
JEFFERSON LAND TRUST AND SUBSIDIARIES

Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

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Independent Auditor's Report

To the Board of Directors
Jefferson Land Trust & Subsidiaries
Port Townsend, WA

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Jefferson Land Trust and Subsidiaries (collectively, JLT, a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of JLT, as of December 31, 2024 and 2023, and changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of JLT and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about JLT's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 11-13 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and to certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Aiken & Sanders, Inc., PS

Aiken & Sanders

Certified Public Accountants
& Consultants

October 24, 2025

Montesano, WA

Jefferson Land Trust and Subsidiaries

A Washington Not For Profit Organization

Consolidated Statement of Financial Position As of December 31, 2024 and December 31, 2023

Assets	2024	2023
Current Assets:		
Cash and cash equivalents	\$ 3,453,904	\$ 2,427,128
Accounts receivable	74,888	170,424
Current pledges receivable	267,020	1,139,589
Prepaid expense	1,036	15,839
Total Current Assets	3,796,848	3,752,980
Land and Conservation Easements:		
Habitat land	9,764,449	9,231,039
Working land	5,052,673	5,052,673
Open space land	332,761	332,761
Conservation easements	70	69
Total Land and Conservation Easements	15,149,953	14,616,542
Fixed Assets:		
Furniture, equipment, and improvements	178,601	97,340
Less: Accumulated depreciation	(78,408)	(66,611)
Fixed assets, net	100,193	30,729
Other Assets:		
Long term pledges receivable	360,446	150,366
Investments	2,092,298	2,276,171
Total Other Assets	2,452,744	2,426,537
Total Assets	\$ 21,499,738	\$ 20,826,788

The accompanying notes are an integral part of these financial statements

Jefferson Land Trust and Subsidiaries

A Washington Not For Profit Organization

Consolidated Statement of Financial Position As of December 31, 2024 and December 31, 2023

	Liabilities & Net Assets	
	2024	2023
Current Liabilities:		
Accounts payable	\$ 38,005	\$ 30,683
Accrued liabilities and deferred revenue	134,773	138,401
Total Current Liabilities	<u>172,778</u>	<u>169,084</u>
Long-Term Liabilities:		
Note payable	<u>692,410</u>	<u>550,000</u>
Total Liabilities	<u>865,188</u>	<u>719,084</u>
Net Assets:		
Without donor restrictions		
Undesignated	2,146,931	1,099,368
Board designated	15,090,533	14,520,704
	<u>17,237,464</u>	<u>15,620,072</u>
With donor restrictions		
3,397,086	<u>3,397,086</u>	<u>4,487,632</u>
Total Net Assets	<u>20,634,550</u>	<u>20,107,704</u>
Total Liabilities & Net Assets	<u>\$ 21,499,738</u>	<u>\$ 20,826,788</u>

The accompanying notes are an integral part of these financial statements

Jefferson Land Trust and Subsidiaries

A Washington Not For Profit Organization

Consolidated Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total 2024
Support and Revenues:			
Gifts and contributions	\$ 830,413	\$ 918,902	\$ 1,749,315
Donated lands and easements	146,000	-	146,000
Inkind donations	21,495	-	21,495
Grants and contracts	894,264	-	894,264
Special events income, net of expenses of \$40,072	28,223	-	28,223
Rent revenue	72,430	-	72,430
Net investment return	155,668	54,357	210,025
Net assets released from restriction	<u>2,063,805</u>	<u>(2,063,805)</u>	<u>-</u>
Total Support and Revenue	<u>4,212,298</u>	<u>(1,090,546)</u>	<u>3,121,752</u>
Expenses:			
Program services	1,946,010	-	1,946,010
Management and general	342,796	-	342,796
Fundraising	306,100	-	306,100
Total Expenses	<u>2,594,906</u>	<u>-</u>	<u>2,594,906</u>
Change in Net Assets	1,617,392	(1,090,546)	526,846
Net Assets, Beginning of Year	<u>15,620,072</u>	<u>4,487,632</u>	<u>20,107,704</u>
Net Assets, End of Year	<u>\$ 17,237,464</u>	<u>\$ 3,397,086</u>	<u>\$ 20,634,550</u>

The accompanying notes are an integral part of these financial statements

Jefferson Land Trust and Subsidiaries

A Washington Not For Profit Organization

Consolidated Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total 2023
Support and Revenues:			
Gifts and contributions	\$ 1,260,518	\$ 2,601,431	\$ 3,861,949
Donated land and easements	184,433	-	184,433
Inkind donations	11,042	-	11,042
Grants and contracts	4,906,931	-	4,906,931
Special events income, net of expenses of \$37,121	16,782	-	16,782
Net investment return	80,034	101,457	181,491
Net assets released from restriction	<u>2,421,971</u>	<u>(2,421,971)</u>	-
Total Support and Revenue	<u>8,881,711</u>	<u>280,917</u>	<u>9,162,628</u>
Expenses:			
Program services	1,525,548	-	1,525,548
Management and general	302,737	-	302,737
Fundraising	<u>306,753</u>	<u>-</u>	<u>306,753</u>
Total Expenses	<u>2,135,038</u>	<u>-</u>	<u>2,135,038</u>
Change in Net Assets	6,746,673	280,917	7,027,590
Net Assets, Beginning of Year	<u>8,873,399</u>	<u>4,206,715</u>	<u>13,080,114</u>
Net Assets, End of Year	<u>\$ 15,620,072</u>	<u>\$ 4,487,632</u>	<u>\$ 20,107,704</u>

