricted Net Assets – Net assets subject to donor-imposed restrictions that stipulate they be maintained permanently by the Trust. Generally, the donors of these assets permit the Trust to use all or part of the income earned on related investments for general or specific purposes. Earnings on permanently restricted net assets are classified as temporarily restricted net assets until appropriated for expenditure by the Trust and, if applicable, the purpose restriction is met. Permanently restricted net assets are not reduced by losses on the investments of the fund, except to the extent required by the donor, including losses related to specific investments that the donor requires the organization to hold in perpetuity

Revenue Recognition
All contributions and grants, whether or not restricted, are recognized as revenue at fair value when received by or unconditionally promised to the Trust. The Trust classifies gifts of cash and other assets as temporarily or permanently restricted support if received with donor stipulations that limit the use of the contributions. When such donor restrictions expire, that is, when time restrictions end or purpose restrictions are accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as released from restrictions.

Unconditional promises to give, less an allowance for uncollectible amounts, are recognized as support in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Promises are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Conditional promises to give, if any, are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

The Trust recognizes support and revenue on the accrual basis of accounting. Revenue from grants which have been classified as "exchange transactions" and program fees are recognized as revenue in the period in which the services are provided. Other income and property revenue are reported when earned based upon the contract terms.

Contributed Materials and Services
Donated equipment and other donated goods are recorded at their estimated fair value as of the date of the donation. Contributed services, which require a specialized skill and which the Trust would have paid for if not donated, are recorded at the estimated fair value at the time the services are rendered. The estimated value of these services is disclosed in Note 15.

Investments
Investments are stated at fair value based on quoted market prices provided by investment managers. Dividends and interest are accrued as earned and recorded as unrestricted revenue unless income is restricted by a donor. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as an increase in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Investments are composed of mutual funds invested in equity securities, money market funds, beneficial interest in community foundation, and investment in split-interest trusts with readily determinable fair values as detailed in Note 3.

Cash and Cash Equivalents
Cash and cash equivalents include highly liquid investments and investments with a maturity of three months or less and exclude donor amounts designated for long-term purposes. The Trust maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Trust has not experienced any losses in such accounts. Management believes it is not exposed to any significant risk on cash accounts.

Accounts Receivable
Management believes that all accounts receivable are fully collectible; accordingly, there is no allowance for doubtful accounts.

Grants and Pledges Receivable
The Trust received grants and contracts from federal and state agencies to be used for restoration and open space development projects. The Trust uses the allowance method to determine uncollectible grants receivable, except for federal and state direct reimbursement grants that are fully collectable.

Pledges receivable represent amounts unconditionally committed by donors that have not been received by the Trust. Contributions to give are recorded at the present value of their net realizable value, using interest rates applicable to the years in which the promises are received to discount the amounts. Under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, the Trust used a risk free discount rate for the year ended June 30, 2018.

The Trust uses the allowance method to determine uncollectible pledges receivable. The allowance is based on the Trust's fundraising consultant's recommendation and management's analysis of specific contributions made.

Beneficial Interest in Split-Interest Agreements
The Trust recognizes an asset and the related revenue on charitable trusts when they receive notification of an irrevocable interest in this type of contribution. When management expects the cash from these contributions to be received more than one year in the future, the asset and revenue are discounted using a risk-free interest rate applicable to the years in which the cash flows are expected to be received.

Property and Equipment
Property and equipment are recorded at cost or estimated fair value for donated items. Equipment purchases over $2,000 are capitalized. The cost of repairs and maintenance which does not improve or extend the lives of the respective assets is expensed currently. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets, which range from 3 to 30 years. Depreciation is charged to the activity benefiting from the use of the property or equipment.

Conservation Land-Acquisitions
Acquisitions of land by the Trust frequently occur in the form of gifts or as purchases for amounts which may be below fair market value. When the Trust acquires land at prices below fair market value, contribution revenue is recognized for the difference between the purchase price and the estimated fair market value. Land acquired by purchase is recorded at cost. Costs incurred in the acquisition or improvement of land are added to the carrying value.

The Trust records donated land at fair market value as determined under one of the following valuation procedures:

- Values are primarily based on independent professional appraisals performed for the Trust or on appraised values determined or adopted by public agencies.
- Where a current appraisal is readily available from a professionally qualified independent appraiser retained by a third party, such value may be adopted when the Trust is satisfied that the appraisal is reasonable.
- Where neither of the foregoing sources is readily available, the Trust may use the full cash value as established by the local tax assessor, cost if the cash value is minimal, or internal estimates based on staff analysis.

Conservation Land Transfers
The Trust often conveys land to public agencies and other nonprofit organizations for amounts less than fair market value. The difference between the selling price and the estimated fair market value at the transaction date is recognized as donation expense and is included in the program expenses for land and easement acquisitions. There was no donated land expense for either of the years ended June 30, 2018 and 2017.

