

REVIEWED FINANCIAL STATEMENTS
AND ACCOUNTANTS' REPORT

FLATHEAD LAND TRUST

DECEMBER 31, 2017 AND 2016



FLATHEAD LAND TRUST

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
Flathead Land Trust
Kalispell, Montana

We have reviewed the accompanying financial statements of Flathead Land Trust (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

The supplementary information is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. We have reviewed the information and, based on our reviews, we are not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. We have not audited the information and, accordingly, do not express an opinion on such information.

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

Kalispell, Montana
August 9, 2018

**FLATHEAD LAND TRUST
STATEMENTS OF FINANCIAL POSITION**

DECEMBER 31, 2017 AND 2016

| | <u>2017</u> | <u>2016</u> |
|-----------------------------------|-------------------|-------------------|
| <u>ASSETS</u> | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 59,728 | \$ 58,251 |
| Other current assets | <u>4,982</u> | <u>825</u> |
| TOTAL CURRENT ASSETS | <u>64,710</u> | <u>59,076</u> |
| PROPERTY AND EQUIPMENT | | |
| Property and equipment | 11,393 | 13,308 |
| Less: Accumulated depreciation | <u>(9,940)</u> | <u>(11,262)</u> |
| TOTAL PROPERTY AND EQUIPMENT | <u>1,453</u> | <u>2,046</u> |
| OTHER ASSETS | | |
| Investments | 412,645 | 266,298 |
| Investments - endowment | <u>45,131</u> | <u>61,476</u> |
| TOTAL OTHER ASSETS | <u>457,776</u> | <u>327,774</u> |
| TOTAL ASSETS | <u>\$ 523,939</u> | <u>\$ 388,896</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 3,813 | \$ 2,240 |
| Accrued liabilities | <u>6,496</u> | <u>5,425</u> |
| TOTAL CURRENT LIABILITIES | <u>10,309</u> | <u>7,665</u> |
| NET ASSETS | | |
| Unrestricted | 38,634 | 32,381 |
| Unrestricted - board designated | 5,372 | 25,000 |
| Temporarily restricted | 444,504 | 298,730 |
| Permanently restricted | <u>25,120</u> | <u>25,120</u> |
| TOTAL NET ASSETS | <u>513,630</u> | <u>381,231</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 523,939</u> | <u>\$ 388,896</u> |

See Independent Accountants' Review Report

**FLATHEAD LAND TRUST
STATEMENT OF ACTIVITIES**

YEAR ENDED DECEMBER 31, 2017

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|-----------------------------------|-------------------|
| REVENUE AND OTHER SUPPORT | | | | |
| Contributions income | \$ 106,539 | \$ 41,020 | \$ - | \$ 147,559 |
| Grants - general operating | 164,487 | - | - | 164,487 |
| Grants - project restricted | - | 212,530 | - | 212,530 |
| Program service fees | 2,500 | - | - | 2,500 |
| In-kind contributions | 7,733 | - | - | 7,733 |
| Interest and dividend income | 5,418 | - | - | 5,418 |
| Investment gains and losses | 14,026 | 8,947 | - | 22,973 |
| Net assets released from restriction | <u>116,723</u> | <u>(116,723)</u> | <u>-</u> | <u>-</u> |
| TOTAL REVENUE AND OTHER SUPPORT | <u>417,426</u> | <u>145,774</u> | <u>-</u> | <u>563,200</u> |
| EXPENSES | | | | |
| Program | 353,545 | - | - | 353,545 |
| Management and general | 54,244 | - | - | 54,244 |
| Fundraising | <u>23,012</u> | <u>-</u> | <u>-</u> | <u>23,012</u> |
| TOTAL EXPENSES | <u>430,801</u> | <u>-</u> | <u>-</u> | <u>430,801</u> |
| CHANGE IN NET ASSETS | (13,375) | 145,774 | - | 132,399 |
| NET ASSETS - BEGINNING OF YEAR | <u>57,381</u> | <u>298,730</u> | <u>25,120</u> | <u>381,231</u> |
| NET ASSETS - END OF YEAR | <u>\$ 44,006</u> | <u>\$ 444,504</u> | <u>\$ 25,120</u> | <u>\$ 513,630</u> |