The accompanying notes are an integral part of these financial statements

Jefferson Land Trust and Subsidiaries

A Washington Not For Profit Organization

Consolidated Statement of Functional Expenses

For the Year Ended December 31, 2024

	<u>Program</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>Total 2024</u>
Salaries	\$ 751,685	\$ 153,737	\$ 172,455	\$ 1,077,877
Payroll taxes	59,012	13,318	14,941	87,271
Employee benefits	100,517	22,684	25,449	148,650
Value of conservation easements written down	387,099	-	-	387,099
Professional fees	315,166	72,705	12,290	400,161
Land and stewardship expenses	92,871	-	-	92,871
Rent	26,135	5,898	6,617	38,650
Public awareness	25,482	3,488	6,166	35,136
Dues and subscriptions	13,997	13,381	32,380	59,758
Insurance	34,820	14,824	7,684	57,328
Postage and printing	38,177	245	10,156	48,578
Other	17,609	18,177	573	36,359
Travel and seminars	18,581	7,241	225	26,047
Office supplies	19,927	4,094	3,387	27,408
Depreciation and amortization	9,955	3,374	-	13,329
Utilities	13,900	2,062	2,313	18,275
Web design and maintenance	10,516	-	-	10,516
Bad debts	-	504	-	504
Bank fees	10,561	7,064	11,464	29,089
Total Expenses	\$ 1,946,010	\$ 342,796	\$ 306,100	\$ 2,594,906

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

Jefferson Land Trust and Subsidiaries

A Washington Not For Profit Organization

Consolidated Statement of Functional Expenses

For the Year Ended December 31, 2023

	<u>Program</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>Total 2023</u>
Salaries	\$ 581,490	\$ 162,041	\$ 194,180	\$ 937,711
Payroll taxes	48,293	13,458	16,127	77,878
Employee benefits	70,153	19,549	23,426	113,128
Professional fees	416,346	46,314	14,000	476,660
Land and stewardship expenses	286,823	-	-	286,823
Rent	19,435	5,416	6,490	31,341
Public awareness	8,795	4,291	1,679	14,765
Dues and subscriptions	12,594	11,763	16,090	40,447
Insurance	12,556	8,038	4,193	24,787
Postage and printing	11,324	215	10,034	21,573
Other	5,611	10,138	310	16,059
Travel and seminars	10,580	4,618	1,223	16,421
Office supplies	18,579	3,675	5,344	27,598
Depreciation and amortization	2,460	3,055	-	5,515
Utilities	8,997	2,507	3,004	14,508
Web design and maintenance	8,910	-	-	8,910
Bad debts	-	6,000	-	6,000
Bank fees	2,602	1,659	10,653	14,914
Total Expenses	<u>\$ 1,525,548</u>	<u>\$ 302,737</u>	<u>\$ 306,753</u>	<u>\$ 2,135,038</u>

The accompanying notes are an integral part of these financial statements

Jefferson Land Trust and Subsidiaries
A Washington Not For Profit Organization

Consolidated Statement of Cash Flows
For the Years Ended December 31, 2024 and December 31, 2023

	2024	2023
Cash flows from operating activities:		
Cash received from grantors, donors and customers	\$ 3,542,329	\$ 8,948,453
Cash paid to suppliers and employees	(2,617,514)	(2,139,733)
Cash paid for interest	-	-
Cash received from interest	159,293	44,382
Net cash provided (used) by operating activities	<u>1,084,108</u>	<u>6,853,102</u>
Cash flows from investing activities:		
Cash paid for investments	(1,949,512)	(1,275,403)
Cash received from investments	2,137,661	593,455
Cash paid for land	<u>(387,411)</u>	<u>(6,467,096)</u>
Net cash provided (used) by investing activities	<u>(199,262)</u>	<u>(7,149,044)</u>
Cash flows from financing activities:		
Cash received from loan	141,930	550,000
Net cash provided (used) by financing activities	<u>141,930</u>	<u>550,000</u>
Net increase (decrease) in cash & cash equivalents	1,026,776	254,058
Cash & cash equivalents at beginning of year	<u>2,427,128</u>	<u>2,173,070</u>
Cash & cash equivalents at end of year	<u><u>\$ 3,453,904</u></u>	<u><u>\$ 2,427,128</u></u>

The accompanying notes are an integral part of these financial statements

Jefferson Land Trust and Subsidiaries
A Washington Not For Profit Organization

Consolidated Statement of Cash Flows
For the Years Ended December 31, 2024 and December 31, 2023

