



CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2015 and 2014

and

Consolidating Information

with

Independent Auditors' Reports

ECOTRUST

Table of Contents

	Page
Independent Auditors' Report	1
Consolidated Financial Statements	
Consolidated Statements of Financial Position	3
Consolidated Statement of Activities - 2015	4
Consolidated Statement of Activities - 2014	5
Consolidated Statement of Functional Expenses - 2015	6
Consolidated Statement of Functional Expenses - 2014	7
Consolidated Statements of Cash Flows	8
Notes to Consolidated Financial Statements	10
Consolidating Information	
Independent Auditors' Report on Consolidating Information	47
Consolidating Schedule of Financial Position - 2015	48
Consolidating Schedule of Activities - 2015	49
Consolidating Schedule of Financial Position - 2014	50
Consolidating Schedule of Activities - 2014	51

Independent Auditors' Report

The Board of Directors
Ecotrust

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Ecotrust, which comprise the consolidated statements of financial position as of December 31, 2015 and 2014, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of certain consolidated subsidiaries, whose statements (prior to the effect of eliminating entries) reflect total assets of \$131,545,871 and \$130,504,172 as of December 31, 2015 and 2014, respectively, and total revenues of \$2,154,533 and \$1,919,702 for the years then ended, respectively. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these certain consolidated subsidiaries, is based solely on the reports of the other auditors.

We also did not audit the financial statements of Ecotrust Forests, LLC and Ecotrust Forests II, LLC, the investments in which, as discussed in *Note 7* to the consolidated financial statements, are accounted for by the equity method of accounting. The combined investment in Ecotrust Forests, LLC and Ecotrust Forests II, LLC was \$5,534,141 and \$3,809,415 as of December 31, 2015 and 2014, respectively, and the equity in their net gain was \$1,660,931 for the year ended December 31, 2015, and the equity in their net loss was \$723,093 for the year ended December 31, 2014. The financial statements of Ecotrust Forests, LLC and Ecotrust Forests II, LLC were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Ecotrust Forests, LLC and Ecotrust Forests II, LLC, is based solely on the reports of the other auditors.

Auditors' Responsibility - Continued

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. The financial statements of the certain consolidated subsidiaries referenced in the first paragraph of this section and the financial statements of Ecotrust Forests, LLC and Ecotrust Forests II, LLC referenced in the second paragraph of this section were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Ecotrust as of December 31, 2015 and 2014, and the changes in its consolidated net assets and its consolidated cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2016, on our consideration of Ecotrust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ecotrust's internal control over financial reporting and compliance.

Herman, Stewart & Schmitz, P.C.

Lake Oswego, Oregon
April 11, 2016

ECOTRUST

Consolidated Statements of Financial Position

December 31,	2015	2014
ASSETS		
Cash and cash equivalents	\$ 4,130,194	\$ 4,018,329
Receivables:		
Accounts receivable, net	701,748	1,478,821
Grants receivable (Note 4)	532,618	943,115
Notes receivable, net (Note 5)	127,969,595	127,372,990
Investments (Notes 6 and 20)	7,457,653	6,965,638
Investment in Ecotrust Forests, LLC and Ecotrust Forests II, LLC (Note 7)	5,534,141	3,809,415
Prepaid expenses and other assets	301,773	210,770
Deferred tax asset (Note 19)	460	460
Intangible assets, net (Note 8)	334,475	357,358
Restricted cash (Notes 9 and 21)	4,815,922	720,360
Property and equipment, net (Note 9)	18,282,740	12,257,603
	\$ 170,061,319	\$ 158,134,859
LIABILITIES AND NET ASSETS, INVESTMENT MEMBER, AND NON-CONTROLLING INTERESTS		
Liabilities:		
Accounts payable	\$ 160,700	\$ 245,902
Accrued liabilities	914,560	1,160,761
Deferred revenue	508,001	517,846
Notes payable (Note 10)	8,490,593	4,893,858
	10,073,854	6,818,367
Total liabilities	10,073,854	6,818,367
Commitments and contingencies (Notes 7, 11, 13, 14, 15, 16, 22, and 23)		
Net assets, Investment Member, and non-controlling interests:		
Net assets:		
Unrestricted	14,499,603	12,213,806
Temporarily restricted (Note 12)	1,871,768	2,653,867
Permanently restricted (Note 21)	4,951,277	4,542,759
	21,322,648	19,410,432
Total net assets	21,322,648	19,410,432
Investment Member interest (Note 15)	131,578,512	130,601,164
Non-controlling interest (Note 17)	7,086,305	1,304,896
	159,987,465	151,316,492
Total net assets, Investment Member, and non-controlling interests	159,987,465	151,316,492
	\$ 170,061,319	\$ 158,134,859

The accompanying notes are an integral part of the consolidated financial statements.

ECOTRUST

Consolidated Statement of Activities

Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains, (losses), and other support:				
Foundation grants and contributions	\$ 409,825	\$ 1,849,385	\$ 408,518	\$ 2,667,728
Government grants	1,201,804	215,304	-	1,417,108
Individual grants and contributions	231,136	281,200	-	512,336
Corporate grants and contributions	58,811	43,040	-	101,851
Other grants and contributions	33,481	52,808	-	86,289
Special events, net	53,729	-	-	53,729
Contracts and service fees (Note 18)	4,383,043	-	-	4,383,043
Investment return (Note 6)	1,918,727	114,915	-	2,033,642
Loss on disposal of property and equipment	(415)	-	-	(415)
Net assets released from restrictions (Note 12)	3,338,751	(3,338,751)	-	-
Net revenues, gains, and other support	11,628,892	(782,099)	408,518	11,255,311
Operating expenses:				
Program services:				
Fisheries	335,199	-	-	335,199
Food and Farms	473,517	-	-	473,517
Forests and Ecosystem Services	1,363,965	-	-	1,363,965
Indigenous Leadership	340,893	-	-	340,893
Knowledge Systems	1,327,325	-	-	1,327,325
Natural Capital Holdings	5,013,224	-	-	5,013,224
Total program services	8,854,123	-	-	8,854,123
Supporting services:				
Management and general	537,993	-	-	537,993
Communications	446,062	-	-	446,062
Development	440,899	-	-	440,899
Total supporting services	1,424,954	-	-	1,424,954
Total operating expenses	10,279,077	-	-	10,279,077
Increase (decrease) in net assets from operations	1,349,815	(782,099)	408,518	976,234
Provision for income taxes (Note 19)	(150,701)	-	-	(150,701)
Provision for bad debts and loan losses	(29,040)	-	-	(29,040)
Share in gain of Ecotrust Forests, LLC and Ecotrust Forests II, LLC (Note 7)	1,660,931	-	-	1,660,931
Investment Member interest in income (Note 15)	(543,157)	-	-	(543,157)
Non-controlling interest in income - net (Note 17)	(2,124)	-	-	(2,124)
Capital contributions	2,080	-	-	2,080
Capital distributions	(56)	-	-	(56)
Member equity deconsolidation	(1,951)	-	-	(1,951)
Increase (decrease) in net assets	2,285,797	(782,099)	408,518	1,912,216
Net assets, beginning of year	12,213,806	2,653,867	4,542,759	19,410,432
Net assets, end of year	\$ 14,499,603	\$ 1,871,768	\$ 4,951,277	\$ 21,322,648

The accompanying notes are an integral part of the consolidated financial statements.

ECOTRUST

Consolidated Statement of Activities

Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains, and other support:				
Foundation grants and contributions	\$ 543,895	\$ 2,570,402	\$ 200,000	\$ 3,314,297
Government grants	1,398,301	5,313	-	1,403,614
Individual grants and contributions	328,644	33,212	-	361,856
Corporate grants and contributions	75,723	271,906	-	347,629
Other grants and contributions	10,862	57,766	-	68,628
Special events, net	55,016	-	-	55,016
Contracts and service fees (Note 18)	5,292,288	-	-	5,292,288
Investment return (Note 6)	1,390,694	235,012	-	1,625,706
Gain on disposal of property and equipment	150	-	-	150
Net assets released from restrictions (Note 12)	3,097,586	(3,097,586)	-	-
Net revenues, gains, and other support	12,193,159	76,025	200,000	12,469,184
Operating expenses:				
Program services:				
Fisheries	178,712	-	-	178,712
Food and Farms	413,908	-	-	413,908
Forests and Ecosystem Services	1,566,299	-	-	1,566,299
Indigenous Leadership	295,116	-	-	295,116
Knowledge Systems	2,250,604	-	-	2,250,604
Natural Capital Holdings	5,362,698	-	-	5,362,698
Total program services	10,067,337	-	-	10,067,337
Supporting services:				
Management and general	794,727	-	-	794,727
Communications	585,807	-	-	585,807
Development	361,607	-	-	361,607
Total supporting services	1,742,141	-	-	1,742,141
Total operating expenses	11,809,478	-	-	11,809,478
Increase in net assets from operations	383,681	76,025	200,000	659,706
Provision for income taxes (Note 19)	(163,115)	-	-	(163,115)
Provision for bad debt and loan losses	(54,920)	-	-	(54,920)
Share in loss of Ecotrust Forests, LLC and Ecotrust Forests II, LLC (Note 7)	(723,093)	-	-	(723,093)
Investment Member interest in income (Notes 15)	(523,759)	-	-	(523,759)
Non-controlling interest in income - net (Note 17)	(106,612)	-	-	(106,612)
Capital contributions	2,950	-	-	2,950
Increase (decrease) in net assets	(1,184,868)	76,025	200,000	(908,843)
Net assets, beginning of year	13,398,674	2,577,842	4,342,759	20,319,275
Net assets, end of year	\$ 12,213,806	\$ 2,653,867	\$ 4,542,759	\$ 19,410,432

The accompanying notes are an integral part of the consolidated financial statements.