Conservation Easements
The Trust periodically receives or purchases conservation easements which limits the allowable uses of the related property to open space uses consistent with the Trust's mission. Contributed conservation easements received are recorded as land contributions based on the estimated value given up by the land owner by restricting the use of the property with an easement. Because of donor restrictions, contributed conservation easements and conservation easements purchased with restricted donations bear no future benefit to the Trust and are therefore expensed as land and easements conveyed in the year they are acquired. In connection with the transfer or sale of land to governmental agencies, the Trust may retain a conservation easement on the land. Because these

easements bear no future financial benefit to the Trust, they are not recorded on the Trust's statement of financial position. The Trust capitalizes the cost of purchased easements only when they are expected to be sold or otherwise result in some future financial benefit to the Trust. There were no capitalized conservation easements as of June 30, 2018 and 2017.

Offers to Dedicate

The Trust periodically acquires properties subject to contingent restrictions on the title known as offers to dedicate. Offers to dedicate are sometimes required by grantors as a means to ensure the Trust maintains the land in a manner consistent with the grantor's wishes. These provisions are consistent with the Trust's mission and generally include restrictions regarding the preservation of land for conservation purposes, that the land is not used to secure debt and that the land may not be transferred without prior approval of the grantor. If the Trust were to violate these provisions or to cease business, the offers to dedicate would automatically transfer title to the grantor agencies or another nonprofit entity.

Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and in the schedule of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salary expense allocation is based on a direct distribution per employee time sheets. Management allocates indirect costs based on the ratio of total allocable indirect costs to total non-salary costs.

Income Taxes

Big Sur Land Trust is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and state income taxes under Section 23701(d) of the California Revenue Taxation Code. However, income from certain activities not directly related to the Trust's tax exempt purpose is subject to taxation as unrelated business income. In addition, the Trust qualifies for the charitable contribution deduction under Section 170(b)(1)(A) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a)(1) of the Internal Revenue Code.

Accounting for Uncertainty in Income Taxes

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Trust in its federal and state tax returns are more-likely-than-not to be sustained upon examination.

The Trust files information returns in the U.S. federal jurisdiction and state of California. The Trust's federal returns for the tax years 2015 and beyond remain subject to possible examination by the Internal Revenue Service. The Trust's California returns for the tax years 2014 and beyond remain subject to possible examination by the Franchise Tax Board.

Concentrations of Credit Risk

Financial instruments which potentially subject the Trust to concentrations of credit risk consist primarily of cash and cash equivalents, investments, and receivables. Risk associated with cash and equivalents are mitigated by banking with creditworthy institutions. The majority of the Trust's cash was held at four financial institutions at June 30, 2018. These accounts are insured up to $250,000 per depositor by an agency of the federal government. Investments are exposed to various risks, such as interest rate, market and credit risks. The Trust's investments are maintained in a diversified portfolio with the assistance of professional investment advisors. Due to the nature of such risks, it is at least reasonably possible that changes in the fair value of investment securities in the near term could materially affect the Trust 's financial position. Receivables consist primarily of promises to give, grants receivable, and trusts receivable and are closely monitored by the Trust for collectability. Contributions and grants are receivables from donors and will be paid according to agreed-upon payment schedules. The Trust believes these amounts are fully collectable.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of support, revenue and expenses during the period. Accordingly, actual results could differ from those estimates.

Significant estimates used in the preparation of these financial statements include:

- The assumptions used in determining the net present value of the Trust's irrevocable interests in charitable trusts. A description of the assumptions used is included in Note 4.
- The assumptions used in determining the allowance for uncollectible grants and pledges receivable. Management's estimate is based on collection history.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or functional expense categories. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Trust's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

Upcoming Accounting Pronouncements

In August 2016, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. This ASU improves and simplifies the current net asset classification requirements and information presented in financial statements and notes that are useful in assessing not-for-profit liquidity, financial performance and cash flows. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. ASU 2016-14 is to be applied retroactively with transition provisions. The Trust is assessing the impact this ASU will have on its financial statements.

In May 2014, FASB issued ASE 2014-09, *Revenue from Contracts with Customers* (Topic 606). The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. U.S. GAAP guidance requires the use of more estimates and judgements than the present standards, along with additional disclosures. The guidance will be effective for the Trust for annual reporting periods beginning after December 15, 2018. The Trust is assessing the impact this ASU will have on its financial statements.

In February 2016, FASB issued ASU 2016-02, *Leases* (Topic 842), which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either financed or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Trust is currently evaluating the impact of the pending adoption of the new standard on the financial statements.

Reclassifications

Certain prior-year amounts have been reclassified to conform to current year presentation. These reclassifications did not have an effect on net assets.