	2024	2023
Reconciliation of increase (decrease) in net assets to net cash provided (used) by operating activities:		
Increase (decrease) in net assets:	\$ 526,846	\$ 7,027,590
Adjustments:		
Depreciation and amortization	13,329	5,515
Bad debts	504	6,000
Land hold fee amortization (adjustment)	-	8,333
Realized and unrealized losses (gains) on investments	(50,732)	(137,109)
Donated land	(146,000)	(184,433)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	95,536	(132,820)
(Increase) decrease in pledges receivable	626,128	244,642
(Increase) decrease in prepaid expense	14,803	(14,478)
Increase (decrease) in accounts payable	7,322	4,284
Increase (decrease) in accrued expenses and deferred revenue	(3,628)	25,578
Net cash provided (used) by operating activities	<hr/> <hr/> \$ 1,084,108	<hr/> <hr/> \$ 6,853,102

The accompanying notes are an integral part of these financial statements

JEFFERSON LAND TRUST AND SUBSIDIARIES

Consolidating Statement of Financial Position

Year Ended December 31, 2024

	JLT						Consolidated
	Jefferson	Resources,	Chimacum	Subtotal	Eliminations		2024
	Land Trust	LLC	Ridge CF, LLC				
Assets							
Current Assets:							
Cash and cash equivalents	\$ 3,301,241	\$ 11,356	\$ 141,307	\$ 3,453,904	\$ -	\$ 3,453,904	
Accounts receivable	74,888	-	-	74,888	-	74,888	
Current pledges receivable	267,020	-	-	267,020	-	267,020	
Prepaid expense	1,036	-	-	1,036	-	1,036	
Total Current Assets	3,644,185	11,356	141,307	3,796,848	-	3,796,848	
Land and Conservation Easements:							
Habitat land	8,685,108	1,079,341	-	9,764,449	-	9,764,449	
Working land	97,728	-	4,954,945	5,052,673	-	5,052,673	
Open space land	332,761	-	-	332,761	-	332,761	
Conservation easements	70	-	-	70	-	70	
Total Land and Conservation Easement	9,115,667	1,079,341	4,954,945	15,149,953	-	15,149,953	
Fixed Assets:							
Furniture, equipment, and improveme	140,190	10,137	28,274	178,601	-	178,601	
Less: Accumulated depreciation	(75,823)	(507)	(2,078)	(78,408)	-	(78,408)	
Total Fixed Assets	64,367	9,630	26,196	100,193	-	100,193	
Other Assets:							
Long term pledges receivable	360,446	-	-	360,446	-	360,446	
Investments	7,641,907	-	-	7,641,907	(5,549,609)	2,092,298	
Total Other Assets	8,002,353	-	-	8,002,353	(5,549,609)	2,452,744	
Total Assets	<u>\$ 20,826,572</u>	<u>\$ 1,100,327</u>	<u>\$ 5,122,448</u>	<u>\$ 27,049,347</u>	<u><u><u>\$ (5,549,609)</u></u></u>	<u><u><u>\$ 21,499,738</u></u></u>	
Liabilities							
Current Liabilities							
Accounts payable	\$ 25,387	\$ -	\$ 12,618	\$ 38,005	\$ -	\$ 38,005	
Accrued liabilities and deferred reven	134,773	-	-	134,773	-	134,773	
Total Current Liabilities	160,160	-	12,618	172,778	-	172,778	
Long Term Liabilities							
Note payable	-	692,410	-	692,410	-	692,410	
Total Liabilities	160,160	692,410	12,618	865,188	-	865,188	
Net Assets							
With Donor Restrictions	3,397,086	-	-	3,397,086	-	3,397,086	
Without Donor Restrictions	17,269,326	407,917	5,109,830	22,787,073	(5,549,609)	17,237,464	
Total Net Assets	20,666,412	407,917	5,109,830	26,184,159	(5,549,609)	20,634,550	
Liabilities & Net Assets	<u>\$ 20,826,572</u>	<u>\$ 1,100,327</u>	<u>\$ 5,122,448</u>	<u>\$ 27,049,347</u>	<u><u><u>\$ (5,549,609)</u></u></u>	<u><u><u>\$ 21,499,738</u></u></u>	

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

JEFFERSON LAND TRUST AND SUBSIDIARIES

Consolidating Statement of Activities

Year Ended December 31, 2024

	Jefferson Land Trust	JLT Resources, LLC	Chimacum Ridge CF, LLC	Subtotal	Eliminations	Consolidated 2023
Support and Revenues						
Gifts and contributions	\$ 1,749,315	\$ -	\$ -	\$ 1,749,315	\$ -	\$ 1,749,315
Donated land and easements	31,000	115,000	- 146,000	- 146,000	- 146,000	146,000
Inkind donations	6,995	- 14,500	21,495	- 21,495	- 21,495	21,495
Grants and contracts	889,020	3,482	1,762	894,264	- 894,264	894,264
Special events income, net of expenses of \$40,072	28,223	- 28,223	- 28,223	- 28,223	- 28,223	28,223
Rent revenue	- 72,430	- 72,430	72,430	72,430	- 72,430	72,430
Net investment return	208,583	39	1,403	210,025	- 210,025	210,025
Net assets released from restriction	- -	- -	- -	- -	- -	- -
Total Support and Revenues	2,913,136	118,521	90,095	3,121,752	-	3,121,752
Program Expenses						
Jefferson Land Trust	1,754,454	- -	- -	1,754,454	- -	1,754,454
JLT Resources, LLC	- 1,778	1,778	- 1,778	- 1,778	- 1,778	1,778
Chimacum Ridge CF, LLC	- -	- 189,778	189,778	189,778	- -	189,778
Total Program Expenses	1,754,454	1,778	189,778	1,946,010	-	1,946,010
Management and general						
Fundraising	342,796	- -	- -	342,796	- -	342,796
Total Expenses	306,100	1,778	189,778	2,594,906	- -	2,594,906
Change in Net Assets	509,786	116,743	(99,683)	526,846	- -	526,846
Capital Transfer	- -	- -	254,468	254,468	(254,468)	- -
Net assets - Beginning of Year	20,156,626	291,174	4,955,045	25,402,845	(5,295,141)	20,107,704
Net assets - End of the Year	\$ 20,666,412	\$ 407,917	\$ 5,109,830	\$ 26,184,159	\$ (5,549,609)	\$ 20,634,550