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Consolidated Statement of Functional Expenses

Year Ended December 31, 2015

	Program Services						Supporting Services					Total
	Fisheries	Food and Farms	Forests and Ecosystem Services	Indigenous Leadership	Knowledge Systems	Natural Capital Holdings	Total Program Services	Management and General	Communications	Development	Total Supporting Services	
Salaries	\$ 127,690	\$ 262,892	\$ 251,216	\$ 119,043	\$ 387,337	\$ 2,341,694	\$ 3,489,872	\$ 319,959	\$ 246,742	\$ 264,775	\$ 831,476	\$ 4,321,348
Payroll taxes and fringe benefits	40,062	81,950	74,598	36,717	97,996	581,185	912,508	81,915	79,196	87,588	248,699	1,161,207
Accounting and auditing	-	-	-	-	10,000	166,686	176,686	31,016	-	-	31,016	207,702
Advertising and marketing	-	325	300	-	1,092	3,450	5,167	521	236	328	1,085	6,252
Books, dues, and memberships	144	758	641	46	185	9,281	11,055	742	986	1,920	3,648	14,703
Building, occupancy, and maintenance	110	251	227	160	179	289,200	290,127	6,792	286	300	7,378	297,505
Conferences and meetings	14,312	2,210	1,925	3,960	2,707	24,138	49,252	9,676	1,026	762	11,464	60,716
Contracts and consultants	122,441	60,944	47,555	6,275	728,144	122,815	1,088,174	94,480	47,802	22,981	165,263	1,253,437
Depreciation and amortization	1,243	4,854	3,823	1,626	4,121	541,062	556,729	15,756	4,080	-	19,836	576,565
GIS, IT, software, and data	9,092	32,766	28,641	12,281	28,571	95,585	206,936	(147,024)	26,872	719	(119,433)	87,503
Grants to other organizations	-	3,488	926,464	108,242	-	-	1,038,194	-	-	500	500	1,038,694
Insurance	2,340	8,436	7,124	3,312	10,375	96,127	127,714	28,302	7,388	-	35,690	163,404
Interest	-	-	-	-	-	202,304	202,304	-	-	-	-	202,304
Legal fees	-	-	-	-	13,179	102,653	115,832	1,600	-	-	1,600	117,432
Meals and travel	16,247	8,650	17,258	15,818	29,953	134,729	222,655	40,149	3,438	14,071	57,658	280,313
Miscellaneous	-	-	542	-	15	224	781	38	880	10	928	1,709
Supplies and equipment	888	918	639	293	1,446	22,328	26,512	21,475	1,836	31,879	55,190	81,702
Postage and delivery	262	975	832	216	1,037	3,302	6,624	1,069	3,007	1,670	5,746	12,370
Printing and publications	162	2,344	251	32,204	1,947	17,901	54,809	2,194	12,531	8,127	22,852	77,661
Recruiting and training	98	348	245	608	615	7,779	9,693	1,225	315	416	1,956	11,649
Rentals and office equipment	(3)	(9)	(6)	(4)	(6)	3,215	3,187	3,678	6,608	3,772	14,058	17,245
Taxes, licenses, and fees	-	1,270	-	-	3,036	232,250	236,556	6,024	1,914	1,018	8,956	245,512
Telephone and internet lines	111	147	1,690	96	5,396	15,316	22,756	18,406	919	63	19,388	42,144
Total expenses	\$ 335,199	\$ 473,517	\$ 1,363,965	\$ 340,893	\$ 1,327,325	\$ 5,013,224	\$ 8,854,123	\$ 537,993	\$ 446,062	\$ 440,899	\$ 1,424,954	\$ 10,279,077

The accompanying notes are an integral part of the consolidated financial statements.

ECOTRUST

Consolidated Statement of Functional Expenses

Year Ended December 31, 2014

	Program Services						Supporting Services					Total
	Fisheries	Food and Farms	Forests and Ecosystem Services	Indigenous Leadership	Knowledge Systems	Natural Capital Holdings	Total Program Services	Management and General	Communications	Development	Total Supporting Services	
Salaries	\$ 37,848	\$ 237,956	\$ 346,614	\$ 69,013	\$ 837,869	\$ 2,487,288	\$ 4,016,588	\$ 461,174	\$ 293,436	\$ 256,625	\$ 1,011,235	\$ 5,027,823
Payroll taxes and fringe benefits	11,801	74,240	110,447	22,002	249,180	623,575	1,091,245	137,624	94,427	91,949	324,000	1,415,245
Accounting and auditing	-	-	-	-	-	106,395	106,395	56,301	-	-	56,301	162,696
Advertising and marketing	-	320	40	-	99	5,023	5,482	-	5,382	213	5,595	11,077
Books, dues, and memberships	48	196	671	20	406	15,063	16,404	1,175	1,185	2,437	4,797	21,201
Building, occupancy, and maintenance	-	2	2	-	5,006	298,129	303,139	8,600	1	-	8,601	311,740
Conferences and meetings	285	4,785	9,957	12,672	32,981	29,959	90,639	11,642	2,393	1,803	15,838	106,477
Contracts and consultants	97,347	24,383	58,464	179	904,957	339,868	1,425,198	129,209	66,954	-	196,163	1,621,361
Depreciation and amortization	399	3,439	4,518	1,084	7,361	525,830	542,631	6,999	4,282	-	11,281	553,912
GIS, IT, software, and data	2,399	22,292	27,305	6,341	46,405	79,978	184,720	(143,741)	26,835	669	(116,237)	68,483
Grants to other organizations	20,228	26,260	973,307	170,217	(383)	100	1,189,729	-	2,050	-	2,050	1,191,779
Insurance	801	5,335	6,383	1,733	13,387	56,531	84,170	22,856	6,312	-	29,168	113,338
Interest	-	-	-	-	-	138,638	138,638	-	-	-	-	138,638
Legal fees	-	-	1,640	-	8,502	102,768	112,910	255	-	-	255	113,165
Meals and travel	6,885	10,319	22,269	10,931	123,100	242,090	415,594	46,325	4,157	2,725	53,207	468,801
Miscellaneous	1	2	6	2	(2)	2,160	2,169	55	43	-	98	2,267
Supplies and equipment	85	1,067	654	548	5,928	20,549	28,831	16,974	2,786	703	20,463	49,294
Postage and delivery	63	1,204	257	93	1,223	3,181	6,021	1,003	9,273	67	10,343	16,364
Printing and publications	30	551	117	30	2,084	11,967	14,779	250	56,350	2,474	59,074	73,853
Recruiting and training	30	180	833	35	1,778	31,645	34,501	5,041	173	1,021	6,235	40,736
Rentals and office equipment	(4)	(33)	(48)	(11)	(70)	7,959	7,793	(42)	5,757	-	5,715	13,508
Taxes, licenses, and fees	(1)	1,278	47	1	2,283	217,931	221,539	13,699	1,301	-	15,000	236,539
Telephone and internet lines	467	132	2,816	226	8,510	16,071	28,222	19,328	2,710	921	22,959	51,181
Total expenses	\$ 178,712	\$ 413,908	\$ 1,566,299	\$ 295,116	\$ 2,250,604	\$ 5,362,698	\$ 10,067,337	\$ 794,727	\$ 585,807	\$ 361,607	\$ 1,742,141	\$ 11,809,478

The accompanying notes are an integral part of the consolidated financial statements.

ECOTRUST

Consolidated Statements of Cash Flows

Years Ended December 31,	2015	2014
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 1,912,216	\$ (908,843)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
(Gain) loss on disposal of property and equipment	415	(150)
Investment Member interest in income	543,157	523,759
Non-controlling interest in income	2,124	106,612
Provision for loan losses	-	50,000
Forgiveness of debt	-	(100,000)
Depreciation and amortization	576,565	553,912
Net (gain) loss on investments	(1,646,713)	876,632
Donation of artwork and software	(22,919)	-
Permanently restricted contributions	(408,518)	(200,000)
Member equity deconsolidation	1,951	-
Capital contributions	(2,080)	(2,950)
Capital distributions	56	-
 (Increase) decrease in:		
Accounts receivable	777,073	(749,606)
Grants receivable	410,497	(249,229)
Prepaid expenses and other assets	(91,003)	840
Accounts payable	(85,202)	(89,398)
Accrued liabilities	(246,201)	357,669
Deferred revenue	(9,845)	379,853
 Net cash provided by operating activities	 1,711,573	 549,101
Cash flows from investing activities:		
Change in restricted cash	(4,095,562)	30,601
Proceeds from sale of investments	328,336	224,315
Purchase of investments	(834,569)	(715,804)
Purchase of investments in Ecotrust Forests II, LLC	(94,965)	(184,615)
Return of capital from Ecotrust Forests II, LLC	31,170	459,660
Purchases of property and equipment	(3,432,343)	(2,823,549)
Proceeds from sale of equipment	1,100	150
Payments received on notes receivable	58,255	114,141
Notes receivable issued	(20,054,860)	(28,615,000)
 Net cash used by investing activities	 (28,093,438)	 (31,510,101)
 Carried forward	 (26,381,865)	 (30,961,000)

The accompanying notes are an integral part of the consolidated financial statements.

ECOTRUST

Consolidated Statements of Cash Flows - Continued

Years Ended December 31,	2015	2014
Brought forward	\$ (26,381,865)	\$ (30,961,000)
Cash flows from financing activities:		
Proceeds from notes payable	5,900,000	3,550,000
Payments on notes payable	(4,503,265)	(2,340,273)
Payments for intangible assets	(125,072)	-
Permanently restricted contributions	408,518	200,000
Capital contributions received	5,867,080	1,002,950
Capital distributions paid	(85,771)	-
Investment Member contributions	20,000,000	29,500,000
Investment Member distributions	(965,738)	(869,425)
Cash decrease from deconsolidation	(2,022)	-
Net cash provided by financing activities	<u>26,493,730</u>	<u>31,043,252</u>
Net increase in cash and cash equivalents	111,865	82,252
Cash and cash equivalents, beginning of year	<u>4,018,329</u>	<u>3,936,077</u>
Cash and cash equivalents, end of year	<u>\$ 4,130,194</u>	<u>\$ 4,018,329</u>
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	\$ 189,982	\$ 130,727
Cash paid during the year for income taxes	192,776	150,076
Supplemental disclosures of noncash activity:		
Notes receivable and Investment Member interest removed as part of deconsolidation	\$ 19,400,000	\$ -
Property partially acquired with a note payable	3,000,000	-
Conversion of notes payable to equity	800,000	-
Conversion of notes receivable to investment	-	200,000
Conversion of investment to property and equipment	-	20,782

The accompanying notes are an integral part of the consolidated financial statements.

ECOTRUST

Notes to Consolidated Financial Statements

1. Nature of Activities

Organization - Ecotrust was incorporated in Oregon on February 13, 1991, as a nonprofit charitable organization. Ecotrust's mission is to foster a natural model of development that creates more resilient communities, economies, and ecosystems. Headquartered in Portland, Oregon, Ecotrust is a unique hybrid organization, serving as:

- An incubator for social enterprise, designed to identify and test deep innovation;
- A vehicle for access to investment capital for promising innovations as proof of concept and scalability; and
- A growing constellation of public, private, for-profit and nonprofit organizations designed to inspire change around the world.

