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

FINANCIAL STATEMENTS
with
INDEPENDENT AUDITOR'S REPORT

June 30, 2021
(with summarized comparative information
at June 30, 2020)

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 public benefit corporation), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls 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, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Big Sur Land Trust's financial statements for the year ended June 30, 2020, and we expressed an unmodified audit opinion on those statements in our report dated December 21, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

McGilloway, Ray, Brown & Kaufman

McGilloway, Ray, Brown & Kaufman
Salinas, California
December 6, 2021

BIG SUR LAND TRUST
(A California Nonprofit Public Benefit Corporation)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021
(with summarized comparative information at June 30, 2020)

	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	$ 2,229,684	$ 2,212,597
Investments	9,071,357	7,827,720
Interest and other receivable	1,868	6,737
Pledges receivable - current portion	390,260	603,494
Grants receivable, net	56,315	258,686
Beneficial interest in split-interest trusts - current portion	95,136	94,196
Other current assets	47,575	35,971
Total current assets	11,892,195	11,039,401
Property and equipment, net	1,506,318	1,551,931
Other assets		
Pledges receivables, net-less current portion	436,226	706,562
Conservation land and land deposits	22,183,147	22,183,147
Note receivable	-	26,600
Residual interest in irrevocable charitable unitrust	500,000	500,000
Beneficial interest in assets held by CFMC	1,549,232	1,221,230
Beneficial interest in split-interest trusts, net-less current portio	2,401,169	2,133,247
Investment in real estate	519,131	519,131
Investments restricted for endowment	9,597,074	7,238,789
Total other assets	37,185,979	34,528,706
Total assets	$ 50,584,492	$ 47,120,038

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, 2021
(with summarized comparative information at June 30, 2020)

	2021	2020
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	$ 82,755	$ 106,951
Accrued liabilities	50,846	6,421
Accrued compensated absences	189,245	150,740
Security deposits	3,200	3,200
Deferred revenue	36,650	34,207
Fiscal agency payable	29,306	38,231
Loans payable, current portion	400,583	196,921
Total current liabilities	792,585	536,671
Long-term liabilities		
Loans payable, less current portion	70,000	343,662
Total liabilities	862,585	880,333
Net assets		
Without donor restrictions		
Undesignated	2,378,990	2,856,827
Board designated	3,580,771	2,688,573
Land fund	15,183,147	14,973,147
Property and equipment fund	1,506,318	1,551,931
Total without donor restrictions	22,649,226	22,070,478
With donor restrictions		
Purpose and time restrictions	10,475,607	9,930,438
Perpetual in nature	16,597,074	14,238,789
Total with donor restrictions	27,072,681	24,169,227
Total net assets	49,721,907	46,239,705
Total liabilities and net assets	$ 50,584,492	$ 47,120,038

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

BIG SUR LAND TRUST
(A California Nonprofit Public Benefit Corporation)
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021
(with summarized comparative information for the year ended June 30, 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and revenue				
Contributions	$ 816,337	$ 608,694	$ 1,425,031	$ 1,975,258
Pledge revenue, net	-	-	-	502,693
Campaign revenue	-	58,680	58,680	708,873
Contributed material and services	-	-	-	874
Government grants	180,818	-	180,818	509,891
Mitigation services	-	-	-	1,000
Change in value of split interest trusts	-	361,333	361,333	33,818
Investment return, net of fees	1,395,631	3,134,492	4,530,123	457,052
Rental revenue	139,775	151,717	291,492	240,561
Special events, net	30,303	-	30,303	15,010
Other income	19,414	27,229	46,643	32,055
Total support and revenue	2,582,278	4,342,145	6,924,423	4,477,085
Net assets released from restrictions	1,438,691	(1,438,691)	-	-
Total support, revenue and net assets released from restrictions	4,020,969	2,903,454	6,924,423	4,477,085
Expenses				
Program services				
Land conservation	509,569	-	509,569	946,566
Acquisition	101,263	-	101,263	117,856
Stewardship	878,985	-	878,985	690,452
Communications	291,901	-	291,901	366,116
Community engagement	775,448	-	775,448	663,120
Total program services	2,557,166	-	2,557,166	2,784,110
Supporting services				
Management and general	588,587	-	588,587	595,865
Fundraising	296,468	-	296,468	354,161
Total supporting services	885,055	-	885,055	950,026
Total expenses	3,442,221	-	3,442,221	3,734,136
Change in net assets	578,748	2,903,454	3,482,202	742,949
Net assets, beginning of year	22,070,478	24,169,227	46,239,705	45,496,756
Net assets, end of year	$ 22,649,226	$ 27,072,681	$ 49,721,907	$ 46,239,705