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

JEFFERSON LAND TRUST AND SUBSIDIARIES

Consolidating Statement of Functional Expenses

Year Ended December 31, 2024

	Jefferson Land Trust	JLT Resources, LLC	Chimacum Ridge CF, LLC	Total				Consolidated 2023
	\$	\$	\$	\$	\$	\$	\$	\$
Salaries	\$ 681,135	\$ -	\$ 70,550	\$ 751,685	\$ 153,737	\$ 172,455	\$ -	\$ 1,077,877
Payroll taxes	59,012	-	-	59,012	13,318	14,941	-	87,271
Employee benefits	100,517	-	-	100,517	22,684	25,449	-	148,650
Value of conservation easements written do	387,099	-	-	387,099	-	-	-	387,099
Professional fees	268,957	-	46,209	315,166	72,705	12,290	-	400,161
Land and stewardship expenses	44,873	1,236	46,762	92,871	-	-	-	92,871
Rent	26,135	-	-	26,135	5,898	6,617	-	38,650
Public awareness	25,482	-	-	25,482	3,488	6,166	-	35,136
Dues and subscriptions	13,182	-	815	13,997	13,381	32,380	-	59,758
Insurance	30,349	-	4,471	34,820	14,824	7,684	-	57,328
Postage and printing	38,177	-	-	38,177	245	10,156	-	48,578
Other	9,827	35	7,747	17,609	18,177	573	-	36,359
Travel and seminars	14,312	-	4,269	18,581	7,241	225	-	26,047
Office supplies	17,859	-	2,068	19,927	4,094	3,387	-	27,408
Depreciation and amortization	7,370	507	2,078	9,955	3,374	-	-	13,329
Utilities	9,137	-	4,763	13,900	2,062	2,313	-	18,275
Web design and maintenance	10,516	-	-	10,516	-	-	-	10,516
Bad debts	-	-	-	-	504	-	-	504
Bank fees	10,515	-	46	10,561	7,064	11,464	-	29,089
 Total Expenses	 \$ 1,754,454	 \$ 1,778	 \$ 189,778	 \$ 1,946,010	 \$ 342,796	 \$ 306,100	 \$ -	 \$ 2,594,906

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

Jefferson Land Trust and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization--

Jefferson Land Trust (The Land Trust) is a Washington not-for-profit corporation formed on April 7, 1989. The Land Trust's purpose is to acquire, preserve and manage open space lands and easements for land conservation purposes benefitting the public. The Land Trust also provides information and materials to the public on land conservation issues. The Land Trust serves Jefferson County on the Olympic Peninsula in Washington State. The Land Trust has been accredited by the national Land Trust Alliance since August 5, 2009.

On September 5, 2007, JLT Resources, LLC was formed with the Land Trust as its only member. JLT Resources, LLC was formed for the purpose of purchasing and holding land for conservation purposes.

On November 13, 2023, Chimacum Ridge Community Forest, LLC was formed with the Land Trust as its only member. Chimacum Ridge Community Forest, LLC was formed for the purpose of purchasing land and operating a community forest.

Principles of Consolidation--

These financial statements consolidate the statements of Jefferson Land Trust, JLT Resources, LLC, and Chimacum Ridge Community Forest, LLC (collectively, "JLT"). Inter-organization balances and transactions have been eliminated in consolidation.

Basis of accounting--

The consolidated financial statements of JLT have been prepared on the accrual basis of accounting.

Basis of presentation--

JLT follows accounting prescribed by the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958 Not-for Profit Entities. Under ASC 958, JLT is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions, and without donor restrictions.

With Donor Restrictions: Net assets that result from contributions whose use by JLT is restricted by donor imposed stipulations that may expire with the passage of time or can be fulfilled or otherwise removed by actions of JLT.

Without Donor Restrictions: Net assets that are not restricted by donor stipulation.

Gifts of goods and equipment are reported as without donor restrictions unless explicit donor stipulations specify how the donated assets must be used.

Property and Fixed Assets--

Improvements, furniture and equipment are capitalized at cost if purchased, or, if donated, at the approximate fair value at the date of donation. When retired or otherwise disposed of, the related carrying value and accumulated depreciation are removed from the respective accounts and the net difference, less any amount realized from disposition, is reflected in earnings. Maintenance and repairs are charged to expense as incurred. Costs of significant improvements are capitalized. JLT provides for depreciation using the straight-line method over the estimated useful lives of the assets of five to ten years.