Integrating public and private purpose, Ecotrust's many innovations include co-founding the country's first environmental bank, starting the nation's first ecosystem investment fund, creating a range of programs in fisheries, forestry, food and farms, and developing new scientific and information tools to improve social, economic, and environmental decision-making.

2. Summary of Significant Accounting Policies

The significant accounting policies followed by Ecotrust are described below to enhance the usefulness of the consolidated financial statements to the reader.

Principles of Consolidation - The consolidated financial statements include the accounts of Ecotrust; Ecotrust Properties, LLC; Ecotrust Properties II, LLC; Natural Capital Holdings, LLC; Ecotrust Capital Partners, LLC; The Redd Manager, LLC; The Redd, LLC; The Redd Foundry, LLC; The Marble, LLC; Point 97, LLC; Ecotrust Forest Management, Inc.; Natural Capital Center, Inc.; North Pacific Fisheries Trust; Ecotrust CDE, LLC; Ecotrust Sub-CDE V (Sub-CDE V); Ecotrust Sub-CDE VI (Sub-CDE VI); Ecotrust Sub-CDE VII (Sub-CDE VII); Ecotrust Sub-CDE VIII (Sub-CDE VIII); Ecotrust Sub-CDE IX (Sub-CDE IX); Ecotrust Sub-CDE X (Sub-CDE X); Ecotrust Sub-CDE XI (Sub-CDE XI); Ecotrust Sub-CDE XII (Sub-CDE XII); Ecotrust Sub-CDE XIII (Sub-CDE XIII); Ecotrust Sub-CDE XIV (Sub-CDE XIV); Ecotrust Sub-CDE XV (Sub-CDE XV); Ecotrust Sub-CDE XVI (Sub-CDE XVI); Ecotrust Sub-CDE XVII (Sub-CDE XVII); Ecotrust Sub-CDE XVIII (Sub-CDE XVIII); and Ecotrust Sub-CDE XIX (Sub-CDE XIX).

The consolidated financial statements as of and for the year ended December 31, 2014, also included the accounts of Ecotrust Sub-CDE III, LLC (Sub-CDE III) and Ecotrust Sub-CDE IV, LLC (Sub-CDE IV).

All significant intercompany investments, accounts, and transactions have been eliminated in the consolidated financial statements.

ECOTRUST

Notes to Consolidated Financial Statements - Continued

2. Summary of Significant Accounting Policies - Continued

Principles of Deconsolidation - During the year ended December 31, 2015, the new markets tax credit (NMTC) compliance period ended for the projects associated with Sub-CDE III and Sub-CDE IV. On October 15, 2015, Sub-CDE III and Sub-CDE IV entered into debt conversion agreements with Garibaldi Forest Management, LLC (GFM). Pursuant to the debt conversion agreements, Sub-CDE III and Sub-CDE IV released GFM from its combined \$19,400,000 loan obligation in exchange for a 94.78 percent equity interest in GFM. On October 20, 2015, the investor member in Ecotrust Tax Credit Investment Fund III, LLC (TCIF III), the 99.99 percent owner of Sub-CDE III and Sub-CDE IV, exercised its put option and sold its 99.99 percent interest in TCIF III to Ecotrust Forests, LLC for \$1,000.

As of October 20, 2015, Ecotrust determined it no longer held variable interests in Sub-CDE III and Sub-CDE IV, for which it was formerly considered to be the primary beneficiary under the provisions of accounting principles generally accepted in the United States of America (GAAP). As of October 20, 2015 through December 31, 2015, Ecotrust was not directly engaged in the ownership and management of Sub-CDE III or Sub-CDE IV. As such, these entities have been deconsolidated by Ecotrust in the accompanying consolidated financial statements. In addition, Ecotrust sold its 0.01 percent equity interest in each entity to Ecotrust Forests, LLC on October 20, 2015. The cost of these investments was determined based on the financial statements of each entity at the time of the ownership change.

Basis of Accounting - The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with GAAP.

Basis of Presentation - Net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of Ecotrust and changes therein are classified and reported as follows:

Unrestricted net assets: Net assets not subject to donor-imposed stipulations.

Temporarily restricted net assets: Net assets subject to donor-imposed stipulations that will be met either by actions of Ecotrust and/or the passage of time.

Permanently restricted net assets: Net assets subject to donor-imposed stipulations that they be maintained permanently by Ecotrust. Generally, the donors of these assets permit Ecotrust to use all or part of the income earned on related investments for general or specific purposes.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

ECOTRUST

Notes to Consolidated Financial Statements - Continued

2. Summary of Significant Accounting Policies - Continued

Use of Estimates - The preparation of consolidated financial statements in conformity with 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 consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Estimates are used in the consolidated financial statements for, among other things, calculating the allowance for uncollectible receivables, the reserve for investment loss, and depreciation expense.

Cash Equivalents - Ecotrust considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable - Receivables consist of amounts owing to Ecotrust from customers, other nonprofit organizations, and grantor agencies. They are recognized as services are performed or amounts are unconditionally promised. Receivables are written off when they are determined to be uncollectible. The allowance for doubtful accounts for accounts and notes receivable is estimated based on Ecotrust's historical losses, review of specific problem accounts, and financial stability of its customers. Generally, Ecotrust considers accounts receivable past due after 90 days.

Accounts receivable at December 31, 2015 and 2014, include \$124,483 and \$9,244, respectively, in billings that are at least 90 days old. The allowance for doubtful accounts receivable at December 31, 2015 and 2014, was \$33,123 and \$3,557, respectively.

Notes Receivable - Notes receivable are stated at unpaid principal balances, less an allowance for loan losses and net of deferred loan origination fees and unearned discounts.

The allowance is increased by a provision for loan losses, which is charged to expense, and reduced by charge-offs, net of recoveries. Management's periodic evaluation of the adequacy of the allowance is based on Ecotrust's past loan loss experience, known and other risks inherent in the portfolio, specific impaired loans, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and current economic conditions. Although management uses available information to recognize losses on loans, because of uncertainties associated with local economic conditions, collateral values, and future cash flows on impaired loans, it is reasonably possible a material change could occur in the allowance for loan losses in the near term. However, the amount of the change that is reasonably possible cannot be estimated.

Ecotrust considers a loan impaired when, based on current information or factors, it is probable Ecotrust will not collect the principal and interest payments according to the loan agreement. During the year ended December 31, 2015, management determined a loan was impaired and recorded an allowance for loan losses of \$200,000. Management did not believe any of Ecotrust's notes receivable were impaired at December 31, 2014. During the year ended December 31, 2014, Ecotrust wrote off the note receivable and associated allowance for Organic Renaissance, LLC as management deemed the note was uncollectible following the receivership process.

ECOTRUST

Notes to Consolidated Financial Statements - Continued

2. Summary of Significant Accounting Policies - Continued

Investments - Investments in marketable debt and equity securities with readily determinable fair market values are carried at fair value on a recurring basis. Donated investments with readily determinable fair market values are reported at fair value at the date of receipt. Net appreciation or depreciation in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation or depreciation of those investments, is shown in the consolidated statements of activities.

The investments in unsecured corporate debt, Celilo Media Group common stock, ZeaChem Inc. common stock warrants, Sweetwater Travel Company common stock, Alder Fund, LLC common stock, Sustainability Investment Fund, LP, Vital Farmland, LP, Vital Farmland Holdings, LLC, Green Canopy, LLC, Mission Hub, LLC, Steinback & Co., and other entities are carried at cost, less the reserve for investment loss, which is based on management's estimate of net realizable value of those investments (i.e., fair value measured on a non-recurring basis.)

Fair Value Measurements - GAAP establishes a three-level hierarchy for disclosure of assets and liabilities recorded at fair value. The classification of assets and liabilities within the hierarchy is based on whether the inputs to the valuation methodology used for measurement are observable or unobservable. Observable inputs reflect market-derived or market-based information obtained from independent sources while unobservable inputs reflect estimates about market data.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1: Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments that would generally be included in Level 1 includes listed securities.

Level 2: Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level 1. Fair value is determined through the use of models or other valuation methodologies. Investments that are generally included in this category include corporate bonds and loans.

Level 3: Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include general and limited partnership interests in corporate private equity and real estate funds, debt funds, and hedge funds.

Intangible Assets - Ecotrust has incurred transaction costs relating to the establishment of Ecotrust CDE, LLC; Sub-CDE III; Sub-CDE IV; Sub-CDE V; Sub-CDE VI; Sub-CDE VII; Sub-CDE VIII; Sub-CDE IX; Sub-CDE X; Sub-CDE XI, Sub-CDE XII, Sub-CDE XIII, Sub-CDE XIV, Sub-CDE XV, Sub-CDE XVI, Sub-CDE XVII, Sub-CDE XVIII, Sub-CDE XIX, and The Marble, LLC. These costs are amortized over seven years using the straight-line method (*Note 8*).

ECOTRUST

Notes to Consolidated Financial Statements - Continued

2. Summary of Significant Accounting Policies - Continued

Restricted Cash - Restricted cash includes amounts held by Ecotrust for certain donor restricted endowment funds and for a construction project at The Redd on Salmon Street. At December 31, 2015 and 2014, \$743,896 and \$720,360 was held for donor restricted endowment funds, respectively. At December 31, 2015, \$4,072,026 was held for the construction project.

Property and Equipment - Purchased property and equipment is carried at cost at date of purchase. Donated property and equipment is carried at estimated fair value at date of donation. Property and equipment acquisitions, renewals, and improvements exceeding \$1,000 or \$2,500, depending on the entity, are capitalized. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, which range from 3 to 40 years. Depreciation expense for 2015 and 2014 was \$428,610 and \$406,075, respectively. Artwork is not depreciated.

Revenue Recognition - Contributions, which include unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue. Contracts and service fees are recognized at the time services are provided and the revenues are earned.

Ecotrust reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the consolidated statements of activities as net assets released from restrictions.

Ecotrust reports any gifts of land, buildings, or equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. During the year ended December 31, 2015, Ecotrust received a donated photograph with a fair value of \$4,500 and donated software with a fair value of \$18,419. No such gifts were received in the year ended December 31, 2014. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, Ecotrust reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contract and service fee revenues are recognized when earned.