See Independent Accountants' Review Report

**FLATHEAD LAND TRUST
STATEMENT OF ACTIVITIES**

YEAR ENDED DECEMBER 31, 2016

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|-----------------------------------|-------------------|
| REVENUE AND OTHER SUPPORT | | | | |
| Contributions income | \$ 119,047 | \$ 27,475 | \$ - | \$ 146,522 |
| Grants - general operating | 79,000 | - | - | 79,000 |
| Grants - project restricted | - | 417,118 | - | 417,118 |
| Program service fees | 15,000 | - | - | 15,000 |
| In-kind contributions | 10,964 | - | - | 10,964 |
| Interest and dividend income | 9,012 | - | - | 9,012 |
| Investment gains and losses | 5,673 | 1,842 | - | 7,515 |
| Net assets released from restriction | <u>383,041</u> | <u>(383,041)</u> | <u>-</u> | <u>-</u> |
| TOTAL REVENUE AND OTHER SUPPORT | <u>621,737</u> | <u>63,394</u> | <u>-</u> | <u>685,131</u> |
| EXPENSES | | | | |
| Program | 591,174 | - | - | 591,174 |
| Management and general | 46,125 | - | - | 46,125 |
| Fundraising | <u>29,722</u> | <u>-</u> | <u>-</u> | <u>29,722</u> |
| TOTAL EXPENSES | <u>667,021</u> | <u>-</u> | <u>-</u> | <u>667,021</u> |
| CHANGE IN NET ASSETS | (45,284) | 63,394 | - | 18,110 |
| NET ASSETS - BEGINNING OF YEAR | <u>102,665</u> | <u>235,336</u> | <u>25,120</u> | <u>363,121</u> |
| NET ASSETS - END OF YEAR | <u>\$ 57,381</u> | <u>\$ 298,730</u> | <u>\$ 25,120</u> | <u>\$ 381,231</u> |

See Independent Accountants' Review Report

**FLATHEAD LAND TRUST
STATEMENTS OF CASH FLOWS**

YEARS ENDED DECEMBER 31, 2017 AND 2016

| | <u>2017</u> | <u>2016</u> |
|--|-------------------------|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 132,399 | \$ 18,110 |
| Adjustments to reconcile change in net assets to net cash from operating activities: | | |
| Depreciation | 593 | 743 |
| (Gain) loss on investments | (22,973) | (7,515) |
| Change in operating assets and liabilities: | | |
| (Increase) decrease in: | | |
| Pledges and grants receivable | - | 1,900 |
| Other current assets | (4,157) | 184,175 |
| Increase (decrease) in: | | |
| Accounts payable | 1,573 | 963 |
| Accrued liabilities | 1,071 | (3,227) |
| Other current liabilities | <u>-</u> | <u>(185,000)</u> |
| NET CASH FROM OPERATING ACTIVITIES | <u>108,506</u> | <u>10,149</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from sale of investments | 26,500 | - |
| Purchase of investments | <u>(133,529)</u> | <u>(45,531)</u> |
| NET CASH FROM INVESTING ACTIVITIES | <u>(107,029)</u> | <u>(45,531)</u> |
| NET CHANGE IN CASH | 1,477 | (35,382) |
| CASH - BEGINNING OF YEAR | <u>58,251</u> | <u>93,633</u> |
| CASH - END OF YEAR | <u><u>\$ 59,728</u></u> | <u><u>\$ 58,251</u></u> |
| SUPPLEMENTAL DISCLOSURE | | |
| Noncash operating activities: | | |
| In-kind services | <u><u>\$ 7,733</u></u> | <u><u>\$ 10,964</u></u> |

See Independent Accountants' Review Report

FLATHEAD LAND TRUST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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

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

Basis of Reporting

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

Classification of Net Assets

In accordance with generally accepted accounting principles, the Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and Cash Equivalents

Cash and cash equivalents represent amounts on deposit with financial institutions. At times the cash balances may exceed FDIC insurance limits. The Organization will monitor the cash balances for any activity that results in balances exceeding the maximum FDIC insurance, then take action to ensure that the Organization's cash balances are fully insured.