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Notes to Consolidated Financial Statements

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JLT records acquisitions of land at cost if purchased. Land acquired through donation is recorded at fair value, with fair values generally based on independent professional appraisals. These assets fall into two primary categories:

Conservation Lands- Real property with significant ecological value for habitat, open space, or working lands. Stewardship programs of JLT manage these properties to protect the natural biological diversity of the property. JLT manages its working timberland as a Forest Stewardship Council-Certified, managed forest.

Conservation Easements- Voluntary legal agreements between a landowner and a land trust or government agency to permanently protect the identified natural features and conservation values of the property. These easements may be sold or transferred to others so long as the assignee agrees to carry out, in perpetuity, the conservation purposes intended by the original grantor. Conservation easements owned by JLT protect habitat, open space and working lands, such as family farms, through its stewardship programs. Easements acquired represent numerous restrictions over the use and development of land not owned by JLT. Since the benefits of such easements accrue to the public upon acquisition, the fair market value of easements acquired is shown in the year of acquisition as an addition to net assets to record the donation of the easement, and unless conveyed to a public agency for consideration, shown as a reduction in net assets to record the value of the public's benefit and to recognize that these easements have no marketable value once severed from the land and held by JLT. Easements held by JLT are carried on the consolidated statement of financial position at \$1 each for tracking and accounting purposes. A total of \$70 is recorded in the financial records for the nominal value of easements acquired.

JLT has preserved a total of 4,584 acres of land with 70 current easements. The original acquisition cost of the easements, expensed when acquired, was in excess of \$19,900,000.

Estimates--

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Expense Allocation--

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statement of functional expense. Program expenses represent expenses incurred to fulfill JLT's exempt purposes. Management and general expenses support that exempt purpose while fundraising expenses are incurred to raise resources to carry out program activities. Expenses are recorded, when appropriate, to the function receiving direct benefit. When expenses benefit more than one function, an allocation is made based on relative benefits provided to each function.

Cash and Cash Equivalents--

For reporting purposes, JLT considers all unrestricted highly liquid investments with a purchased maturity of three months or less to be cash and cash equivalents.

Concentrations--

JLT maintains its cash in bank deposit accounts with three financial institutions. JLT's cash balances may, at times, exceed federally insured limits.

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Notes to Consolidated Financial Statements

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At December 31, 2024, five donor's pledges represented approximately 75% of pledges receivable.

At December 31, 2023, four donor's pledges represented approximately 70% of pledges receivable.

Investments--

Investments in marketable securities with readily determinable fair values are valued at their fair values in the consolidated statement of financial position. Certificates of deposit are carried at cost plus accrued interest in the consolidated statement of financial position. Unrealized gains and losses are included in the change in net assets.

Grants and Contracts--

JLT receives grants and contracts from federal, state, and local agencies, as well as from private organizations, to be used for specific programs or land purchases. The excess of grants receivable over reimbursable expenditures to-date is recorded as deferred revenue.

Federal Income Taxes--

The Internal Revenue Service has determined Jefferson Land Trust and JLT Resources, LLC (a disregarded entity) to be exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). Contributions to JLT are deductible as allowed under IRC Section 170(b)(1)(A)(vi).

During the year ended December 31, 2012, the Land Trust elected the provisions of Section 501(h), relating to expenditures to influence legislation. That election remains in force unless revoked.

Contributions--

Contributions are recognized when received or when a donor makes an unconditional promise to give to JLT. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Unconditional promises to give (pledges receivable) are recognized as revenues in the period the pledge is received. Long term pledges (collection expected in greater than one year) are discounted to the net present value of future cash flows. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promise becomes unconditional.

Subsequent Events--

JLT has evaluated subsequent events through October 24, 2025, the date on which the consolidated financial statements were available to be issued.

B. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

JLT, although it expects to receive current support to fund operations for 2025 and later years, has \$1,737,941 and \$911,641 of financial assets available within one year of the statement of financial position dates on December 31, 2024 and 2023, respectively, to meet cash needs for general operating expenditures. JLT also has \$753,083 and \$614,039, of board designated assets as of December 31, 2024 and 2023, respectively, that can be reallocated for general expenditures if needed. Financial assets available within one year consist of the following:

Jefferson Land Trust and Subsidiaries

Notes to Consolidated Financial Statements

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	2024	2023
Cash and equivalents	\$ 3,453,904	\$ 2,427,128
Accounts receivable	74,888	170,424
Current pledges	267,020	1,139,589
Investments	2,092,298	2,276,171
Donor restricted to purpose	(3,397,086)	(4,487,632)
Board designations	<u>(753,083)</u>	<u>(614,039)</u>
Financial assets available to meet cash needs within one year	<u>\$ 1,737,941</u>	<u>\$ 911,641</u>

C. NET ASSETS COMPOSITION:

JLT's net assets with donor restrictions consisted of the following at December 31, 2024 and 2023:

	2024	2023
Purpose Restriction:		
For stewardship of Bullis Forest Preserve	\$ 9,945	\$ 27,483
Chi-yakh-wh	29,476	30,740
Campaign Readiness Fund/Operations	746,277	1,132,364
Stewardship funding	679,186	843,969
Quimper Wildlife Corridor	275,410	264,918
Other program restrictions	<u>138,010</u>	<u>52,111</u>
	1,878,304	2,351,585
Time Restriction:		
Outstanding pledges	<u>627,466</u>	<u>1,289,955</u>
Permanent Restriction		
Forever Fund Operations Endowment	<u>891,316</u>	<u>846,092</u>
Total Net Assets With Donor Restrictions	<u>\$ 3,397,086</u>	<u>\$ 4,487,632</u>

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Net assets without donor restrictions consisted of the following at December 31, 2024 and 2023:

	2024	2023
Designated:		
Quimper Wildlife Corridor	2,391,833	\$ 2,115,834
Chimacum Creek	388,347	388,347
Duckabush Riparian Forest	492,800	492,800
Duckabush Hacheney	90,000	90,000
Donovan Creek	270,000	270,000
Duckabush Wetlands & Oxbow	530,000	530,000
Bulis Forest Preserve	125,240	125,240
Moore	34,155	34,155
Beaver Valley	662,537	662,537
Brannon-Wright	130,000	130,000
Upper Snow Creek Forest	340,000	340,000
Snow Creek Uncas Preserve	260,000	260,000
Chimacum Commons	90,850	90,850
Snow Creek Estuary	86,000	86,000
Snow Creek-Hopkins	95,000	95,000
Silver Reach	125,000	125,000
Gateway	85,000	85,000
Kilham Corner	81,202	81,202
Fite & Fissler	182,226	182,226
Valley View	1,710,000	1,710,000
Discovery Bay	311,358	311,358
Longmire	145,000	145,000
Ruck	601,000	601,000
Chimacum Ridge	5,109,830	4,955,046
Stewardship Fund	414,046	401,432
CP Operations Reserve	-	27,476
Karen McKee Board Fund	-	13,328
Operations Reserve	339,039	171,804
Conservation easements	70	69
Total Designated	<u>15,090,533</u>	<u>14,520,704</u>
Undesignated	<u>2,146,931</u>	<u>1,099,368</u>
Total Net Assets Without Donor Restrictions:	<u><u>17,237,464</u></u>	<u><u>\$ 15,620,072</u></u>

Net assets of \$2,063,514 and \$2,421,209, respectively, were released from donor restrictions by incurring expenses satisfying the purpose restriction specified by the donor, and net assets of \$291 and \$762, respectively, were released due to the expiration of time restrictions for the years ended December 31, 2024 and 2023.

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Notes to Consolidated Financial Statements

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D. LINE OF CREDIT:

JLT entered into a line of credit arrangement with 1st Security Bank during 2021. The line requires monthly payments of interest at 4.25% on outstanding balances. The line of credit principal balance was \$0 and \$0 at December 31, 2024 and 2023, respectively.

E. ENDOWMENTS:

The JLT endowment consists of one fund established to support general operations called the Forever Fund Operations Endowment. As required by U.S. GAAP, net asset associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Nature of Endowments and Interpretation of Relevant Laws- JLT's Board of Directors has reviewed the Washington State Prudent Management of Institutional Funds Act (PMIFA) and, having considered its rights and obligations thereunder, has determined that it is desirable to preserve, on a long-term basis, 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 determination, JLT classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in net assets with permanent donor restrictions is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by JLT in a manner consistent with the standard of prudence prescribed by PMIFA. However, JLT has informed donors to the Forever Fund Operations Endowment of its spending policy which states that prior to 2025, the Land Trust must not distribute any assets from the donor restricted fund. The maximum distribution each year thereafter is limited to 5 percent of the fund's average ending balance over the previous 5 years. No distribution will be made from the principal of the donor-restricted account. Until January 1, 2025, JLT adds all amounts earned to the permanently restricted balance.

In accordance with PMIFA, JLT considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds, (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (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 JLT, and (7) JLT's investment policies.

Endowment net assets, all permanently restricted, totaled \$891,316 and \$846,092, respectively, at December 31, 2024 and 2023.

Jefferson Land Trust and Subsidiaries

Notes to Consolidated Financial Statements

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Changes in endowment net assets for the year ended December 31, 2024 are as follows:

	Temporary Donor Restrictions	Permanent Donor Restrictions	Total
Endowment Net Assets 1/1/2024	\$ -	\$ 846,092	\$ 846,092
Contributions	- -	30,000	30,000
Investment Income	- -	15,224	15,224
Net Appreciation (Depreciation)	- -	- -	- -
Endowment Net Assets 12/31/24	<u>\$ -</u>	<u>\$ 891,316</u>	<u>\$ 891,316</u>

Changes in endowment net assets for the year ended December 31, 2023 are as follows:

	Temporary Donor Restrictions	Permanent Donor Restrictions	Total
Endowment Net Assets 1/1/2023	\$ -	\$ 819,968	\$ 819,968
Contributions	- -	5,500	5,500
Investment Income	- -	11,019	11,019
Net Appreciation (Depreciation)	- -	9,605	9,605
Endowment Net Assets 12/31/23	<u>\$ -</u>	<u>\$ 846,092</u>	<u>\$ 846,092</u>

Funds with Deficiencies- From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or PMIFA requires JLT to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with donor restrictions. There were no such deficiencies as of December 31, 2024 or 2023.