3. Investments

Investments consist of permanently restricted, temporarily restricted, and unrestricted funds. These funds are invested with Merrill Lynch and Community Foundation for Monterey County.

The investment objectives of the Trust are reviewed and revised annually as part of the budgeting process. The aim is to obtain a risk tolerance that is consistent with similar non-profit organizations, while helping to achieve the Trust's current objectives. The rate of return will be established to sustain conservation and stewardship spending policies while meeting the Board designated growth target for investment funds. The rate of return objectives will be established in light of the impact of annual inflation, transaction expenses, risk tolerance, and other relevant factors.

The fair values of the Trust's investments as of June 30, consisted of the following:

	2018	2017
Equity - domestic	$ 6,076,869	$ 7,238,344
Equity - international	2,905,460	1,388,084
Fixed income	2,915,145	2,915,674
Institutional money market	284,547	257,591
Total investments	$ 12,182,021	$ 11,799,693

<u>Fair Value Measurements</u>

The Trust measures its assets and liabilities at fair value in accordance with the Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification. This guidance defines fair value 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 and establishes a framework for measuring fair value.

The guidance establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The guidance expands disclosures about instruments measured at fair value. The guidance applies to other accounting pronouncements that require or permit fair value measurements and, accordingly, the guidance does not require any new fair value measurements.

The guidance establishes a three-level valuation hierarchy for disclosure of fair value measurements. The three levels are defined as follows:

- *Level 1* - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- *Level 2* - inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial statement.
- *Level 3* - inputs to the valuation methodology are unobservable and significant to the fair value measurements.

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 measured at fair value on a recurring basis have been categorized into a hierarchy based on the observable and unobservable inputs used to determine fair value as of June 30, 2018.

	Total	(Level 1)	(Level 2)	(Level 3)
Mutual Fund				
Equity - domestic	$ 6,076,869	$ 6,076,869	$ -	$ -
Equity - international	2,905,460	2,905,460	-	-
Fixed income	2,915,145	2,915,145	-	-
	11,897,474	11,897,474	-	-
Beneficial interest in assets held by others	685,311	-	-	685,311
Real estate investment**	519,131	-	-	519,131
Beneficial interest in split-interest trusts, net	1,014,707	-	-	1,014,707
	2,219,149	-	-	2,219,149
Total recurring fair value measurements	$14,116,623	$11,897,474	$ -	$2,219,149
Institutional money market*	$ 284,547	$ -	$ -	$ -
Investment portfolio total	$14,401,170			

*Institutional money market included in the investment portfolio are not subject to provisions of fair value measurements as they are recorded at cost.

**The Trust didn't elect fair value for their real estate investment; therefore, are not subject to provisions of fair value measurements as they are recorded at cost

The following is a description of the Trust's valuation methodologies for assets measured at fair value:

Mutual Funds (Cash, Equities and Fixed Income)
Valued at the closing price as reported on the active market on which the individual securities or funded are traded.

Community Foundation of Monterey County – Stewardship Fund
Beneficial interest in assets held by the Community Foundation of Monterey County (CFMC) represents amounts held in various Stewardship Funds at Community Foundation. CFMC invests

the assets held in the fund. The income can be distributed. The principal may be distributed if approved in writing by three-fourths of the members of the Trust's governing body and a majority of the Board of Directors of the CFMC. If distributed, the principal is to be used according to the purposes set forth in the agreements. The agreements governing the assets include variance power allowing CFMC to modify the restrictions on distributions from the fund. The Trust has used the fair value of its pro-rata share of the investment pool held by CFMC to determine the fair value of the beneficial interest. The unobservable inputs to the valuation are the underlying assets at the CFMC; therefore, these investments are classified as Level 3 assets within the fair value hierarchy.

Beneficial Interest in Split-Interest Agreements

Donations that are held in split-interest trusts where the Trust serves as trustee or does not serve as trustee, representing beneficial interest in trusts. Values are based on the present value of expected cash flows, which approximates fair value.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Trust believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Other Investments - Real Estate

The Trust purchased real estate investment property during the fiscal year 2017-18. This investment is classified as other investment and is valued using the lower of cost or fair value. This investment was valued at its purchase price in February 2018.

The investment consists of 50% interest in a three-bedroom, three bath single family home in Monterey, California. The other half interest was purchased by Jeannette Tuitele-Lewis, the Trust's President/CEO, and serves as her residence pursuant to an Equity Sharing and Tenancy in Common Agreement dated February 2, 2018, and Board Resolution 2017-04 adopted June 14, 2017. The Shared Equity Agreement lays out the basis for cost sharing for major improvements and property taxes, while leaving basic maintenance and upkeep as Jeannette's responsibility. Upon termination of employment, the Land Trust has the right to repurchase Jeannette's 50% interest at the then market value as determined by appraisal.