BIG SUR LAND TRUST
(A California Nonprofit Public Benefit Corporation)
STATEMENT OF FUNCTIONAL EXPENSES
For the Year ended June 30, 2021
(with summarized comparative information for the year ended June 30, 2020)

	PROGRAM SERVICES						SUPPORTING SERVICES			TOTALS	
	Land Conservation	Acquisition	Stewardship	Communi- cations	Community Engagement	Total Program Services	Management and General	Fundraising	Total Supporting Services	2021	2020
EXPENSES											
Salary and benefits	$ 347,606	$ 77,695	$ 419,361	$ 206,773	$ 457,266	$ 1,508,701	$ 345,483	$ 254,171	$ 599,654	$ 2,108,355	$ 2,097,738
Professional services	122,555	6,855	231,607	52,926	257,756	671,699	60,404	9,829	70,233	741,932	893,664
Repairs and maintenance	1,089	275	49,610	866	7,831	59,671	9,584	489	10,073	69,744	59,019
Legal	18,325	13,052	3,713	-	2,000	37,090	1,560	-	1,560	38,650	55,859
Conservation improvements	-	-	68,208	-	3,326	71,534	-	-	-	71,534	109,999
Insurance	3,667	926	14,457	2,138	7,633	28,821	40,361	1,118	41,479	70,300	82,543
Occupancy	1,475	372	24,747	1,064	6,309	33,967	8,030	637	8,667	42,634	48,927
Travel	410	119	4,393	1,835	1,574	8,331	-	-	-	8,331	20,493
Office and network	1,097	482	6,169	2,141	1,910	11,799	21,083	5,557	26,640	38,439	42,900
Community and hosted events	-	-	-	395	2,780	3,175	-	300	300	3,475	7,262
Other expenses	4,393	-	1,150	2,748	-	8,291	1,986	9,163	11,149	19,440	31,984
Office supplies	297	75	4,913	1,674	3,701	10,660	233	125	358	11,018	10,806
Education and conferences	581	53	1,976	1,754	11,844	16,208	115	1,552	1,667	17,875	64,119
Printing	191	-	301	6,696	202	7,390	259	5,760	6,019	13,409	26,901
Donations and dues	3,391	225	3,425	3,345	1,956	12,342	65,905	798	66,703	79,045	70,341
Postage and mailings	-	-	7	4,926	8	4,941	2,370	5,600	7,970	12,911	12,340
Total expenses before land transactions and depreciation	505,077	100,129	834,037	289,281	766,096	2,494,620	557,373	295,099	852,472	3,347,092	3,634,895
Land Transactions and Depreciation											
Property taxes	-	-	30,995	-	-	30,995	559	-	559	31,554	32,448
Escrow expense and fees	-	-	-	-	-	-	-	-	-	-	2,336
Depreciation	4,492	1,134	13,953	2,620	9,352	31,551	30,655	1,369	32,024	63,575	64,457
Total functional expenses	$ 509,569	$ 101,263	$ 878,985	$ 291,901	$ 775,448	$ 2,557,166	$ 588,587	$ 296,468	$ 885,055	$ 3,442,221	$ 3,734,136
Percentage of total	15%	3%	26%	8%	23%	74%	17%	9%	26%	100%	