Return Objectives and Risk Parameters- JLT 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 JLT must hold in perpetuity or for donor-specified periods as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a custom Policy Index made up of various indices. The composition of the custom Policy Index is based upon the strategic asset allocation of the investment portfolio and assumes a moderate level of investment risk. The investment objectives of the Forever Fund Operations Endowment include maintenance of principal, timely liquidity, and preservation of purchasing power over time.

Strategies Employed for Achieving Objectives- To satisfy its long-term rate-of-return objective, JLT notes that for funds earmarked for capital appreciation, appropriate investments include intermediate term bond funds/ETF's, equity mutual funds, equity ETF's, and unconstrained bond funds.

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Spending Policy and How the Investment Objectives Relate to the Spending Policy- JLT's spending policy intends that no distributions shall be made from the Forever Fund Operations Endowment until January 1, 2025. Distributions shall be made on an annual basis as determined by the Board. The maximum distribution each year thereafter is limited to 5 percent of the fund's average ending balance over the previous 5 years. No distribution will be made from the principal of the donor-restricted account.

F. ACCOUNTS RECEIVABLE:

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable.

Historically, bad debts have been immaterial. During 2024 and 2023, there were bad debts of \$504 and \$6,000, respectively. As of December 31, 2024, management estimated that all accounts receivable were collectible.

JLT had no material amounts past due at December 31, 2024.

G. PLEDGES RECEIVABLE:

JLT received promises to give from a number of donors in 2024 and in years prior to 2024. JLT has provided an allowance for uncollectible amounts based on its assessment of the current status of individual pledges and has discounted pledges to current value using a rate of .15%. Pledges receivable at December 31, 2024 are to be received as follows:

Less than one year	\$ 267,020
Two to five years	368,796
Thereafter	<hr/> -
	635,816
Less discount to present value	(2,150)
Less allowance for uncollectible	(6,200)
\$ <hr/> <hr/>	<u>627,466</u>

Jefferson Land Trust and Subsidiaries

Notes to Consolidated Financial Statements

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H. FURNITURE, EQUIPMENT, AND IMPROVEMENTS:

Furniture, Equipment, and Improvements consist of the following at December 31, 2024 and 2023:

	2024	2023
Furniture & Equipment, and Software	\$ 101,806	\$ 57,351
Accumulated Depreciation and Amortization	(34,147)	(34,336)
	<u>67,659</u>	<u>23,015</u>
Leasehold and Building Improvements	76,795	39,989
Accumulated Depreciation	(44,261)	(32,275)
	<u>32,534</u>	<u>7,714</u>
Fixed Assets-Net	<u>\$ 100,193</u>	<u>\$ 30,729</u>

Accumulated Depreciation and Amortization was \$78,408 and \$66,611 at December 31, 2024 and 2023, respectively.

I. ECONOMIC DEPENDENCY:

For 2024 and 2023, grant funding was primarily provided by the State of Washington Recreation and Conservation Office, State of Washington Department of Commerce, and Jefferson County. A reduction in this level of support, if it were to occur, could have a significant impact on JLT's operation.

J. RETIREMENT PLAN:

JLT maintains a Simplified Employee Pension – Individual Retirement Accounts Contribution Benefit Plan (“the Plan”). Eligible employees may join the Plan after one year of service. There were employer contributions of \$31,335 and \$36,959, respectively, for 2024 or 2023.

Jefferson Land Trust and Subsidiaries

Notes to Consolidated Financial Statements

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K. LAND AND CONSERVATION EASEMENTS:

Land and conservation easements at December 31 are summarized as follows:

	2024	2023
Quimper Wildlife Corridor	\$ 2,526,333	\$ 2,250,333
Chimacum Creek	385,348	385,348
Duckabush Riparian Forest	492,800	492,800
Duckabush-Hacheney	90,000	90,000
Donovan Creek	205,000	205,000
Duckabush Wetlands & Oxbow	530,000	530,000
Bulis Forest Preserve-JLTR	125,240	125,240
Beaver Valley-JLTR	662,537	662,537
Moore-JLTR	291,565	34,155
Upper Snow Creek Forest	340,000	340,000
Snow Creek Uncas Preserve	325,000	325,000
Chimacum Commons	90,850	90,850
Snow Creek Estuary	86,000	86,000
Silver Reach	125,000	125,000
Gateway	85,000	85,000
Kilham Corner	38,930	38,930
Valley View	2,002,000	2,002,000
Discovery Bay	418,583	418,583
Fissler	75,000	75,000
Longmire	145,000	145,000
Snow Creek-Hopkins	95,000	95,000
Thorndyke	458,751	458,751
Chimacum Ridge-CRCF	4,954,945	4,954,945
Ruck	601,000	601,000
Conservation easements	<u>70</u>	<u>69</u>
 Total Unrestricted Net Assets	 <u>\$ 15,149,953</u>	 <u>\$ 14,616,542</u>

L. INCOME TAX & UNCERTAIN TAX POSITIONS:

Jefferson Land Trust, JLT Resources, LLC (a disregarded entity), and Chimacum Ridge Community Forest, LLC (a disregarded entity) are tax exempt non-profit organizations under the Internal Revenue Code Section 501(c)(3) and are not classified as a private foundation. Accordingly, the financial statements do not include any provision for income taxes.