The following table sets forth a summary of changes in the fair value of the Trust's level 3 assets at June 30, 2018:

	Beneficial interest in assets held by others	Beneficial interest in split-interest agreements	Investment held in real estate	Total
Balance, beginning of year	$ 598,663	$ 1,064,423	$ -	$ 1,663,086
Additional investments	-	-	519,131	519,131
Contributions	44,500	-	-	44,500
Investment income	21,249	-	-	21,249
Gains (losses)	28,460	-	-	28,460
Investment fees	(7,561)	-	-	(7,561)
Termination of trust	-	(121,873)	-	(121,873)
Change in value of split-interest trusts	-	72,157	-	72,157
Balance, end of year	$ 685,311	$ 1,014,707	$ 519,131	$ 2,219,149

Investment income for the year ended June 30, 2018, was comprised of the following:

Dividend and interest income	$ 254,120
Net realized and unrealized gain on investments	803,073
Investment fees	(64,206)
Total investment income	$ 992,987

4. Split-Interest Trusts

The Trust is a trustee and remainder beneficiary of five irrevocable charitable remainder unitrusts, one revocable charitable remainder unitrust and two pooled income funds organized in the form of trusts. Provisions for these various trusts require distributions of the trusts' net income, or a percentage of their net fair value, to designated beneficiaries on a monthly or quarterly basis during their lifetimes. At the end of the trusts' term and after payments to any other remainder beneficiaries, the remaining trust assets will be available for the Trust's unrestricted use.

The assets held in the split-interest trusts and their related liabilities are summarized below:

As of June 30, 2018:	Assets Held	Related Liabilities	Net Assets
Revocable charitable remainder trusts	$ 454,403	$ 454,403	$ -
Irrevocable charitable remainder trusts	2,159,681	1,390,257	769,424
Pooled income funds	279,877	34,594	245,283
Total	$2,893,961	$1,879,254	$1,014,707

As of June 30, 2017:	Assets Held	Related Liabilities	Net Assets
Revocable charitable remainder trusts	$ 462,541	$ 462,541	$ -
Irrevocable charitable remainder trusts	2,277,463	1,454,096	823,367
Pooled income funds	280,657	39,601	241,056
Total	$3,020,661	$1,956,238	$1,064,423

Investments held in split-interest trusts where the Trust serves as trustee are stated at fair value and are based on quoted market values. Investments consisted of the following at June 30, 2018 and 2017:

	2018	2017
Equity funds	$ 995,751	$ 985,241
Cash and cash equivalents	65,507	70,235
Mutual funds	1,832,703	1,965,185
Total	$2,893,961	$3,020,661

Charitable Remainder Trusts (Big Sur Land Trust as Trustee)
In those cases where the Trust acts as trustee, the portion of the unitrusts attributable to the present value of the estimated future benefits to be received by the Trust was recorded as a temporarily restricted contribution in the period the unitrusts were established. Assets held in the unitrusts are reported at fair value. On an annual basis, the Trust revalues and records a liability for the present value of required distributions to the designated beneficiaries based on actuarial assumptions. The

present value of the estimated future payments is calculated assuming a 6.0% investment return, discount rates of 4.2% to 8.4%, and life expectancies based on applicable mortality tables.

Charitable Remainder Trusts (Third Party Trustee)
The Trust is also a remainder beneficiary of an irrevocable charitable remainder unitrust for which the Trust does not serve as the trustee. Provisions of this trust require annual distribution of actual income up to 9% of the net fair value of the unitrust assets to the named beneficiaries during their lifetimes. The assets remaining after the death of the last surviving noncharitable income beneficiary will be available for the Trust's unrestricted use. The portion of the unitrust attributable to the present value of the estimated future benefits to be received by the Trust was recorded as a temporarily restricted contribution and is shown on the statement of financial position as a residual interest in irrevocable charitable remainder unitrust. The present value of the estimated future benefit ($500,000 for each of the years ended June 30, 2018 and 2017).

Pooled Income Funds
When contributions are made to either of the two pooled income trusts, the Trust records a temporarily restricted contribution equal to the present value of the Trust's remainder interest in those trusts. Assets held in the pooled income trusts as of June 30, 2018 and 2017, are reported at fair value. On an annual basis, the pooled income trusts adjust their stated value to reflect the passage of time and any changes in the life expectancy of the income beneficiaries. The present value of the Trust's remainder interest is calculated using a 2.8% discount rate.

5. Pledges receivable

Pledges receivable at June 30, consists of the following unconditional promises to give:

	2018	2017
Pledges receivable in less than one year	$ 488,960	$ 25,000
Pledges receivable in one to five years	1,549,340	25,000
Pledges receivable in more than five years	4,400	-
Total pledges receivable	2,042,700	50,000
Allowance for uncollectable pledges	(30,641)	-
Discount to present value	(172,811)	-
Total pledges receivable - net	$ 1,839,248	$ 50,000

Unconditional promises to give (pledges receivable) are from various entities including foundations, corporations, and individuals. The discount rate used by the Trust on long-term pledges receivable as of June 30, 2018 was 4%.