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, 2021
(with summarized comparative information for the year ended June 30, 2020)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$3,482,202	$ 742,949
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	63,575	64,457
Realized/unrealized gain on investments	(4,302,230)	(122,673)
Donated stock	(176,253)	(390,945)
Permanently restricted contributions	(150,000)	-
Change in value of split-interest agreement	(268,862)	57,357
(Increase) decrease in assets		
Interest and other receivable	4,869	36,134
Pledges receivable	483,570	321,954
Grants receivable	202,371	(140,835)
Other current assets	(11,604)	20,887
Increase (decrease) in liabilities		
Accounts payable	(24,196)	(65,316)
Accrued liabilities	44,425	(10,284)
Accrued compensated absences	38,505	43,973
Deferred revenue	2,443	34,207
Net cash provided (used) by operating activities	(611,185)	591,865
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(618,401)	(1,740,909)
Proceeds from sale of investments	1,166,960	1,484,266
Collection of note receivable	26,600	-
Purchase of property and equipment	(17,962)	(361,831)
Net cash provided (used) by investing activities	557,197	(618,474)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from permanently restricted contributions	150,000	-
Proceeds from loan payable	-	330,583
Principal payments on loans payable	(70,000)	(70,000)
Net change in fiscal agency payable	(8,925)	38,231
Net cash provided by financing activities	71,075	298,814
Net increase in cash and cash equivalents	17,087	272,205
CASH AND CASH EQUIVALENTS, beginning of year	2,212,597	1,940,392
CASH AND CASH EQUIVALENTS, end of year	$2,229,684	$ 2,212,597

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 4,567 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 and accounting principles generally accepted in the United States of America.

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. Management believes it is not exposed to any significant risk on cash accounts. The Trust has not experienced any losses in such accounts. The Trust has cash balances in brokerage accounts which are not insured or guaranteed by Federal Deposit Insurance Corporation (FDIC) or Securities Investor Protection Corporation (SIPC). The Trust maintains its cash with a high-quality financial institution which the Trust believes limits these risks.

Investments
Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are stated at fair value based on quoted market prices provided by investment managers. Net investment returns are reported in the statement of activities and consists of dividends and interest income, realized and unrealized capital gains and losses, less investment fees. Net investment returns are accrued as earned and recorded as revenue without donor restriction unless income is restricted by a donor. 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, net investment returns are reported as an increase in net assets without donor restrictions.

Investments are composed of mutual funds invested in equity securities, money market funds, beneficial interest in accounts held at the Community Foundation for Monterey County, and investment in split-interest trusts with readily determinable fair values as detailed in Note 4.

Concentrations of Credit Risk
Financial instruments which potentially subject the Trust to concentrations of credit risk consist primarily of cash and cash equivalents, investments, contributions, 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 five financial institutions at June 30, 2021. 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 collectible.

Accounts Receivable

Management believes all accounts receivable to be fully collectible; accordingly, there is no allowance for doubtful accounts.

Grants and Pledges Receivable

The Trust received grants and contracts from state and federal agencies to be used for restoration and open space development projects. The Trust uses the allowance method to determine uncollectible grants receivable, except for state and federal direct reimbursement grants that are fully collectible. An allowance for doubtful accounts is made annually. The allowance for doubtful grants receivable at June 30, 2021 was $44,758.

Pledges receivable represent amounts unconditionally committed by donors that have not been received by the Trust. Promises 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*, the Trust used 4% discount rate for the year ended June 30, 2021.

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. The allowance for doubtful pledges receivable at June 30, 2021 was $13,290.

Beneficial Interest in Split-Interest Agreements

The Trust recognizes an asset and the related revenue of 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. It is the Trust's policy to capitalize property and equipment purchases over $2,000. 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. Donations of property and equipment are recorded as contributions in-kind at their estimated fair market value at the time of donation. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose.

The cost of repairs and maintenance which does not improve or extend the lives of the respective assets is expensed as incurred. When property or equipment is sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is recognized in the year of sale or disposition.

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. Direct 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 management 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 the year ended June 30, 2021.