ECOTRUST

Notes to Consolidated Financial Statements - Continued

2. Summary of Significant Accounting Policies - Continued

Endowment - As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Ecotrust manages its endowment in accordance with the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Board of Directors of Ecotrust has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, Ecotrust 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 that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by Ecotrust in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, Ecotrust considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purposes of Ecotrust and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of Ecotrust; and
- The investment policies of Ecotrust.

Ecotrust has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs. Ecotrust's endowment assets are invested in cash and cash equivalents and investment portfolios held at the Oregon Community Foundation (OCF). Ecotrust has a policy for appropriating for expenditure each year the amount of interest income earned on cash investments and distribution amounts received from OCF, which are based on a formula stipulated in the investment management agreement.

Income Taxes - Ecotrust is exempt from Federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state law. It is, however, taxed on its unrelated business income which is considered by management to be immaterial to the consolidated financial statements at December 31, 2015 and 2014. Ecotrust is not classified as a private foundation. North Pacific Fisheries Trust is also exempt from income tax under IRC Section 501(c)(3). Ecotrust Forest Management, Inc., Natural Capital Center, Inc., and Sub-CDE VIII are all taxed as corporations and pay tax at the entity level on any taxable income. All other consolidated entities are pass-through entities whose tax attributes are passed through to their respective owners.

ECOTRUST

Notes to Consolidated Financial Statements - Continued

2. Summary of Significant Accounting Policies - Continued

Income Taxes - Continued - GAAP prescribes a recognition threshold and measurement process for accounting for uncertain tax positions and also provide guidance on various related matters such as interest, penalties, and required disclosures. Management does not believe Ecotrust and its consolidated entities have any entity level uncertain tax positions. Ecotrust and its consolidated entities file income tax and informational returns in the U.S. Federal jurisdiction and various state and local jurisdictions. Generally, the returns are subject to examination by U.S. Federal (or state and local) income tax authorities for three years from the filing of a return. Any interest or penalties assessed by taxing authorities is included with management and general expenses. There are currently no tax audits in progress for any periods.

Deferred Income Taxes - Ecotrust provides for deferred income taxes resulting from timing differences between financial and tax reporting due primarily to depreciation methods and net operating loss carryovers.

Functional Allocation of Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of functional expenses. Expenses are allocated between program and supporting services benefiting from those expenses.

Variable Interest Entities - Ecotrust follows GAAP with respect to consolidation of variable interest entities and has applied these requirements to Ecotrust CDE, LLC's ownership interest in Sub-CDE III, Sub-CDE IV, Sub-CDE V, Sub-CDE VI, Sub-CDE VII, Sub-CDE VIII, Sub-CDE IX, Sub-CDE X, Sub-CDE XI, Sub-CDE XII, Sub-CDE XIII, Sub-CDE XIV, Sub-CDE XV, Sub-CDE XVI, Sub-CDE XVII, Sub-CDE XVIII, and Sub-CDE XIX. These principles address the consolidation by business enterprises with investments in variable interest entities (VIE). A VIE is generally an entity that has: 1) an insufficient amount of equity for the entity to carry on its principal operations without additional subordinated financial support from other parties, 2) a group of equity owners that are unable to make decisions about the entity's activities that have a significant effect on the success of the entity, or 3) equity that does not absorb the entity's losses or receive the benefits of the entity. If any one of these characteristics is present, the entity is subject to the variable interest's consolidation model and consolidation is determined based on which member is the primary beneficiary. Equity investors lack the right to make decisions about the entity's activity if the voting rights of some investors are not proportional to their obligation to absorb losses or to share in residual returns. A VIE is required to be consolidated in the financial statements of the entity that is determined to be the primary beneficiary of the VIE.

ECOTRUST

Notes to Consolidated Financial Statements - Continued

2. Summary of Significant Accounting Policies - Continued

Variable Interest Entities - Continued - Ecotrust has determined that it holds an interest in a VIE for which consolidation is required. Accordingly, Sub-CDE V, Sub-CDE VI, Sub-CDE VII, Sub-CDE VIII, Sub-CDE IX, Sub-CDE X, Sub-CDE XI, Sub-CDE XII, Sub-CDE XIII, Sub-CDE XIV, Sub-CDE XV, Sub-CDE XVI, Sub-CDE XVII, Sub-CDE XVIII, and Sub-CDE XIX are consolidated into Ecotrust CDE, LLC, prior to its consolidation into Ecotrust. Sub-CDE III and Sub-CDE IV were consolidated into Ecotrust CDE, LLC, as of and for the year ended December 31, 2014, before they were deconsolidated.

Reclassifications - Certain information from the 2014 consolidated financial statements has been reclassified for comparative purposes to conform with the 2015 presentation.

3. Program and Supporting Services

Program Services

Fisheries - Ecotrust's fisheries program works to facilitate a significant shift from industrial to ecological fisheries management, in both freshwater and marine systems, as measured by the viability of small-boat fishing communities and the marine resources on which they depend as well as a measurable improvement in public support for restoring the productive integrity of the Pacific Northwest's salmon-bearing freshwater river systems.

Food and Farms - Ecotrust's work in the Food and Farms sector is motivated by the idea that a high functioning, regionally-based food system would increase resilience while spurring local economic development, promoting restorative production practices, and creating opportunities for better individual and community health. Our work to build a robust regional food system also offers a great entry point to convene community around a more natural model of development and to address climate change.

Forests and Ecosystem Services - The goal of Ecotrust's Forests and Ecosystem Services program is to transform the dominant forest management paradigm to one that more closely mimics natural forest processes, while providing society with significant and measurable benefits. The purpose of our work is to build enduring social, economic, and environmental value for our region, while serving as a model for other regions of the world. Ecotrust accomplishes this by showing that our forests can store more carbon, provide high quality habitat for native fish and wildlife, offer recreational and economic development opportunities, and produce clean and abundant water, all while supporting a more robust and reliable forest products industry.

ECOTRUST

Notes to Consolidated Financial Statements - Continued

3. Program and Supporting Services - Continued

Program Services - Continued

Indigenous Leadership - Since 1991, Ecotrust has been working with tribes and First Nations from Alaska to California. Ecotrust is supporting a growing network of leaders, increasing education opportunities for native youth, and brokering resources for repatriation and improved management of traditional lands. Ecotrust actively works to promote leadership that both reaffirms tribal values and creates new possibilities for stewardship and economic development by native communities and reservations across the region. This leadership's deep responsibility to community and homeland vitality is essential for our region's long-term sense of place in the growing global economy.

Knowledge Systems - Knowledge Systems initiatives focus on the complex interactions between social, economic, and ecological systems. Knowledge Systems delivers decision-support tools, analyses, maps, and data visualizations that support more resilient communities, economies, and ecosystems. Ecotrust's approach is designed to help partners and clients visualize the ecosystem in a social and economic context, create a participatory approach to incorporating stakeholder knowledge, and implement management decisions at appropriate scales.

Natural Capital Holdings - Natural Capital Holdings (NCH) is the holding company for Ecotrust's for-profit activities. These activities include businesses created by Ecotrust, as well as investments in other vehicles. NCH invests in key industries, businesses, and projects that hold the promise of creating more resilient communities, economies, and ecosystems. Assets include the Jean Vollum Natural Capital Center, Inc., a historic warehouse in Northwest Portland that has been redeveloped for occupancy by Ecotrust, its affiliates, and a combination of retail and commercial office tenants with conservation-based missions; and The Redd on Salmon Street, a two-block campus under development in Southeast Portland to support regional food enterprise. NCH is a powerful financial instrument that supports the development of an ecologically restorative, socially just, and economically vibrant society in the Northwest bioregion. The secondary objective of NCH is to provide organizational and program support for Ecotrust.

Supporting Services

Management and General - Management and general activities include business management, recordkeeping, budgeting, accounting, and related administrative activities. These services provide the necessary developmental, organizational, and management support for the effective operation of Ecotrust's programs. GIS, IT, software, and data includes credits of \$227,030 and \$206,257 for the years ended December 31, 2015 and 2014, respectively, for the allocation of salaries and other expenses recorded initially in management and general to other program and supporting services based on management's estimates of benefits received by each department.

ECOTRUST

Notes to Consolidated Financial Statements - Continued

3. Program and Supporting Services - Continued

Supporting Services - Continued

Communications - Ecotrust's communications is charged with inspiring multiple audiences with our mission to build social, economic, and environmental wellbeing. Ecotrust uses a variety of traditional and new media to tell compelling stories that promote Ecotrust's ideas, build a cohesive brand, gather leaders, and catalyze change on a regional, and increasingly, global scale.

Development - Development activities include conducting fundraising campaigns, preparing and distributing fundraising materials, and conducting other activities involving soliciting contributions from individuals, foundations, corporations, and others.

4. Grants Receivable

Grants receivable include unconditional promises to give and are expected to be realized in the following periods:

	2015	2014
Amounts expected to be received in:		
Less than one year	\$ 532,618	\$ 833,673
One to five years	<u>-</u>	<u>109,442</u>
Total grants receivable	<u>\$ 532,618</u>	<u>\$ 943,115</u>

A discount to present value has not been recorded for amounts expected to be received in one to five years as management does not believe such amount would be material. At December 31, 2015 and 2014, Ecotrust had received conditional grants totaling \$1,600,000 and \$1,674,000, respectively. The grants are conditional on achievement of specific objectives within certain programs. The conditional grants will be recognized as revenue when the conditions are met.