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JLT files income tax returns in the U.S. federal jurisdiction. The Trust is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2021. Currently, there is no examination or pending examination with the Internal Revenue Service (IRS) or any other state or federal taxing authorities.

JLT adopted the provisions of FASB ASC 740-10, Accounting for Uncertainty in Income Taxes, on January 1, 2009. As of December 31, 2024, there are no tax positions for which the deductibility is certain but for which there is uncertainty regarding the timing of such deductibility.

M. INVESTMENTS AND FAIR VALUE MEASUREMENTS:

JLT follows U.S. GAAP which establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 Measurements) and the lowest priority to unobservable inputs (Level 3 Measurements). The three levels of the fair value hierarchy under ASC 958 are described 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 2: Inputs to valuation methodology include: Quoted prices for similar assets or liabilities in active markets. Quoted prices for identical or similar assets or liabilities in inactive markets. Inputs other than quoted prices that are observable for the asset or liability. Inputs that are principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability'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.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2024.

Stocks: Valued at quoted market prices in active markets for identical assets.

Mutual Funds: Valued at quoted market prices in active markets, which represent the net asset value (NAV) of shares held by the JLT at year end.

Community Foundation: Valued at applicable share of pooled market investments at foundation.

Certificates of Deposit: Valued at original investment plus received and accrued interest.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Trust believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions

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to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, JLT's assets at fair value as of December 31, 2024:

Assets at Fair Value as of December 31, 2024					
	Level 1	Level 2	Level 3		Total
Mutual and cash funds	\$ 938,543	\$ -	\$ -	\$	938,543
Community Foundation	<u>-</u>	<u>959,802</u>	<u>-</u>	<u>\$</u>	<u>959,802</u>
Total Assets at Fair Value:	<u>\$ 938,543</u>	<u>\$ 959,802</u>	<u>\$ -</u>	<u>\$</u>	<u>1,898,345</u>
Certificates of deposit, held at cost plus accrued interest					193,953
Total Investments				<u>\$</u>	<u>2,092,298</u>

The following table sets forth by level, within the fair value hierarchy, JLT's assets at fair value as of December 31, 2023:

Assets at Fair Value as of December 31, 2023					
	Level 1	Level 2	Level 3		Total
Mutual funds	\$ 954,554	\$ -	\$ -	\$	954,554
Community Foundation	<u>-</u>	<u>409,605</u>	<u>-</u>	<u>\$</u>	<u>409,605</u>
Total Assets at Fair Value:	<u>\$ 954,554</u>	<u>\$ 409,605</u>	<u>\$ -</u>	<u>\$</u>	<u>1,364,159</u>
Certificates of deposit, held at cost plus accrued interest					912,012
Total Investments				<u>\$</u>	<u>2,276,171</u>

Investment return for the years ended December 31 consisted of the following:

	<u>2024</u>	<u>2023</u>
Interest & dividend income	\$ 159,293	\$ 44,382
Realized/unrealized (loss) gain	<u>50,732</u>	<u>137,109</u>
Total	<u>\$ 210,025</u>	<u>\$ 181,491</u>

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Notes to Consolidated Financial Statements

December 31, 2024 and 2023

N. LAND PURCHASE AND HOLD FEE:

JLT signed a purchase and sale agreement with a third party during 2015 for the purchase of approximately 850 acres of forest land in Jefferson County. The terms of the agreement, dated March 17, 2015, required JLT to purchase the property for an amount not to exceed the appraised fair market value of the property.

The terms of the agreement required the payment of a \$100,000 non-refundable hold fee to the third party to allow time for the purchase process to be completed and for JLT to raise the necessary funding to complete the purchase. The hold fee agreement was to expire on March 17, 2019. During 2016, JLT signed an amended agreement that resulted in the refund of \$25,000 of the \$100,000 hold fee and extended the agreement to nine years from the original five years, now expiring in 2023.

JLT adjusted amortization of the hold fee to the new life of the agreement which resulted in an increase to the hold fee asset of \$8,331 in 2016. Amortization expense of \$8,331 was recognized during 2023, completing the hold fee amortization.

JLT completed the land purchase during 2023.

O. NOTE PAYABLE:

JLT Resources, LLC signed a loan agreement and promissory note on January 11, 2023, with the Washington State Housing Finance Commission, for a total of \$550,000. The loan proceeds were used for a property acquisition. The loan requires annual interest accrual at 1% simple interest, with payments of principal and interest deferred until maturity. The note matures on the earlier of January 31, 2031, or when a conservation easement is sold on the underlying property. Jefferson Land Trust plans to purchase and hold the conservation easement.

JLT Resources, LLC signed a loan agreement and promissory note on June 3, 2024, with the Washington State Housing Finance Commission, for a total of \$142,410. The loan proceeds were used for a property acquisition. The loan requires annual interest accrual at 1% simple interest, with payments of principal and interest deferred until maturity. The note matures on the earlier of June 3, 2032, or when a conservation easement is sold on the underlying property. Jefferson Land Trust plans to purchase and hold the conservation easement.