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 landowner 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 for the year ended June 30, 2021.

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.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor or grantor restrictions over which the Board of Trustees has discretionary control in carrying out the operations of the Trust.

Net Assets With Donor Restrictions – Net assets subject to donor or grantor imposed restrictions and for which the applicable restriction was not met as of the year end of the current reporting period. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources to be maintained in perpetuity.

Revenue Recognition

The Trust recognizes support and revenue on the accrual basis of accounting. Revenue from grants and program fees are recognized as revenue in the period in which the services are provided. Other income and rental revenue are reported when earned based upon the contract terms. Unearned rental revenue is recorded as deferred revenue.

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 reports gifts of cash and other assets restricted by donors as increase in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor restricted contributions and grants are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets 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 discounted 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 records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place. The Trust recognizes revenue from ticket sales at the time of admission.

In June 2018, the FASB issued ASU No. 2018-08, Not-For-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this Update provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958- 605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional. The amendments provide for additional clarifying guidance resulting in greater consistency in application and make the accounting for contributions more operable. The Trust adopted the standard on July 1, 2020 and have concluded that no significant changes are necessary to conform with the new standard.

Contributions In-Kind

Donated equipment and other donated goods are recorded at their estimated fair value as of the date of the donation and are reported as increases to net assets without donor restrictions unless explicit donor stipulations specify how donated assets must be used. The Trust recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. No significant contributions of such goods or services were received for the year ended June 30, 2021.

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 statement of functional expenses. The statement of functional expenses presents the natural classification detail of expenses by function. 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 2018 and beyond remain subject to possible examination by the Internal Revenue Service. The Trust's California returns for the tax years 2017 and beyond remain subject to possible examination by the Franchise Tax Board.

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 5.

- 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, 2020, from which the summarized information was derived.

Upcoming Accounting Standards Updates (ASU)

<u>ASU 2016-02</u>

In February 2016, the FASB issued ASU No. 2016-02, which amends the FASB Accounting Standards Codification and creates Topic 842, *Leases*, requiring organizations to recognize lease assets and lease liabilities on the statement of net position and requiring disclosure of key information about leasing arrangements. The guidance is effective for periods beginning after December 15, 2021. ASU No. 2016-02 mandates a modified retrospective approach. The Trust is currently evaluating the impact of the pending adoption of this new standard on its financial statements and expects the impact to be de minimis.

<u>ASU 2020-07</u>

In September 2020, the FASB issued ASU No. 2020-07 (Topic 958), *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The FASB ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. The guidance is effective for periods beginning after June 15, 2021. The amendments in this Update are required to be applied on a retrospective basis. The Trust is currently evaluating the impact of the pending adoption of this new standard on its financial statements and expects the impact to be de minimis.

3. Liquidity and Availability

The Trust's Board of Trustees passed a resolution in September 2019 to designate an operating reserve from its net assets without donor restrictions to build and maintain an adequate level of net assets to support the organization's day-to-day operations in the event of unforeseen shortfalls. The operating reserve serves a dynamic role and will be reviewed and adjusted in response to internal and external changes.

The minimum amount to be designated as operating reserve will be established in an amount sufficient to maintain ongoing operations and programs for a set period of time, measured in months for a target amount equal to 25% of annual operating expenses excluding those funded by public grants and endowments earnings. The reserve is to be recorded in the books of the Trust as Board Designated Operating Reserve. The operating reserve fund has been initially set and subsequently maintained at $750,000 and available in cash or liquid investments and will continue to be funded with surplus operating funds without donor restrictions.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	$ 2,229,684
Investments	9,071,357
Interest and other receivable	1,868
Pledges receivable - current portion	390,260
Grants receivable, net	56,315
Beneficial interest in split-interest trusts - current portion	95,136
Total financial assets as of June 30, 2021	11,844,620
Less those unavailable for general expenditures within one year due to:	
Contractual or donor imposed restrictions	
Restricted by donor with purpose restrictions	(6,359,716)
Subject to appropriation and satisfaction of donor restrictions	(1,214,722)
Fiscal agency payable	(29,306)
Board designated reserve	(3,580,771)
Total financial assets available to meet cash needs for general expenditure within one year	660,105
Other resources available:	
Line of credit	1,500,000
Total financial assets and other resources available to meet cash needs for general expenditure within one year	$ 2,160,105