ECOTRUST

Notes to Consolidated Financial Statements - Continued

5. Notes Receivable

At December 31, 2015 and 2014, notes receivable includes the following:

	2015	2014
Note receivable from Garibaldi Forest Management, LLC (related party) removed as part of deconsolidation.	\$ -	\$ 7,459,740
Note receivable from Garibaldi Forest Management, LLC (related party) removed as part of deconsolidation.	-	2,240,260
Note receivable from Garibaldi Forest Management, LLC (related party) removed as part of deconsolidation.	-	7,459,740
Note receivable from Garibaldi Forest Management, LLC (related party) removed as part of deconsolidation.	-	2,240,260
Note receivable dated July 12, 2010, from Ochoco Lumber Company. Interest only payments at 1.36063 percent per annum are accrued monthly and paid quarterly through June 2017. Thereafter, principal and interest payments are due quarterly. Matures June 2050. Secured by deed of trust on property.	19,642,500	19,642,500
Note receivable dated September 29, 2010, from ZeaChem Applied Technology LLC. Interest payments at 1.3034 percent per annum are accrued monthly and paid annually through September 2017. Thereafter, principal and interest payments of \$485,062 are due annually. Matures December 2034. Secured by deed of trust on property.	7,353,667	7,353,667
Note receivable dated September 29, 2010, from ZeaChem Applied Technology LLC. Interest only payments at 1.3034 percent per annum are accrued monthly and paid annually through September 2017. Thereafter, principal and interest payments of \$154,769 are due annually. Matures December 2034. Secured by deed of trust on property.	2,346,333	2,346,333
Carried forward	29,342,500	48,742,500

ECOTRUST

Notes to Consolidated Financial Statements - Continued

5. Notes Receivable - Continued

	2015	2014
Brought forward	\$ 29,342,500	\$ 48,742,500
Note receivable dated June 30, 2011, from Rome Creek Timber, LLC. Interest only payments at 3.44 percent per annum are accrued monthly and paid quarterly. Matures June 2018. Secured by deed of trust on property.	11,598,000	11,598,000
Note receivable dated August 23, 2011, from Cascadia Center for Sustainable Design and Construction, LLC. Interest only payments at 1 percent per annum are accrued and paid monthly through September 2018. Thereafter, principal and interest payments of \$15,023 are due monthly. Matures August 2051. Secured by deed of trust on property.	5,043,210	5,043,210
Note receivable dated August 23, 2011, from Cascadia Center for Sustainable Design and Construction, LLC. Interest only payments at 1 percent per annum are accrued and paid monthly through September 2018. Thereafter, principal and interest payments of \$4,789 are due monthly. Matures August 2051. Secured by deed of trust on property.	1,607,790	1,607,790
Note receivable dated September 20, 2011, from Agro-Farma, Inc. Interest only payments at 3 percent per annum are accrued and paid monthly through June 2019. Thereafter, principal and interest payments of \$36,311 are due monthly. Matures June 2042. Secured by deed of trust on property.	7,233,081	7,233,081
Note receivable dated September 20, 2011, from Agro-Farma, Inc. Interest only payments at 3 percent per annum are accrued and paid monthly through June 2019. Thereafter, principal and interest payments of \$12,384 are due monthly. Matures June 2042. Secured by deed of trust on property.	2,466,919	2,466,919
Note receivable from Solar Mosaic, Inc. paid in 2015.	-	50,000
Carried forward	57,291,500	76,741,500

ECOTRUST

Notes to Consolidated Financial Statements - Continued

5. Notes Receivable - Continued

	2015	2014
Brought forward	\$ 57,291,500	\$ 76,741,500
Note receivable dated July 31, 2013, from Wasson Creek, LLC (related party). Interest only payments at 1 percent per annum are accrued and paid quarterly through September 2020. Thereafter, principal and interest payments of \$28,616 are due quarterly. Matures September 2038. Secured by deed of trust on property.	6,736,500	6,736,500
Note receivable dated July 31, 2013, from Wasson Creek, LLC (related party). Interest only payments at 1 percent per annum are accrued and paid quarterly through September 2020. Thereafter, principal and interest payments of \$65,048 are due quarterly. Matures September 2038. Secured by deed of trust on property.	2,963,500	2,963,500
Note receivable dated August 6, 2013, from Olympic Peninsula, LLC (related party). Interest only payments at 1 percent per annum are accrued and paid quarterly through September 2020. Thereafter, principal and interest payments of \$81,310 are due quarterly. Matures September 2038. Secured by deed of trust on property.	8,420,619	8,420,619
Note receivable dated August 6, 2013, from Olympic Peninsula, LLC (related party). Interest only payments at 1 percent per annum are accrued and paid quarterly through September 2020. Thereafter, principal and interest payments of \$35,813 are due quarterly. Matures September 2038. Secured by deed of trust on property.	3,708,881	3,708,881
Note receivable dated July 8, 2014, from Kalispel Support. Interest only payments at 1.1255 percent per annum are accrued and paid quarterly through December 2021. Thereafter, principal and interest payments of \$57,582 are due quarterly. Matures December 2044. Secured by deed of trust on property.	4,661,640	4,661,640
Carried forward	83,782,640	103,232,640

ECOTRUST

Notes to Consolidated Financial Statements - Continued

5. Notes Receivable – Continued

	2015	2014
Brought forward	\$ 83,782,640	\$ 103,232,640
Note receivable dated July 8, 2014, from Kalispel Support. Interest only payments at 1.1255 percent per annum are accrued and paid quarterly through December 2021. Thereafter, principal and interest payments of \$26,290 are due quarterly. Matures December 2044. Secured by deed of trust on property.	2,128,360	2,128,360
Note receivable dated February 27, 2014, from R&R QALICB, LLC. Interest only payments at 1.3025 percent per annum are accrued and paid quarterly through March 2021. Thereafter, principal and interest payments of \$73,019 are due quarterly. Matures December 2039. Secured by deed of trust on property.	4,852,000	4,852,000
Note receivable dated February 27, 2014, from R&R QALICB, LLC. Interest only payments at 1.3025 percent per annum are accrued and paid quarterly through March 2021. Thereafter, principal and interest payments of \$72,959 are due quarterly. Matures December 2039. Secured by deed of trust on property.	4,848,000	4,848,000
Note receivable dated May 23, 2014, from Desolation Creek, LLC (related party). Interest only payments at 1.329 percent per annum are accrued and paid quarterly through June 2021. Thereafter, principal and interest payments of \$32,814 are due quarterly. Matures May 2024. Secured by deed of trust on property.	3,243,062	3,243,062
Note receivable dated May 23, 2014, from Desolation Creek, LLC (related party). Interest only payments at 1.329 percent per annum are accrued and paid quarterly through June 2021. Thereafter, principal and interest payments of \$40,797 are due quarterly. Matures May 2024. Secured by deed of trust on property.	4,031,938	4,031,938
Carried forward	102,886,000	122,336,000

ECOTRUST

Notes to Consolidated Financial Statements - Continued

5. Notes Receivable - Continued

	2015	2014
Brought forward	\$ 102,886,000	\$ 122,336,000
Note receivable dated December 5, 2014, from Colville Tribal Government Building Development, LLC. Interest only payments at 1.5801 percent per annum are accrued and paid quarterly through December 2021. Thereafter, principal and interest payments of \$43,657 are due quarterly. Matures December 2044. Secured by deed of trust on property.	3,362,000	3,362,000
Note receivable dated December 5, 2014, from Colville Tribal Government Building Development, LLC. Interest only payments at 1.5801 percent per annum are accrued and paid quarterly through December 2021. Thereafter, principal and interest payments of \$19,322 are due quarterly. Matures December 2044. Secured by deed of trust on property.	1,488,000	1,488,000
Note receivable dated March 13, 2015, from Fry Ontario, LLC. Interest only payments at 1.3328 percent per annum are accrued and paid quarterly through December 2022. Thereafter, principal and interest payments of \$25,477 are due quarterly. Matures December 2029. Secured by deed of trust on property.	680,000	-
Note receivable dated March 13, 2015, from Fry Ontario, LLC. Interest only payments at 1.3328 percent per annum are accrued and paid quarterly through December 2022. Thereafter, principal and interest payments of \$18,044 are due quarterly. Matures December 2029. Secured by deed of trust on property.	<u>481,600</u>	<u>-</u>
Carried forward	108,897,600	127,186,000

ECOTRUST

Notes to Consolidated Financial Statements - Continued

5. Notes Receivable - Continued

	2015	2014
Brought forward	\$ 108,897,600	\$ 127,186,000
Note receivable dated March 13, 2015, from Fry Ontario, LLC. Interest only payments at 1.3328 percent per annum are accrued and paid quarterly through December 2022. Thereafter, principal and interest payments of \$138,188 are due quarterly. Matures December 2029. Secured by deed of trust on property.	3,688,400	-
Note receivable dated May 8, 2015, from SEK-WET-SE Corporation. Interest only payments at 1.5305 percent per annum are accrued and paid quarterly through March 2022. Thereafter, principal and interest payments of \$57,284 are due quarterly. Matures March 2045. Secured by deed of trust on property.	4,435,400	-
Note receivable dated May 8, 2015, from SEK-WET-SE Corporation. Interest only payments at 1.5305 percent per annum are accrued and paid quarterly through March 2022. Thereafter, principal and interest payments of \$55,466 are due quarterly. Matures March 2045. Secured by deed of trust on property.	4,294,600	-
Note receivable dated October 30, 2015, from Steinback & Co. Interest accrues at 5 percent per annum and added to the principal balance of the note annually through November 2020. Thereafter, principal and interest payments of \$23,039 are due quarterly. Secured by substantially all assets of Steinback & Co.	200,000	-
Carried forward	121,516,000	127,186,000

ECOTRUST

Notes to Consolidated Financial Statements - Continued

5. Notes Receivable - Continued

	2015	2014
Brought forward	\$ 121,516,000	\$ 127,186,000
Note receivable dated December 22, 2015, from COCRF Investor Fund 52, LLC. Interest only payments at 1 percent per annum are accrued and paid quarterly through December 2022. Thereafter, principal and interest payments of \$98,377 are due quarterly. Matures December 2040. Secured by deed of trust on property.	6,474,860	-
Fishing permits	<u>178,735</u>	<u>186,990</u>
	128,169,595	127,372,990
Less allowance for loan losses on note receivable from Steinback & Co.	<u>(200,000)</u>	<u>-</u>
	<u>\$ 127,969,595</u>	<u>\$ 127,372,990</u>

Fishing permits are notes receivable from fishermen and Community Quota Entities, which have used the note proceeds to purchase fishing permits. The notes, secured by the fishing permits, bear interest at 5.25 percent per annum, and mature in May 2022.