6. Property and Equipment

The cost and accumulated depreciation of property and equipment as of June 30, 2018 and 2017 consisted of the following:

	2018	2017
Land	$ 324,786	$ 324,786
Buildings	953,957	952,987
Vehicles	131,809	119,664
Equipment	120,494	108,844
Leasehold improvements	330,541	209,330
Furniture and fixtures	75,126	75,126
Construction in progress	-	35,469
	1,936,713	1,826,206
Less: Accumulated depreciation	(552,202)	(516,000)
Property and equipment, net	$ 1,384,511	$ 1,310,206

Depreciation expense for the years ended June 30, 2018 and 2017 totaled $50,057 and $64,632, respectively.

Assets pledged as collateral on loans payable are disclosed in Note 8.

7. Conservation Land and Land Deposits

The cost and impairment loss of conservation land and land deposits as of June 30, consisted of the following:

	2018	2017
Conservation land and land deposits	$ 25,923,147	$ 25,923,147
Less: Impairment loss due to irrevocable offer to dedicate to State	(3,950,000)	(3,950,000)
Conservation land and land deposits	$ 21,973,147	$ 21,973,147

On January 25, 2017, Big Sur Land Trust purchased 73 acres of agricultural land located in central Salinas, California, within the Carr Lake Basin (the Property). The Property includes storage buildings and two residences. It was acquired by BSLT for the sole purpose of creating a public park, habitat, and open space complex in the center of Monterey County's most densely populated urban community. The Trust successfully raised $3,950,000 to purchase the Property through public and private grants. Of this sum, $3,000,000 was provided by two California state agencies – the State Coastal Conservancy and the California Natural Resources Agency. As a condition of these public grants, the Trust is contractually obligated to dedicate the Property to specific acquisition objectives – public access, open space protection, wildlife habitat and environmental restoration. Both agencies also required documents to be recorded on the title of the Property as additional measures to ensure the permanent dedication of the site for public benefits through specific deed restrictions:

1) The State Coastal Conservancy required that an Irrevocable Offer to Dedicate Title in Fee and Declaration of Restrictive Covenants (OTD) be recorded – Document #2017004454 dated 01/25/17 Official Records of Monterey County; and

2) The California Natural Resources Agency required that a Memorandum of Unrecorded Grant Agreement be recorded – Document #2017004455 dated 01/25/17 Official Records of Monterey County.

These documents require the Trust to transfer the Property to the City of Salinas or another appropriate public agency in order to ensure public use into the future once the community engagement and site design phase of this project is complete and funds are secured for implementation. During this process, which could take several years, the Trust plans to continue to lease the site for agricultural and residential use. All lease income derived from this site will be placed in the Property's stewardship fund, as obligated by the OTD, and solely for developing the Property into a public facility. Agricultural use is capped at seven years from the date of purchase and will end in 2023.

Given the above described restrictions and absence of flexibility not only on external use of income but also in eventual disposition of the Property, the Trust has determined that a valuation allowance, equal in value to the purchase price of the Property, should be recorded on the Trust's balance sheet, thereby effectively carrying the asset at zero value.

8. Loans Payable

The Trust has received financing as follows:

	2018	2017
Logar, Inc. loan dated November 7, 2008 in the initial amount of $1,200,000, secured by a deed of trust on the McWhorter-Songbird property. The loan bears no interest and is payable in annual installments. For fiscal years ending 2014 through 2022, the annual principal installments will be $70,000.	$ 350,000	$ 420,000
The Conservation Fund loan dated June 4, 2015 in the initial amount of $697,000, secured by a deed of trust on the Hartnell Street Property. The loan bears interest at an annual rate of 2.8% and is payable in quarterly installments of $20,038.72 until June, 2018, with an option to renew. The loan was renewed in June 2018 for 1 year with an annual interest rate of 3.8%.	508,028	572,223
Total loans payable	858,028	992,223
Current portion of loans payable	(578,028)	(134,795)
Total long term loans payable	$ 280,000	$ 857,428

Scheduled maturities for the above loan's payable are as follows:

Year ending June 30,	Amount
2019	$ 578,028
2020	70,000
2021	70,000
2022	70,000
2023	70,000
Thereafter	-
Total	$ 858,028

9. Line of Credit

The Trust obtained a $1,500,000 line of credit arrangement with Pacific Valley Bank on February 16, 2012. The initial line of credit was extended on March 14, 2018 and will mature on March 10, 2019. The line of credit bears interest at the prime rate plus 1.50%. The line of credit is secured by a deed of trust on land in Monterey County. The line of credit had no outstanding balance as of June 30, 2018 and 2017, respectively.