In addition to the financial assets and other resources available for general expenditure within one year, the Trust has board-designated reserve net assets without donor restrictions of $3,580,771 that, while the Trust does not intend to spend these for purposes other than those identified, the amounts could be made available for current operations, with Board approval, if necessary.

4. Investments

Investments consist of funds that are with donor restriction and without donor restriction 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:

	2021	2020
Equity - domestic	$ 13,750,635	$ 10,669,214
Mutual bond funds	3,768,060	2,835,405
Mutual equity funds	736,832	946,003
Money market funds	412,904	615,887
Total investments	$ 18,668,431	$ 15,066,509

Fair Value Measurements

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 (ASC) Topic 820. 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 unadjusted quoted prices for identical assets or liabilities in active markets that the Trust has the ability to access. Level 1 securities include highly liquid U.S. Treasury securities, certain common stocks and mutual funds.

- *Level 2* - inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, inputs to the valuation methodology include quoted prices for identical assets or liabilities in inactive markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial statement. Most debt securities, preferred stocks, certain equity securities, short-term investments, and derivatives are model pricing using observable inputs and are classified as Level 2.

- *Level 3* - inputs to the valuation methodology are unobservable and significant to the fair value measurements. These inputs reflect assumptions of management about pricing the assets or liability including assumptions about risk such as bid/ask spreads and liquidity discounts. Example of Level 3 assets include investment in limited partnership.

A financial instrument's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth by level within the hierarchy, the Trust's assets measured on a recurring basis at fair value as of June 30, 2021:

	Total	Level 1	Level 2	Level 3
Mutual Fund				
Equity - domestic	$ 13,750,635	$ 13,750,635	$ -	$ -
Mutual bond funds	3,768,060	3,768,060	-	-
Mutual equity funds	736,832	736,832	-	-
	18,255,527	18,255,527	-	-
Beneficial interest in assets held by CFMC	1,549,232	-	-	1,549,232
Beneficial interest in split-interest trusts, net	2,496,305	-	-	2,496,305
	4,045,537	-	-	4,045,537
Total recurring fair value measurements	$ 22,301,064	$ 18,255,527	$ -	$ 4,045,537
Institutional money market*	$ 412,904	$ -	$ -	$ -
Real estate investment	$ 519,131	$ -	$ -	$ -
Investment portfolio total	$ 23,233,099			

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

The following 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.

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 for Monterey County – CRFREE Fund
Investments held by the Community Foundation for Monterey County (CFMC) represent 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.

Real Estate Investment

The Trust purchased real estate investment property during the fiscal year 2017-18. This investment is recorded at cost. 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, 2021:

	Beneficial Interest in Assets Held by CFMC	Beneficial Interest in Split-Interest Trusts	Total
Balance, beginning of year	$ 1,221,230	$ 2,227,443	$ 3,448,673
Investment return, net	328,002	-	328,002
Distributions	-	(92,471)	(92,471)
Change in value of split-interest trusts	-	361,333	361,333
Balance, end of year	$ 1,549,232	$ 2,496,305	$ 4,045,537

5. Trusts Receivables, Net

As of June 30, 2021 the Trust has the following trust receivables:

Beneficial interest in split-interest trusts:	
Remainder beneficiary in trust, net	$ 1,387,752
Beneficiary in Elliott Trust	1,108,553
Total beneficial interest in split-interest trust, net	2,496,305
Less current portion of beneficial interest in split-interest trusts	(95,136)
Beneficial interest in split-interest trusts, net - noncurrent portion	$ 2,401,169
Residual interest in split-interest trusts:	
Residual interest in irrevocable charitable remainder unitrust	$ 500,000

The Trust is a trustee and remainder beneficiary of three 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 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.