ECOTRUST

Notes to Consolidated Financial Statements - Continued

6. Investments

At December 31, 2015 and 2014, investments consist of the following:

	2015	2014
Money market funds	\$ 951,329	\$ -
Equity mutual funds	277,953	356,201
Unsecured corporate debt	-	728,557
Investments held at Oregon Community Foundation	4,861,339	4,614,852
Celilo Media Group common stock	69,755	69,755
ZeaChem Inc. common stock warrants	280,000	280,000
Sweetwater Travel Company common stock	119,422	119,422
Alder Fund, LLC common stock	100,000	100,000
Sustainability Investment Fund, LP	425,000	425,000
Vital Farmland, LP	100,000	100,000
Vital Farmland Holdings, LLC	400,000	400,000
Green Canopy, LLC	50,000	50,000
Mission Hub, LLC	100,004	-
Steinback & Co.	200,000	-
Other entities	2,851	1,851
	7,937,653	7,245,638
Less reserve for investment loss	(480,000)	(280,000)
	\$ 7,457,653	\$ 6,965,638

For the years ended December 31, 2015 and 2014, investment return includes the following:

	2015	2014
Interest and dividends	\$ 2,047,860	\$ 1,779,245
Net realized gains	2,573	47,059
Investment impairment	(25,000)	(280,000)
Net unrealized gains	8,209	79,402
	\$ 2,033,642	\$ 1,625,706

Ecotrust purchased its investment in Steinback & Co. for \$25,000. Therefore, the investment impairment recorded during the year ended December 31, 2015 was \$25,000.

ECOTRUST

Notes to Consolidated Financial Statements - Continued

6. Investments - Continued

Ecotrust has an agreement with the OCF to transfer certain of its investments to OCF in order to achieve improved performance results and enhanced long-term planned giving goals. The agreement gives OCF variance power, that is, terms which grant OCF's Board of Directors the authority to modify restrictions and conditions of the fund agreement under certain circumstances. The agreement stipulates that OCF will distribute a percentage of the fair market value of the fund to Ecotrust based on the expected total return on the investments of the permanent funds of OCF and other factors. The agreement specifies that such percentage shall not be less than a reasonable rate of return. Additional distributions may be made on a resolution of both organizations' Boards of Directors.

ECOTRUST

Notes to Consolidated Financial Statements - Continued

7. Investment in Ecotrust Forests, LLC and Ecotrust Forests II, LLC

During 2004, Ecotrust made a \$1,300,000 legally binding commitment to invest in Ecotrust Forests, LLC, a related party. This commitment was paid in full as of December 31, 2006. During the years ended December 31, 2009 and 2008, Ecotrust invested an additional \$2,620,000 and \$500,000, respectively, in Ecotrust Forests, LLC. At December 31, 2015 and 2014, Ecotrust's ownership interest in Ecotrust Forests, LLC is approximately 20 and 16 percent, respectively. The investment has been recorded using the equity method. Ecotrust's equity in the gain (loss) of Ecotrust Forests, LLC has been recorded as a separate component of the share in gain (loss) of Ecotrust Forests, LLC and Ecotrust Forests II, LLC in both 2015 and 2014. Ecotrust Forest Management, Inc. manages Ecotrust Forests, LLC.

Summarized financial information for Ecotrust Forests, LLC as of and for the years ended December 31, 2015 and 2014, is as follows:

	2015	2014
Total assets	<u>\$ 37,209,659</u>	<u>\$ 54,223,910</u>
Total liabilities	\$ 12,261,125	\$ 31,681,593
Members' equity	<u>24,948,534</u>	<u>22,542,317</u>
Total liabilities and members' equity	<u>\$ 37,209,659</u>	<u>\$ 54,223,910</u>
Revenue and gains	\$ 10,222,679	\$ 2,220,366
Expenses and losses	<u>1,816,459</u>	<u>5,581,219</u>
Net gain (loss)	8,406,220	(3,360,853)
Capital distributions	<u>(6,000,003)</u>	<u>(1,900,000)</u>
Net increase (decrease) in equity	<u>\$ 2,406,217</u>	<u>\$ (5,260,853)</u>

ECOTRUST

Notes to Consolidated Financial Statements - Continued

7. Investment in Ecotrust Forests, LLC and Ecotrust Forests II, LLC - Continued

During 2013, Ecotrust made a \$750,000 legally binding commitment to invest in Ecotrust Forests II, LLC, a related party, and invested \$390,797. During 2015 and 2014, Ecotrust made additional investments of \$94,965 and \$184,615, respectively, and received \$31,170 and \$459,660, respectively, in return of capital. At December 31, 2015 and 2014, Ecotrust's ownership interest in Ecotrust Forests II, LLC is approximately 2 percent. The investment has been recorded using the equity method. Ecotrust's equity in the loss of Ecotrust Forests II, LLC has been recorded as a separate component of the share in gain (loss) of Ecotrust Forests, LLC and Ecotrust Forests II, LLC in both 2015 and 2014. Ecotrust Forest Management, Inc. manages this LLC.

Summarized financial information for Ecotrust Forests II, LLC as of and for the years ended December 31, 2015 and 2014, is as follows:

	2015	2014
Total assets	<u>\$ 36,212,724</u>	<u>\$ 30,993,735</u>
Total liabilities	\$ 27,324,774	\$ 27,540,385
Members' equity	<u>8,887,950</u>	<u>3,453,350</u>
Total liabilities and members' equity	<u>\$ 36,212,724</u>	<u>\$ 30,993,735</u>
Revenue and gains	\$ 4,177,434	\$ 75,868
Expenses and losses	<u>4,364,219</u>	<u>1,221,935</u>
Net loss	(186,785)	(1,146,067)
Capital contributions (distributions) - net	<u>5,621,385</u>	<u>(7,560,811)</u>
Net increase (decrease) in equity	<u>\$ 5,434,600</u>	<u>\$ (8,706,878)</u>

ECOTRUST

Notes to Consolidated Financial Statements - Continued

8. Intangible Assets

As of December 31, 2015 and 2014, costs in the amount of \$1,295,153 had been incurred by Ecotrust for the Community Development Financial Institutions Fund (the CDFI Fund), Community Development Entity (CDE) application process, the application for NMTC's, and the application of and structuring of Ecotrust's use of its allocation of NMTC's (*Note 16*). The capitalized costs are amortized over seven years, the compliance period of the NMTC's, on a straight-line basis, commencing on the date the first qualified equity investment (QEI) is made. During the year ended December 31, 2015, Ecotrust incurred costs of \$125,072 as part of the closing process of the NMTC transaction for Sub-CDE XIX. These costs will be amortized over 30 years, the loan period for the Qualified Low-Income Community Investment loans. As of December 31, 2015 and 2014, net capitalized costs were \$334,475 and \$357,358, respectively. Amortization expense related to these costs for the years ended December 31, 2015 and 2014, was \$147,955 and \$147,837, respectively.

Total intangible assets at December 31, 2015 and 2014, are summarized as follows:

	2015	2014
Capitalized costs	\$ 1,420,225	\$ 1,295,153
Less accumulated amortization	<u>(1,085,750)</u>	<u>(937,795)</u>
	<u>\$ 334,475</u>	<u>\$ 357,358</u>

Estimated future amortization expense is as follows:

Years Ending December 31,	Amount
2016	\$ 145,587
2017	52,749
2018	16,759
2019	8,566
2020	6,701
Thereafter	<u>104,113</u>
	<u>\$ 334,475</u>

ECOTRUST

Notes to Consolidated Financial Statements - Continued

9. Property and Equipment

	2015	2014
Land	\$ 5,003,867	\$ 3,444,324
Buildings	16,879,592	12,859,576
Furniture and equipment	1,396,890	1,372,809
Artwork	42,500	38,000
Construction in process	844,848	-
	<u>24,167,697</u>	<u>17,714,709</u>
Less accumulated depreciation	<u>(5,884,957)</u>	<u>(5,457,106)</u>
Net property and equipment	<u>\$ 18,282,740</u>	<u>\$ 12,257,603</u>

Construction in process at December 31, 2015, represents costs associated with the development project at The Redd on Salmon Street, and includes capitalized interest of \$12,328. Restricted cash at December 31, 2015, includes \$4,072,026 for use in this project.

ECOTRUST

Notes to Consolidated Financial Statements - Continued

10. Notes Payable

	2015	2014
Note payable to Furlotti Family Foundation paid in 2015.	\$ -	\$ 1,000,000
Note payable to Healy Foundation, in monthly installments of \$16,091 including interest at 6 percent per annum. Remaining interest and principal are due on July 31, 2016. Secured by real property with a carrying value of \$11,617,635.	826,280	974,024
Note payable to Healy Foundation, in monthly installments of \$5,303 including interest at 5 percent per annum. Remaining interest and principal are due on July 31, 2016. Secured by real property with a carrying value of \$11,617,635.	186,093	214,288
Note payable to New Priorities Foundation, including interest at 2 percent per annum that is paid annually on October 1st. Principal is due October 1, 2022. Unsecured.	100,000	100,000
Note payable to New Priorities Foundation, including interest at 2 percent per annum that is paid annually on October 1st. Principal is due April 30, 2023. Secured by Ecotrust's investment in Ecotrust Forests II, LLC.	500,000	500,000
Note payable to Nia Community Fund, LLC, including interest at 2 percent per annum. Interest payments are due quarterly starting on May 26, 2013. Principal is due on May 16, 2023. Unsecured.	250,000	250,000
Note payable to United States Department of Agriculture including interest at 1 percent per annum. Interest payments are due annually starting May 18, 2014. Principal and interest payments are due annually beginning in May 2016. Matures May 2042. Unsecured.	112,500	112,500
Carried forward	1,974,873	3,150,812

ECOTRUST

Notes to Consolidated Financial Statements - Continued

10. Notes Payable - Continued

	2015	2014
Brought forward	\$ 1,974,873	\$ 3,150,812
Note payable to Healy Foundation, in monthly installments of \$9,129 including interest at 4.75 percent per annum. Remaining interest and principal are due on October 8, 2019. Secured by land and real property with a carrying value of \$2,666,997.	1,715,720	1,743,046
Note payable to Marlens/Black 1997 Trust, due in full, including interest at 4 percent per annum, on February 23, 2016. Unsecured.	300,000	-
Note payable to Oregon Community Foundation including interest at 1.75 percent per annum. Interest payments are due quarterly starting March 15, 2016. Remaining principal and interest payments are due on March 2023. Certain covenants apply. Unsecured.	500,000	-
Note payable to Meyer Memorial Trust including interest at 1.75 percent per annum. Interest payments are due quarterly starting March 15, 2016. Remaining principal and interest payments are due on March 2023. Certain covenants apply. Unsecured.	500,000	-
Note payable to The Lora L. and Martin N. Kelley Family Foundation including interest at 1.75 percent per annum. Interest payments are due quarterly starting March 15, 2016. Remaining principal and interest payments are due on March 2023. Certain covenants apply. Unsecured.	250,000	-
Note payable to Edwards Mother Earth Foundation including interest at 1.75 percent per annum. Interest payments are due quarterly starting March 15, 2016. Remaining principal and interest payments are due on March 2023. Certain covenants apply. Unsecured.	250,000	-
Carried forward	5,490,593	4,893,858