Property and Equipment

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

FLATHEAD LAND TRUST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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

Investments

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

Accrued Leave Payable

Employees earn paid leave based on years of service with a maximum of 10 days of vacation carryover allowed per calendar year for full-time employees. Part-time employees accrue vacation at a pro-rated rate. The amount of accrued leave at December 31, 2017 and 2016, was \$2,922 and \$4,035, respectively.

Contributions

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

In-kind Contributions

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

Allocation of Expenses

Specifically identifiable expenses are allocated to the program benefited, and other expenses are allocated based on management's estimates. Administrative costs are allocated to programs based upon a pro-rata share of staffing levels.

Advertising Costs

The cost of advertising and marketing is expensed as incurred.

FLATHEAD LAND TRUST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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

Income Tax Status

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

Use of Estimates

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

NOTE 2 -- INVESTMENTS

Investments are presented in the financial statements at fair market value. Investments are maintained in custodial accounts with investment firms and are primarily composed of cash instruments, certificates of deposit, and mutual funds at their listed prices. Investment expenses netted against investment earnings for the year ended December 31, 2017 and 2016, were inconsequential. As of December 31, 2017 and 2016, the Board of Directors had designated \$5,372 and \$25,000, respectively, of unrestricted net assets as a general endowment fund to support the mission of the Organization. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets. The investments' basis and market value information is as follows:

| | <u>2017</u> | | <u>2016</u> | |
|-------------------------|-------------------|-------------------|-------------------|-------------------|
| | <u>Cost</u> | <u>FMV</u> | <u>Cost</u> | <u>FMV</u> |
| Mutual funds | \$ 151,165 | \$ 174,173 | \$ 163,226 | \$ 173,759 |
| Certificates of deposit | 119,006 | 118,581 | 105,000 | 104,989 |
| Cash instruments | <u>165,022</u> | <u>165,022</u> | <u>49,026</u> | <u>49,026</u> |
| Total | <u>\$ 435,193</u> | <u>\$ 457,776</u> | <u>\$ 317,252</u> | <u>\$ 327,774</u> |

FLATHEAD LAND TRUST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 3 -- FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

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

| | <u>Fair Value</u> | <u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u> | <u>Significant Other Observable Inputs (Level 2)</u> | <u>Significant Unobservable Inputs (Level 3)</u> |
|--------------------|-------------------|---|--|--|
| December 31, 2017: | | | | |
| Investments | <u>\$ 457,776</u> | <u>\$ 457,776</u> | <u>\$ -</u> | <u>\$ -</u> |
| | | | | |
| | <u>Fair Value</u> | <u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u> | <u>Significant Other Observable Inputs (Level 2)</u> | <u>Significant Unobservable Inputs (Level 3)</u> |
| December 31, 2016: | | | | |
| Investments | <u>\$ 327,774</u> | <u>\$ 327,774</u> | <u>\$ -</u> | <u>\$ -</u> |

FLATHEAD LAND TRUST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 4 -- ENDOWMENT

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

Interpretation of Relevant Law

The Organization's Board of Directors 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 Organization 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 fund not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the organization
- (7) The investment policies of the organization

| December 31, 2017 | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|-------------------------------------|---------------------|-----------------------------------|-----------------------------------|------------------|
| Donor-restricted endowment funds | \$ - | \$ 14,639 | \$ 25,120 | \$ 39,759 |
| Board-designated endowment funds | <u>5,372</u> | <u>-</u> | <u>-</u> | <u>5,372</u> |
| Total funds | <u>\$ 5,372</u> | <u>\$ 14,639</u> | <u>\$ 25,120</u> | <u>\$ 45,131</u> |

The \$14,639 amount in temporarily restricted net assets at December 31, 2017, represents the amounts by which the fair value of certain donor-restricted endowment funds were above the amount required to be retained permanently.