10. Board Designated Net Assets

Board designated net assets consisted of funds designated for easement defense, monitoring, and stewardship in the amount of $1,785,805 and $1,584,964 for the years ended June 30, 2018 and 2017, respectively.

11. Temporarily Restricted Net Assets

Temporarily restricted net assets as of June 30, were available for the following purposes:

	2018	2017
Purpose restrictions:		
Activities that benefit the Big Sur region	$ 619,615	$ 739,990
Stewardship (endowment)	1,242,919	863,351
Stewardship (CRFREE)	624,755	638,157
Community engagement	405,592	434,107
Stewardship (general)	390,669	338,085
Land acquisition	12,603	1,200
Sobranes Fire	52,590	133,535
General and strategic planning	26,887	4,792
Comprehensive campaign	2,207,895	-
Time restrictions:		
Net assets held in split-interest trusts	1,014,707	1,064,423
Residual interest in irrevocable split-interest trust, net	500,000	500,000
Total temporarily restricted net assets	$7,098,232	$4,717,640

12. Net Assets Released from Restriction

Net assets were released from restriction during the year by incurring expenses satisfying the restricted purpose or by the expiration of time as follows:

Purpose restriction:	
Activities that benefit the Big Sur region	$ 120,375
Sobranes Fire	80,944
Stewardship (endowment)	286,179
Stewardship (CRFREE)	19,680
Community engagement	427,315
Stewardship (general)	210,396
Land acquisition	3,846
General and strategic planning	6,560
Comprehensive campaign	690
Time restrictions:	
Net assets held in split-interest trusts	75,883
Total net assets released from restrictions	$ 1,231,868

13. Permanently Restricted Net Assets

The Trust's permanently restricted net assets as of June 30, consisted of the following funds:

	2017	Contributions	Transfers	2018
Glen Deven Ranch	$ 7,000,000	$ -	$ -	$ 7,000,000
Seeley and Virginia Mudd endowment fund	1,401,536	-	-	1,401,536
Catherine L. and Robert O. McMahan stewardship endowment	5,001,079	200,000	25,000	5,226,079
Total permanently restricted net assets	$ 13,402,615	$ 200,000	$ 25,000	$ 13,627,615

Income earned on the three endowment funds that remains unused is included in temporarily restricted net assets. The three funds are carried at historical cost, and any losses below historical cost are reported as activity within temporarily restricted or unrestricted net assets. See Note 19 for a description of endowment policies and the composition of endowment net assets.

Glen Deven Ranch

The Glen Deven Ranch is an 850 acre property located adjacent to the Palo Colorado Canyon on the Big Sur Coast approximately 15 miles south of Carmel. The Ranch was donated to the Trust in perpetuity to be held and administered in a manner that would preserve the Ranch intact and protect the natural, open space, aesthetic and ecological features of the property and its unique beauty for public benefit.

Seeley and Virginia Mudd Endowment Fund

The annual income from the Seeley and Virginia Mudd Endowment Fund is restricted for use in the preservation and management of the Glen Deven Ranch.

The Catherine L. and Robert O. McMahan Stewardship Endowment

The Catherine L. and Robert O. McMahan Stewardship Endowment is a permanently restricted fund for stewardship, restoration and quality management of lands and waters in the Big Sur region. Earnings and gains from the fund are restricted to the care of natural resources, restoring and ensuring healthy habitat, protecting native and endangered plants and animals, and enabling public enjoyment of parks, trails and open space.

As of June 30, the assets in the Catherine L. and Robert O. McMahan Stewardship Endowment consisted of the following:

	2018	2017
Cash and investments	$5,226,079	$5,001,079

14. Property Revenue

Property revenue as of June 30, consisted of the following:

	2018	2017
Cell Tower land lease rental income	$ 57,883	$ 59,887
Glen Deven property rental income	-	1,000
Carr Lake lease rental income	113,549	33,685
Total property rentals revenue	$ 171,432	$ 94,572

15. Contributed Material and Services

Contributed material and services received by the Trust at June 30, consisted of the following:

	2018	2017
Professional services	$ 2,523	$ 19,866
Music for event	300	300
General tangible gifts	4,139	4,872
Total contributed material and services	$ 6,962	$ 25,038

16. Retirement Plan

Effective January 1, 2003, the Board of Trustees approved a 403(b) Tax Sheltered Annuity Plan which is available to all employees who have completed one year of service and have attained age 21. Employer contributions are to be 5% of each employee's gross annual salary. For the years ended June 30, 2018 and 2017, the Trust made retirement contributions in the amount of $63,306 and $57,588, respectively.

17. Community Foundation Agency Endowment Funds

The BSLT Stewardship Fund was established at Community Foundation for Monterey County (CFMC) for the benefit of the Trust. For the years ended June 30, 2018 and 2017, respectively, the balances of this fund were $39,926 and $37,779.