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 with donor 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.

Pooled Income Funds
When contributions are made to either of the two pooled income trusts, the Trust records donor 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, 2021 and 2020, 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.

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

As of June 30, 2021:	Assets Held	Related Liabilities	Net Assets
Revocable charitable remainder trusts	$ 517,674	$ 517,674	$ -
Irrevocable charitable remainder trusts	2,682,282	1,593,498	1,088,784
Pooled income funds	322,518	23,550	298,968
Total	$ 3,522,474	$ 2,134,722	$ 1,387,752

As of June 30, 2020:	Assets Held	Related Liabilities	Net Assets
Revocable charitable remainder trusts	$ 440,649	$ 440,649	$ -
Irrevocable charitable remainder trusts	2,137,629	1,310,506	827,123
Pooled income funds	280,577	26,214	254,363
Total	$ 2,858,855	$ 1,777,369	$ 1,081,486

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:

	2021	2020
Equity funds	$ 1,263,778	$ 960,731
Cash and cash equivalents	66,244	69,159
Mutual funds	2,192,452	1,828,965
Total	$ 3,522,474	$ 2,858,855

Elliott Trust Receivable

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.

The Trust split-interest receivable as of June 30, consists of the amount due in the following years:

	2021	2020
Beneficial interest in trust receivable in less than one year	$ 95,136	$ 94,196
Beneficial interest in trust receivable in one to five years	475,680	470,980
Beneficial interest in trust receivable in more than five years	951,360	1,036,156
Total beneficial interest in trust receivable	1,522,176	1,601,332
Less discount to present value	(413,623)	(455,375)
Total beneficial interest in trust receivable - net	$ 1,108,553	$ 1,145,957

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 contribution with donor restriction 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 is $500,000 for each of the years ended June 30, 2021 and 2020.

6. Pledges Receivable, Net

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

	2021	2020
Pledges receivable in less than one year	$ 390,260	$ 603,494
Pledges receivable in one to five years	495,753	803,250
Total pledges receivable	886,013	1,406,744
Allowance for uncollectable pledges	(13,290)	(21,101)
Discount to present value	(46,237)	(75,587)
Total pledges receivable - net	$ 826,486	$ 1,310,056

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, 2021 was 4%.

7. Property and Equipment, Net

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

	2021	2020
Land	$ 324,786	$ 324,786
Buildings	1,114,134	1,107,216
Vehicles	114,149	111,589
Equipment	142,323	133,839
Leasehold improvements	396,982	396,982
Furniture and fixtures	116,214	116,214
	2,208,588	2,190,626
Less: Accumulated depreciation	(702,270)	(638,695)
Property and equipment, net	$ 1,506,318	$ 1,551,931

Depreciation expense for the years ended June 30, 2021 and 2020 totaled $63,575 and $64,457, respectively.

Assets pledged as collateral on loans payable are disclosed in Note 9.

8. Conservation Land and Land Deposits

The cost and valuation allowance of conservation land and land deposits as of June 30, consisted of the following:

	2021	2020
Conservation land and land deposits	$ 26,133,147	$ 26,133,147
Less: Valuation allowance due to irrevocable offer to dedicate to State	(3,950,000)	(3,950,000)
Conservation land and land deposits	$ 22,183,147	$ 22,183,147

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 statement of financial position, thereby effectively carrying the asset at zero value.

9. Loans Payable

The Trust has received financing as follows at June 30:

	2021	2020
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 2023, the annual principal installments will be $70,000.	$ 140,000	$ 210,000
Trust received a loan from Pacific Valley Bank in the amount of $330,583 under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan is subject to a note dated May 6, 2020, which may be forgiven to the extent proceeds of the loan are used for eligible expenditures such as payroll and other expenses as described in the CARES Act. The loan bears interest at a rate of 1% and is payable in monthly installments of principal and interest over 24 months beginning 10 months after the end of the loan forgiveness covered period.	330,583	330,583
Total	470,583	540,583
Less current portion	(400,583)	(196,921)
Total, less current portion	$ 70,000	$ 343,662

Scheduled maturities for the above loans payable are as follows:

Year ending June 30,	Amount
2022	$ 400,583
2023	70,000
Total	$ 470,583

In the subsequent year, Trust applied for Paycheck Protection Program loan forgiveness with the lender and received full forgiveness of $330,583. The Trust will recognize the forgiveness of debt as other income in the fiscal year ended June 30, 2022.