ECOTRUST

Notes to Consolidated Financial Statements - Continued

10. Notes Payable - Continued

	2015	2014
Brought forward	\$ 5,490,593	\$ 4,893,858
Note payable to COCRF SubCDE 38, LLC including interest at 1.1521 percent per annum. Interest payments are due quarterly starting March 10, 2016 and through December 10, 2022. Thereafter, principal and interest payments of \$24,556 are due quarterly. Matures December 31, 2045. Certain covenants apply. Secured by land and real property with a carrying value of \$4,259,163.	1,982,100	-
Note payable to COCRF SubCDE 38, LLC including interest at 1.1521 percent per annum. Interest payments are due quarterly starting March 10, 2016 and through December 10, 2022. Thereafter, principal and interest payments of \$12,611 are due quarterly. Matures December 31, 2045. Certain covenants apply. Secured by land and real property with a carrying value of \$4,259,163.	<u>1,017,900</u>	<u>-</u>
	<u><u>\$ 8,490,593</u></u>	<u><u>\$ 4,893,858</u></u>

Future principal maturities of notes payable are as follows at December 31, 2015:

Years Ending December 31,	Amount
2016	\$ 1,344,675
2017	33,730
2018	35,225
2019	1,629,284
2020	3,798
Thereafter	<u>5,443,881</u>
	<u><u>\$ 8,490,593</u></u>

In February 2016, the notes payable to the United States Department of Agriculture and Marlens/Black 1997 Trust were paid in full.

ECOTRUST

Notes to Consolidated Financial Statements - Continued

11. Lease Agreements

Natural Capital Center, Inc. leases retail and office space to others under noncancelable operating leases that expire at various dates through 2018. The Marble, LLC leases retail and office space under a noncancellable operating lease expiring December 2020. Future minimum lease payments to be received under the operating leases are as follows at December 31, 2015:

Years Ending December 31,	Amount
2016	\$ 694,020
2017	363,103
2018	267,672
2019	257,591
2020	<u>283,510</u>
Total minimum lease payments	<u><u>\$ 1,865,896</u></u>

12. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at December 31, 2015 and 2014:

	2015	2014
Program restrictions	\$ 741,538	\$ 1,461,527
Natural Capital Holdings	476,272	399,887
Unexpended endowment earnings	<u>653,958</u>	<u>792,453</u>
	<u><u>\$ 1,871,768</u></u>	<u><u>\$ 2,653,867</u></u>

Net assets released from donor restrictions as a result of the satisfaction of program and/or time restrictions include the following for the years ended December 31, 2015 and 2014:

	2015	2014
Programs	\$ 3,095,421	\$ 2,824,490
Endowment earnings appropriated for expenditure	<u>243,330</u>	<u>273,096</u>
Total net assets released from restrictions	<u><u>\$ 3,338,751</u></u>	<u><u>\$ 3,097,586</u></u>

ECOTRUST

Notes to Consolidated Financial Statements - Continued

13. Retirement Plans

Ecotrust sponsors a defined contribution retirement plan (the Plan) which covers all employees who work more than 50 percent of the time and have more than six months of service. Under the terms of the Plan, Ecotrust makes a contribution equal to 3 percent of compensation for all eligible employees. Ecotrust makes an additional matching contribution equal to 50 percent of employee contributions up to a maximum of 3 percent of compensation. Additional discretionary contributions are also allowed. Contributions to the Plan were \$219,782 and \$256,973 for the years ended December 31, 2015 and 2014, respectively.

In 2004, Ecotrust created a nonqualified 457(b) deferred compensation plan which covers Ecotrust's President and the CFO/COO. Contributions to this plan are at the discretion of the Board of Directors and were \$16,500 for the years ended December 31, 2015 and 2014. Investments and accrued liabilities include \$277,953 and \$264,124 at December 31, 2015 and 2014, respectively, related to this plan.

14. Concentrations of Risk

Ecotrust maintains its cash balances primarily in one financial institution located in Oakland, California. From time to time, Ecotrust may have deposits in excess of Federally insured limits at this financial institution.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible changes in the values of investment securities will occur in the near term and such changes could materially affect account balances and the amounts reported in the consolidated financial statements.

During the year ended December 31, 2015, three donors accounted for 36 percent of total contributions. During the year ended December 31, 2014, one donor accounted for 13 percent of total contributions.

15. Investment Member Interest

Ecotrust has formed Sub-CDE III, Sub-CDE IV, Sub-CDE V, Sub-CDE VI, Sub-CDE VII, Sub-CDE VIII, Sub-CDE IX, Sub-CDE X, Sub-CDE XI, Sub-CDE XII, Sub-CDE XIII, Sub-CDE XIV, Sub-CDE XV, Sub-CDE XVI, Sub-CDE XVII, Sub-CDE XVIII, and Sub-CDE XIX to make qualified equity investments in community development entities which have made loans to qualified low-income community businesses and engage in other activities which qualify for Federal and State NMTC's (*Note 16*).

Ecotrust is the Managing Member in Sub-CDE V, Sub-CDE VI, Sub-CDE VII, Sub-CDE VIII, Sub-CDE IX, Sub-CDE X, Sub-CDE XI, Sub-CDE XII, Sub-CDE XIII, Sub-CDE XIV, Sub-CDE XV, Sub-CDE XVI, Sub-CDE XVII, Sub-CDE XVIII, and Sub-CDE XIX for the years ended December 31, 2015 and 2014.

ECOTRUST

Notes to Consolidated Financial Statements - Continued

15. Investment Member Interest - Continued

Ecotrust was the managing member in Sub-CDE III and Sub-CDE IV in 2014. These entities were deconsolidated during the year ended December 31, 2015.

Pursuant to the terms of the Operating Agreements, the Managing Member and Investor Members are required to make equity contributions. Profits, losses, and tax credits are allocated in accordance with the Operating Agreements. Profits and losses from operations and all Federal NMTC's in any one year shall be allocated 0.01 percent to the Managing Member and 99.99 percent to the Investor Members.

The Investment Member interest is as follows:

	2015	2014
Balance, beginning of year	\$ 130,601,164	\$ 101,446,830
Investment Member contributions:		
Kalispel Investment Fund, LLC	-	7,000,000
Chase NMTC R&R Lumber Investment Fund, LLC	-	10,000,000
WF Desolation Creek Investment Fund, LLC	-	7,500,000
Twain Investment Fund 20, LLC	-	5,000,000
Enhanced Capital New Market Development Fund 63, LLC	5,000,000	-
Enhanced Capital New Market Development Fund 71, LLC	9,000,000	-
COCRF Investor Fund 52, LLC	6,800,000	-
Deconsolidation:		
Ecotrust Forests, LLC (relating to Sub-CDE III)	(9,700,035)	-
Ecotrust Forests, LLC (relating to Sub-CDE IV)	(9,700,036)	-
Investment Member interest in income	543,157	523,759
Investment Member distributions	<u>(965,738)</u>	<u>(869,425)</u>
Balance, end of year	<u><u>\$ 131,578,512</u></u>	<u><u>\$ 130,601,164</u></u>

ECOTRUST

Notes to Consolidated Financial Statements - Continued

16. New Markets Tax Credits

In 2005, Ecotrust received an allocation of \$50,000,000 in NMTC's from the Federal CDFI Fund, which may be generated as qualified equity investments are made and will result in tax credit benefits of \$19,500,000 to investor members. Additional allocations of \$30,000,000, \$42,000,000, and \$45,000,000 in NMTC were received in 2009, 2011, and 2013, respectively, which will result in tax credit benefits of \$45,630,000 collectively. Pursuant to the Allocation Agreement, the NMTC is and will be allocated to qualifying entities (collectively, the Suballocatees) as qualifying investments are made.

The NMTC is a 39 percent Federal tax credit available over a seven year period to the investors. In order to qualify for these credits, Ecotrust must comply with various Federal requirements. These requirements include, but are not limited to, investing at least 85 percent of the qualified equity investments in qualified low-income community investments (which may include 5 percent of the qualified equity investments received to be held as reserves).

The credits are subject to recapture if the Investee Companies fail to meet certain NMTC compliance requirements during the seven year tax credit period. Recapture of credits will occur if: 1) the Investee Companies cease to continuously be community development entities; 2) the Investee Companies cease to use substantially all of the qualified equity investments for qualified low-income community investments (including 5 percent of the qualified equity investments received and held as reserves); 3) the Investee Companies redeem the qualified equity investment before the end of the applicable seven year compliance period. If any of the above events occur during the seven year tax credit period, the NMTC's must be recaptured by the Investee Companies, and the increase in tax will be borne by the members. However, Ecotrust has indemnified the investor members and is thus contingently liable for any potential loss they may incur should a recapture event take place.

During 2015, the NMTC compliance period ended for the projects associated with Sub-CDE III and Sub-CDE IV. The tax credit investors associated with those projects exercised their put options and sold their interests in TCIF III to Ecotrust Forests, LLC.

During 2014 and 2013, Ecotrust was awarded \$8,000,000 of Oregon NMTC authority, for a total of \$16,000,000. The Oregon NMTC's are 7 percent in year three of a project and 8 percent for each of the four succeeding years, operate similar to the Federal NMTC's, and have similar requirements.

ECOTRUST

Notes to Consolidated Financial Statements - Continued

17. Non-controlling Interest

During the years ended December 31, 2011 and 2010, Ecotrust Forest Management, Inc. issued shares of common stock to an employee. During the years ended December 31, 2015 and 2014, The Redd, LLC issued membership equity to several investors. During the year ended December 31, 2015, The Marble, LLC issued membership equity to another investor.

The non-controlling interest is as follows at December 31:

	2015	2014
Balance, beginning of year	\$ 1,304,896	\$ 198,284
Issuance of membership equity, The Redd, LLC	5,365,000	1,000,000
Issuance of membership equity, The Marble, LLC	500,000	-
Distribution to stockholder, Ecotrust Forest Management, Inc.	(85,715)	-
Non-controlling interest's share of net income, Ecotrust Forest Management, Inc.	20,668	160,487
Non-controlling interest's share of net loss, The Redd, LLC	(16,952)	(53,875)
Non-controlling interest's share of net loss, The Marble, LLC	(1,592)	-
Balance, end of year	<u>\$ 7,086,305</u>	<u>\$ 1,304,896</u>

18. Related-Party Transactions

Contracts and service fees revenue for 2015 and 2014 includes management fees of \$1,122,323 and \$1,287,760, respectively, earned from Ecotrust Forests, LLC and Ecotrust Forests II, LLC.