The Jane P. McKay Endowment for the Fellowship Program Fund was established at CFMC for BSLT's work with interns. For the years ended June 30, 2018 and 2017, respectively, the balances of this fund were $164,780 and $161,221.

The Elliott Trust is a bequeathed fund held by CFMC which engenders an annual payout of 5% of the fund balance of which 50% is payable to Big Sur Land Trust and 50% to another not-for-profit organization. The fund will pay out at this rate for 20 years (beginning in 2015 and ending in 2034), after which the remaining corpus will be turned over to a third not-for-profit organization. Payments from the fund are restricted to purchase fixed assets. For the years ended June 30, 2018 and 2017, respectively, the balances of this fund were $3,894,012 and $3,062,069.

These funds are owned and administered by the CFMC and the assets of the funds are not included in the financial statements of the Trust. Net income from the funds are distributed to the Trust under the terms of the endowment agreements.

18. Commitments and Contingent Liabilities

Litigation

The Trust is, by the nature of its programs, subject to an obligation to enforce a variety of claims on a continuing basis. Costs for all known claims not covered by insurance were recognized in the financial statements. In the management's opinion, the amount of any additional liability will not have a material impact on the financial statements.

Restricted Grant

During 2000, the Trust acquired a 68% undivided interest in a parcel of land known as Martin Dunes. The California Coastal Conservancy (Conservancy) funded $500,000 of the purchase price through a restricted grant. The terms of the grant require the Trust to make continuing best efforts to obtain the remaining 32% interest in the property and if and when 100% interest is acquired, to transfer or dedicate the property for public access and open space preservation in accordance with the Conservancy's plans. Should the Trust choose to dispose of or use its interest in the property in any other manner, they would be required to obtain the approval of the Conservancy. The Conservancy has secured its contingent interest through a $500,000 lien on the Trust's interest in the property. The Trust intends to ultimately dispose of, transfer, or dedicate the property in a manner consistent with this grant requirement. If the Trust is unable to comply with the grant provisions, it would likely work with the Conservancy to determine an alternative means to protect the property. No liability has been recorded related to the Conservancy's lien.

19. Endowment

The Trust's endowments consist of the Seeley and Virginia Mudd Endowment Fund, and the Catherine L. and Robert O. McMahan Stewardship Endowment (see Note 13). 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.

Interpretation of Relevant Law
The Board of Trustees of the Trust has interpreted the California version of the Uniform Prudent Management of Institutional Funds Act (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, the Trust classifies as permanently restricted net assets (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 funds that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Trust in a manner consistent with the standard of prudence prescribed by the California version of UPMIFA. In accordance with the California version of UPMIFA, the Trust 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 Trust and the donor-restricted endowment fund

(3) General economic conditions

(4) The possible effects of inflation and deflation

(5) The expected total return from income and the appreciation of investments

(6) Other resources of the Trust

(7) The investment policies of the Trust

Funds with Deficiencies
From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the permanently restricted net assets balance. There were no deficiencies of this nature that would be required to be reported in unrestricted net assets as of June 30, 2018 and 2017.

Investment Return Objectives, Risk Parameters and Strategies
Investment Objective - Annually, as a component of the budgeting process, management and the Internal Operations Committee (IOC) will establish a target rate of return to sustain conservation and stewardship spending policies and meet Board designated growth for the investment funds.

Portfolio return objectives should consider the impact of annual inflation, transaction expenses, risk tolerances, and other relevant factors.

Asset Allocation Limitations - Are agreed upon by the investment managers in consultation with the IOC.

Risk Tolerance - The investments shall be diversified to manage the risk of loss resulting from over concentration of assets in specific maturity, specific issuer, or specific classes of securities. Diversification strategies shall be recommended by the investment manager and periodically reviewed and approved by the IOC. It is the expectation of the Board that the Trust maintain an investment risk profile similar to that of other non-profit organizations with similar objectives. Establishment of risk tolerance will be reviewed annually, and consideration will be given regarding the current objectives of the Trust and current economic and market conditions.

Spending Policy

The Trust's endowment spending policy is determined on an annual basis by the IOC based on investment objectives and current financial conditions. The actual spending rate for the fiscal year is approved as part of the annual budget approval process.