10. Line of Credit

The Trust maintains a $1,500,000 line of credit arrangement with Pacific Valley Bank for use in organizational activities. The line of credit was extended on September 8, 2020 and will mature on July 10, 2022. The line of credit bears interest at 3.25%. The line of credit is secured by a deed of trust on the Trust office building situated at 509 Hartnell Street in Monterey. The line of credit had no outstanding balance as of June 30, 2021.

11. Board Designated Net Assets

Board designated net assets consisted of funds designated for easement defense, monitoring, and stewardship in the amount of $3,580,771 and $2,688,573 at June 30, 2021 and 2020, respectively.

12. Endowment

The Trust's endowments consist of the Seeley and Virginia Mudd Endowment Fund, and the Catherine L. and Robert O. McMahan Stewardship Endowment. 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 Trust has the following two endowments:

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 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.

The Catherine L. and Robert O. McMahan Stewardship Endowment
The Catherine L. and Robert O. McMahan Stewardship Endowment is perpetual with a donor restricted fund for stewardship, restoration and quality management of lands and waters in Monterey County. 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.

Interpretation of Relevant Law
The Board of Trustees of the Trust has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) 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 net assets with donor restrictions (a) the

original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with the SPMIFA, 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

Underwater Endowments

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the amount required to be maintained by donors or by law (underwater endowments). The Board of Directors of the Trust has interpreted SPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no deficiencies of this nature that would be required to be reported in unrestricted net assets as of June 30, 2021 and 2020.

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 of 4% for the fiscal year is approved as part of the annual budget approval process.

In establishing this policy, the Trust considered the following factors:

(1) The duration and preservation of the endowment funds
(2) The purposes of the Trust and the endowment funds
(3) General economic conditions
(4) The possible effect of inflation or deflation
(5) The expected total return from income and the appreciation of investments

(6) Other resources of the Trust; and
(7) The Trust's investment policy

Endowment Net Asset Composition and Changes
Endowment net asset composition by type of fund consisted of the following:

	2021		
	With Donor Restrictions Endowment		
	Expiring Restrictions	Perpetual Restrictions	Total
Donor-restricted endowment fund			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity	$ -	$ 7,012,616	$ 7,012,616
Purpose restricted funds and accumulated investment gains	1,214,722	2,584,458	3,799,180
	$ 1,214,722	$ 9,597,074	$ 10,811,796

	2020		
	With Donor Restrictions Endowment		
	Expiring Restrictions	Perpetual Restrictions	Total
Donor-restricted endowment fund			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity	$ -	$ 6,862,616	$ 6,862,616
Purpose restricted funds and accumulated investment gains	1,196,486	376,173	1,572,659
	$ 1,196,486	$ 7,238,789	$ 8,435,275

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

	With Donor Restrictions Endowment		
	Expiring Restrictions	Perpetual Restrictions	Total
Endowment net assets, June 30, 2019	$ 1,434,635	$ 6,988,167	$ 8,422,802
Investment return, net	51,590	250,622	302,212
Appropriations and spending policy	(289,739)	-	(289,739)
Endowment net assets, June 30, 2020	1,196,486	7,238,789	8,435,275
Contributions	-	150,000	150,000
Investment return, net	359,464	2,208,285	2,567,749
Appropriations and spending policy	(341,228)	-	(341,228)
Endowment net assets, June 30, 2021	$ 1,214,722	$ 9,597,074	$ 10,811,796

13. Net Assets With Donor Restrictions

Net assets with donor restrictions as of June 30, consisted of the following:

	2021	2020
Subject to expenditure for specified purpose:		
Activities that benefit the Big Sur region	$ 535,655	$ 557,974
Fire restoration activites	88,108	-
Stewardship (CRFREE)	979,678	648,469
Community engagement	246,537	273,651
Stewardship (general)	1,153,788	1,113,800
Land acquisition	3,344	7,553
Land conservation and restoration	514,697	494,737
General and strategic planning	80,365	85,003
Comprehensive campaign	2,662,408	2,825,322
Net assets held in split-interest trusts	1,108,552	1,145,957
Subject to expenditure after passage of time		
Net assets held in split-interest trusts	1,387,753	1,081,486
Residual interest in irrevocable split-interest trust, net	500,000	500,000
Total	9,260,885	8,733,952
Endowment		
Subject to spending policy and appropriation:		
Investment in perpetuity (including the original donor-restricted gift), which, once appropriated, are expendable to support land preservations and maintenance	9,597,074	7,238,789
Subject to appropriation and expenditure when a specified event occurs:		
Income earned on perpetual endowments and purpose restricted endowments gifts by donors for land preservation and maintenance	1,214,722	1,196,486
	10,811,796	8,435,275
Not subject to appropriation or expenditure		
Land required to be preserved and maintained as ranch/open space	7,000,000	7,000,000
Total net assets with donor restrictions	$ 27,072,681	$ 24,169,227

14. Property Revenue

Property revenue for the years ended June 30, consisted of the following:

	2021	2020
Cell Tower land lease rental income	$ 69,134	$ 65,981
Carr Lake lease rental income	151,717	150,380
Elk Run House 50% ownership (rental value)	23,700	23,700
Glen Deven property rental income	666	500
Mark ranch fire staging income	33,022	-
Arroyo seco fire staging income	13,253	-
Total property rentals revenue	$ 291,492	$ 240,561

15. Special Events, Net

The Trust considers special events as community engagement activities, not fundraising opportunities. Special events for the years ended June 30, consisted of the following:

	2021				
	Sponsorships	Tickets	Total Revenue	Expenses	Net
Race for open soace	$ -	$ 45,983	$ 45,983	$ 15,680	$ 30,303

	2020				
	Sponsorships	Tickets	Total Revenue	Expenses	Net
Louv lecture	$ 16,300	$ 14,906	$ 31,206	$ 16,196	$ 15,010

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, 2021 and 2020, the Trust made retirement contributions in the amount of $79,457 and $63,514, 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, 2021 and 2020, respectively, the balances of this fund were $44,878 and $36,765.

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, 2021 and 2020, respectively, the balances of this fund were $188,783 and $155,004.

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. Fiscal Agency Funds – Park It! Stewardship Fund

The Park It! initiative is a community-based coalition among multiple state, federal and local agencies to implement developed and supported solutions to improve traffic safety and enhance public access now facing public lands between the Carmel River and the southern end of Garrapata State Park and, if successful, expand further south in Big Sur and elsewhere.

On September 20, 2018, Big Sur Land Trust (the "Trust") and Point Lobos Foundation entered into an agreement with the Community Foundation for Monterey County (CFMC) for the establishment of the Park It! Stewardship Fund. The agreement provides a vehicle for any cash contributions to the fund to be used for the projects initiated by the Initiative. The funds are held by CFMC in their general fund and are invested according to their investment policies. Big Sur Land Trust has contributed a total of $100,000 to support the Initiative

The Trust acts as fiscal agent for the Initiative. The Initiative has an account with the Trust and directs the Trust to disburse funds to pay for project expenses on its behalf. Fiscal agency funds representing undisbursed funds held by the Trust at June 30, 2021 totaled $29,306. The balance in the Park It! Stewardship Fund as of June 30, 2021 was $53,631.

19. 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.

20. Subsequent Events

The Trust's management has performed an analysis of the activities and transactions subsequent to June 30, 2021 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2021. Management has performed their analysis through December 6, 2021, 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, 2021.