FLATHEAD LAND TRUST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 4 -- ENDOWMENT (CONTINUED)

| December 31, 2016 | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|-------------------------------------|---------------------|-----------------------------------|-----------------------------------|------------------|
| Donor-restricted endowment funds | \$ - | \$ 5,692 | \$ 25,120 | \$ 30,812 |
| Board-designated endowment funds | <u>30,664</u> | <u>-</u> | <u>-</u> | <u>30,664</u> |
| Total funds | <u>\$ 30,664</u> | <u>\$ 5,692</u> | <u>\$ 25,120</u> | <u>\$ 61,476</u> |

The \$5,692 in temporarily restricted net assets at December 31, 2016, represents the amounts by which the fair value of certain donor-restricted endowment funds were above the amount required to be retained permanently.

Changes in Endowment Net Assets for the year ended December 31, 2017:

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|-----------------------------------|------------------|
| Endowment net assets, beginning of year | \$ 30,664 | \$ 5,692 | \$ 25,120 | \$ 61,476 |
| Investment return: | | | | |
| Net appreciation (depreciation) (realized and unrealized) | <u>1,208</u> | <u>8,947</u> | <u>-</u> | <u>10,155</u> |
| Appropriation of endowment assets for expenditure | <u>(26,500)</u> | <u>-</u> | <u>-</u> | <u>(26,500)</u> |
| Endowment net assets, end of year | <u>\$ 5,372</u> | <u>\$ 14,639</u> | <u>\$ 25,120</u> | <u>\$ 45,131</u> |

Changes in Endowment Net Assets for the year ended December 31, 2016:

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|-----------------------------------|------------------|
| Endowment net assets, beginning of year | \$ 28,832 | \$ 3,850 | \$ 25,120 | \$ 57,802 |
| Investment return: | | | | |
| Net appreciation (depreciation) (realized and unrealized) | <u>1,832</u> | <u>1,842</u> | <u>-</u> | <u>3,674</u> |
| Endowment net assets, end of year | <u>\$ 30,664</u> | <u>\$ 5,692</u> | <u>\$ 25,120</u> | <u>\$ 61,476</u> |

FLATHEAD LAND TRUST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 4 -- ENDOWMENT (CONTINUED)

The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by SPMIFA at December 31, 2017 and 2016 was \$25,120. There were \$14,639 and \$5,692 in temporarily restricted net assets within the endowment fund at December 31, 2017 and 2016, respectively.

Return Objectives and Risk Parameters

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

NOTE 5 -- OPERATING LEASE

The Organization leases office space with monthly payments of \$825 as of December 31, 2017. Payments on the lease for the years ended December 31, 2017 and 2016, were \$9,900 and \$4,950, respectively.

The following is a schedule of future minimum lease payments required by the operating lease:

| Year ending December 31, | |
|--------------------------|------------------|
| 2018 | \$ 9,900 |
| 2019 | 9,900 |
| 2020 | 9,900 |
| 2021 | <u>4,950</u> |
| Total | <u>\$ 34,650</u> |

NOTE 6 -- RISK MANAGEMENT

The Organization faces a number of risks including (a) loss or damage to property, (b) general liability, (c) workers compensation, (d) and employee medical insurance. The risks are mitigated through the use of commercial insurance and there were no significant changes in how the Organization covered its risks in 2017 and 2016.