Endowment Net Asset Composition and Changes

Endowment net asset composition by type of fund consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds as of June 30, 2018	$ -	$ 1,242,919	$ 6,627,615	$ 7,870,534
Donor-restricted endowment funds as of June 30, 2017	$ -	$ 863,351	$ 6,402,615	$ 7,265,966

Changes in donor-restricted endowment net assets for the fiscal years ended June 30, consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment net assets as of June 30, 2016	$ -	$ 387,781	$ 6,367,615	$ 6,755,396
Contributions	-	12,270	10,000	22,270
Reclass	-	(25,000)	25,000	-
Investment income	-	806,675	-	806,675
Fees	-	(36,078)	-	(36,078)
Appropriations	-	(282,297)	-	(282,297)
Donor-restricted endowment net assets as of June 30, 2017	-	863,351	6,402,615	7,265,966
Contributions	-	-	200,000	200,000
Reclass	-	(25,000)	25,000	-
Investment income	-	688,247	-	688,247
Fees	-	(40,765)	-	(40,765)
Appropriations	-	(242,914)	-	(242,914)
Donor-restricted endowment net assets as of June 30, 2018	$ -	$ 1,242,919	$ 6,627,615	$ 7,870,534

20. Subsequent Events

The Trust's management has performed an analysis of the activities and transactions subsequent to June 30, 2018 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2018. Management has performed their analysis through November 14, 2018, the date the financial statements were available to be issued. Management determined that the Trust did not have any subsequent events that required recognition or disclosure in the financial statements for the fiscal year ended June 30, 2018.

SUPPLEMENTARY INFORMATION

BIG SUR LAND TRUST
(A California Nonprofit Public Benefit Corporation)
SCHEDULE OF FUNCTIONAL EXPENSES
Year ended June 30, 2018
(with comparative totals for the year ended June 30, 2017)

	PROGRAM SERVICES						SUPPORTING SERVICES			TOTALS	
EXPENSES	Land Conservation	Acquisition	Stewardship	Communi-cations	Community Engagement	Total Program Services	Management and General	Fundraising	Total Supporting Services	2018	2017
Salary and benefits	$ 246,345	$ 89,766	$ 334,030	$ 190,095	$ 260,758	$ 1,120,994	$ 329,332	$ 302,240	$ 631,572	$1,752,566	$ 1,645,050
Professional services	451,058	(8,461)	261,383	36,965	98,387	839,332	43,252	112,766	156,018	995,350	572,062
Repairs and maintenance	3,063	91	71,048	964	18,568	93,734	10,613	1,125	11,738	105,472	94,856
Legal	9,816	18,828	9,058	-	-	37,702	10,823	-	10,823	48,525	32,792
Conservation improvements	17,269	-	110,876	-	904	129,049	-	-	-	129,049	162,094
Interest expense	2,679	79	3,428	459	1,408	8,053	5,390	937	6,327	14,380	16,754
Insurance	8,766	259	14,235	1,501	20,628	45,389	28,882	3,068	31,950	77,339	54,713
Occupancy	3,742	110	31,192	641	5,358	41,043	8,258	1,310	9,568	50,611	36,901
Travel	2,852	333	5,581	4,792	11,958	25,516	3,625	2,814	6,439	31,955	21,349
Office and network	2,358	62	8,044	3,030	1,374	14,868	26,126	4,453	30,579	45,447	34,257
Donor events	-	-	-	2,924	12,009	14,933	-	4,197	4,197	19,130	15,973
Other expenses	19,725	963	2,413	-	4,526	27,627	6,527	5,079	11,606	39,233	19,343
Office supplies	1,322	39	1,755	226	1,245	4,587	1,448	463	1,911	6,498	11,719
Education and conferences	4,031	702	2,401	1,499	3,069	11,702	7,330	4,600	11,930	23,632	20,017
Food and services - camp	-	-	52	-	44,268	44,320	-	-	-	44,320	42,528
Printing	336	75	288	16,229	1,687	18,615	1,621	5,571	7,192	25,807	22,880
Donations and dues	50,227	1,000	1,295	4,326	1,443	58,291	16,131	1,530	17,661	75,952	48,366
Postage and mailings	19	-	113	3,340	256	3,728	2,968	3,595	6,563	10,291	12,496
Bad debt expense	-	-	-	-	-	-	-	-	-	-	44,758
Total expenses before land transactions and depreciation	823,608	103,846	857,192	266,991	487,846	2,539,483	502,326	453,748	956,074	3,495,557	2,908,908
Land Transactions and Depreciation											
Impairment Value Adjustment	-	-	-	-	-	-	-	-	-	-	3,950,000
Property taxes	-	-	44,967	-	-	44,967	4,768	-	4,768	49,735	13,905
Escrow expenses and fees	-	-	-	-	-	-	444	-	444	444	1,808
Depreciation	13,736	405	17,580	2,353	7,214	41,288	3,962	4,807	8,769	50,057	64,632
Total functional expenses	$ 837,344	$ 104,251	$ 919,739	$ 269,344	$ 495,060	$ 2,625,738	$ 511,500	$ 458,555	$ 970,055	$3,595,793	$ 6,939,253
Percentage of total	23%	3%	26%	7%	14%	73%	14%	13%	27%	100%	