FLATHEAD LAND TRUST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 7 -- TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following uses as of December 31:

| | <u>2017</u> | <u>2016</u> |
|--|-------------------|-------------------|
| Purpose and time restrictions - land protection assistance | \$ 17,220 | \$ 26,740 |
| Purpose and time restrictions - stewardship | 268,704 | 240,877 |
| Purpose restrictions - projects | 143,941 | 25,421 |
| Undesignated - unrealized gain | <u>14,639</u> | <u>5,692</u> |
| Total temporarily restricted net assets | <u>\$ 444,504</u> | <u>\$ 298,730</u> |

NOTE 8 -- SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 9, 2018, the date on which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

**FLATHEAD LAND TRUST
SUPPLEMENTAL SCHEDULE
SCHEDULE OF FUNCTIONAL EXPENSES**

YEAR ENDED DECEMBER 31, 2017

| | <u>Program</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total</u> |
|------------------------------------|-------------------|-----------------------------------|--------------------|-------------------|
| Conferences, training and meetings | \$ 340 | \$ 51 | \$ 34 | \$ 425 |
| Depreciation expense | 474 | 71 | 48 | 593 |
| Dues and subscriptions | 5,572 | 836 | 557 | 6,965 |
| Employee benefits | 4,214 | 632 | 422 | 5,268 |
| Fundraising expenses | - | - | 8,279 | 8,279 |
| In-kind expense - operating | - | 7,733 | - | 7,733 |
| Insurance | 4,160 | 624 | 416 | 5,200 |
| Miscellaneous | 1,831 | 275 | 183 | 2,289 |
| Office supplies | 1,325 | 199 | 132 | 1,656 |
| Payroll expenses | 111,325 | 16,699 | 11,132 | 139,156 |
| Postage and delivery | 1,489 | 223 | 149 | 1,861 |
| Printing and reproduction | 3,729 | 559 | 373 | 4,661 |
| Professional fees | 21,205 | 24,410 | - | 45,615 |
| Project expenses | 185,000 | - | - | 185,000 |
| Rent | 8,750 | 1,312 | 875 | 10,937 |
| Telephone | 1,873 | 281 | 187 | 2,341 |
| Travel and entertainment | 2,258 | 339 | 225 | 2,822 |
| | <u>\$ 353,545</u> | <u>\$ 54,244</u> | <u>\$ 23,012</u> | <u>\$ 430,801</u> |

See Independent Accountants' Review Report

**FLATHEAD LAND TRUST
SUPPLEMENTAL SCHEDULE
SCHEDULE OF FUNCTIONAL EXPENSES**

YEAR ENDED DECEMBER 31, 2016

| | <u>Program</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total</u> |
|------------------------------------|-------------------|-----------------------------------|--------------------|-------------------|
| Conferences, training and meetings | \$ 2,796 | \$ 419 | \$ 280 | \$ 3,495 |
| Contributions | - | - | - | - |
| Depreciation expense | 594 | 89 | 60 | 743 |
| Dues and subscriptions | 4,929 | 739 | 493 | 6,161 |
| Employee benefits | 4,364 | 655 | 436 | 5,455 |
| Fundraising expenses | - | - | 12,824 | 12,824 |
| In-kind expense - operating | - | 10,964 | - | 10,964 |
| Insurance | 4,031 | 605 | 403 | 5,039 |
| Miscellaneous | 1,511 | 227 | 151 | 1,889 |
| Office supplies | 2,872 | 431 | 287 | 3,590 |
| Payroll expenses | 126,995 | 19,049 | 12,700 | 158,744 |
| Postage and delivery | 1,924 | 289 | 192 | 2,405 |
| Printing and reproduction | 5,086 | 763 | 508 | 6,357 |
| Professional fees | 24,696 | 9,813 | - | 34,509 |
| Project expenses | 397,500 | - | - | 397,500 |
| Rent | 8,547 | 1,282 | 855 | 10,684 |
| Telephone | 2,858 | 429 | 286 | 3,573 |
| Travel and entertainment | 2,471 | 371 | 247 | 3,089 |
| | <u>\$ 591,174</u> | <u>\$ 46,125</u> | <u>\$ 29,722</u> | <u>\$ 667,021</u> |

See Independent Accountants' Review Report