Accounts receivable at December 31, 2015, includes \$273,401 for management fees and \$5,319 for reimbursement of operating expenses due from Ecotrust Forests, LLC and Ecotrust Forests II, LLC. Accounts receivable at December 31, 2014, includes \$515,853 for management fees and \$2,035 for reimbursement of operating expenses due from Ecotrust Forests, LLC and Ecotrust Forests II, LLC.

Interest income from notes receivable from related parties totaled \$1,955,147 and \$1,668,236 for the years ended December 31, 2015 and 2014, respectively.

For each of the years ended December 31, 2015 and 2014, management fees totaling \$75,000 and \$100,000, respectively, were paid to Sub-CDE III and Sub-CDE IV by Ecotrust Forests, LLC.

ECOTRUST

Notes to Consolidated Financial Statements - Continued

19. Income Taxes

Taxable entities included in the consolidated financial statements of Ecotrust are the Natural Capital Center, Inc. (sole owner of Ecotrust Properties, LLC); Ecotrust Forest Management, Inc.; Ecotrust CDE, LLC (subject to certain state and local taxes); and Sub-CDE VIII, which has elected to be taxed as a corporation.

The provision for income taxes includes the following components for the years ended December 31:

	2015	2014
Current:		
Federal	\$ 90,225	\$ 91,005
State and local	<u>60,476</u>	<u>72,110</u>
	<u>\$ 150,701</u>	<u>\$ 163,115</u>

At December 31, 2015, the Natural Capital Center, Inc. has the following carryovers for income tax purposes:

Federal and state:		
Net operating loss carryover, expiring 2025		\$ 44,545
Net operating loss carryover, expiring 2026		35,908
Net operating loss carryover, expiring 2027		<u>36,279</u>
		<u>\$ 116,732</u>

Deferred income taxes are recognized for temporary differences resulting from different revenue recognition methods used for financial statement and income tax reporting whereby certain revenues of Sub-CDE VIII have been deferred for financial statement purposes, but are includable in taxable income for tax purposes. This has created a deferred tax asset of \$460 at December 31, 2015 and 2014.

In addition, Ecotrust Properties, LLC holds property and equipment that has been depreciated using different methods for book and tax purposes. The net difference between the net book value reported on the consolidated financial statements and the tax basis included in Ecotrust Properties, LLC's tax return is \$85,007 at December 31, 2015. That amount has been offset against the net operating loss carryforwards for purposes of calculating the deferred tax benefit in the consolidated financial statements.

ECOTRUST

Notes to Consolidated Financial Statements - Continued

19. Income Taxes - Continued

No deferred tax asset has been reported on the consolidated financial statements for the above carryforwards, since management has recorded a valuation allowance for the loss carryforwards, as follows:

	2015	2014
Deferred tax asset arising from temporary differences	\$ 460	\$ 460
Estimated deferred tax asset arising from net operating loss carryforwards	29,048	23,560
Less valuation allowance	<u>(29,048)</u>	<u>(23,560)</u>
Net deferred tax asset	<u>\$ 460</u>	<u>\$ 460</u>

20. Fair Value Measurements

Assets measured at fair value on a recurring basis include the following:

	2015	2014
Money market funds	\$ 951,329	\$ -
Equity mutual funds	277,953	356,201
Investments held at OCF	<u>4,861,339</u>	<u>4,614,852</u>
	<u>\$ 6,090,621</u>	<u>\$ 4,971,053</u>

Fair value was determined at December 31 as follows:

	2015	Level 1	Level 3	Total
Money market funds	\$ 951,329	\$ -	\$ -	\$ 951,329
Equity mutual funds:				
Large blend	61,817	-	-	61,817
Large growth	198,255	-	-	198,255
Mid-cap value	17,861	-	-	17,861
High yield bond	20	-	-	20
Investments held at OCF	<u>-</u>	<u>4,861,339</u>	<u>-</u>	<u>4,861,339</u>
	<u>\$ 1,229,282</u>	<u>\$ 4,861,339</u>	<u>\$ -</u>	<u>\$ 6,090,621</u>

ECOTRUST

Notes to Consolidated Financial Statements - Continued

20. Fair Value Measurements - Continued

Fair value was determined at December 31 as follows:

2014	Level 1	Level 3	Total
Equity mutual funds:			
Large blend	\$ 117,796	\$ -	\$ 117,796
Large growth	221,195	-	221,195
Mid-cap value	17,188	-	17,188
High yield bond	22	-	22
Investments held at OCF	<u>-</u>	<u>4,614,852</u>	<u>4,614,852</u>
	<u>\$ 356,201</u>	<u>\$ 4,614,852</u>	<u>\$ 4,971,053</u>

The fair value of assets measured on a recurring basis is the market value based on quoted market prices, when available, third-party pricing services for the same or similar investment, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument.

As described in *Note 6*, investments held at OCF represent Ecotrust's share of a pooled investment portfolio managed by OCF. Ecotrust's share of the pooled investment portfolio is not actively traded and significant other observable inputs are not available. However, the underlying investments of OCF are measured by management of OCF using a variety of valuation methods including Level 1, Level 2, and Level 3 inputs.

A summary of the changes in fair value of Level 3 assets is presented below.

	2015	2014
Balance at beginning of year	\$ 4,614,852	\$ 4,441,582
Deposits to OCF	408,518	200,000
Distributions from OCF	(191,092)	(175,802)
Unrealized and realized gains - net	7,440	126,429
Interest and dividends	62,195	64,136
Investment fees	<u>(40,574)</u>	<u>(41,493)</u>
Balance at end of year	<u>\$ 4,861,339</u>	<u>\$ 4,614,852</u>

ECOTRUST

Notes to Consolidated Financial Statements - Continued

20. Fair Value Measurements - Continued

Assets measured at fair value on a non-recurring basis include the following investments, each of which were originally carried at cost, and each of which are periodically evaluated for impairment to reflect management's estimate of the net realizable value of the investments. The investments in closely-held entities are classified as Level 3 (unobservable inputs). The investment in unsecured corporate debt was classified as Level 2, and consisted of an interest-bearing account with a related party of Sub-CDE VIII, whose management classified it as available for sale.

Assets measured at fair value on a non-recurring basis include the following:

	Level 2	Level 3	Total
December 31, 2015:			
Investments in closely-held entities	\$ -	\$ 1,367,032	\$ 1,367,032
December 31, 2014:			
Investments in closely-held entities	\$ -	\$ 1,266,028	\$ 1,266,028
Unsecured corporate debt	728,557	-	728,557
	\$ 728,557	\$ 1,266,028	\$ 1,994,585

Investments in closely held entities are reduced by a reserve for investment loss of \$480,000 and \$280,000 at December 31, 2015 and 2014, respectively.

A summary of the changes in fair value of Level 3 assets is presented below.

	2015	2014
Balance at beginning of year	\$ 1,266,028	\$ 1,267,442
Deposits to Investments - Closely held entities	301,004	248,586
Increase in reserve for investment loss	(200,000)	(250,000)
Balance at end of year	\$ 1,367,032	\$ 1,266,028

ECOTRUST

Notes to Consolidated Financial Statements - Continued

21. Endowment

Ecotrust's endowment consists of three funds that are comprised solely of donor-restricted net assets at December 31, the corpuses of which are as follows:

	2015	2014
Community Engagement Endowment	\$ 200,000	\$ 200,000
Indigenous Leadership Endowment	500,000	500,000
Ecotrust income endowment	<u>4,251,277</u>	<u>3,842,759</u>
	<u><u>\$ 4,951,277</u></u>	<u><u>\$ 4,542,759</u></u>

Endowment net assets are invested as follows at December 31:

	2015	2014
Restricted cash	\$ 743,896	\$ 720,360
Beneficial interest in investments at OCF	<u>4,861,339</u>	<u>4,614,852</u>
	<u><u>\$ 5,605,235</u></u>	<u><u>\$ 5,335,212</u></u>

Changes in endowment net assets for 2014 and 2015 were as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, December 31, 2013	\$ 849,784	\$ 4,342,759	\$ 5,192,543
Contributions	-	200,000	200,000
Investment return	215,765	-	215,765
Appropriation for expenditure	<u>(273,096)</u>	<u>-</u>	<u>(273,096)</u>
Endowment net assets, December 31, 2014	792,453	4,542,759	5,335,212
Contributions	-	408,518	408,518
Investment return	104,835	-	104,835
Appropriation for expenditure	<u>(243,330)</u>	<u>-</u>	<u>(243,330)</u>
Endowment net assets, December 31, 2015	<u><u>\$ 653,958</u></u>	<u><u>\$ 4,951,277</u></u>	<u><u>\$ 5,605,235</u></u>

ECOTRUST

Notes to Consolidated Financial Statements - Continued

22. Contingencies

A significant portion of Ecotrust's net revenue and support are earned under grants and contracts with various funding sources. Amounts received or receivable from these contracting agencies are subject to audit and potential adjustment by the contracting agencies. Any disallowed claims, including amounts already collected, would become a liability of Ecotrust if so determined in the future. It is management's belief that no material amounts received will be required to be returned in the future that have not already been provided for.

23. Subsequent Events

Management has evaluated subsequent events through April 11, 2016, the date the consolidated financial statements were available for issue.

Due to constraints in log supplies and a declining pine lumber market the QALICB related to Sub-CDE XIV determined in February 2016 that it could no longer viably operate its lumber mill. The NMTC partners involved in the Sub-CDE XIV transaction, including the lumber mill owner/operator, have been meeting to determine the path forward. The best option is to identify a buyer, potentially with access to wood supply, to take over the lumber mill. This would likely allow the NMTC structure, including the two notes receivable with R&R QALICB, LLC, to remain in place. Other options are also being considered that would allow for servicing of the notes receivable. Although it is early in the process, at this time the Company believes it is more likely than not that some solution will be developed in the near-term that will not require a significant adjustment to valuation of the notes receivable.

ECOTRUST

CONSOLIDATING INFORMATION

Independent Auditors' Report on Consolidating Information

The Board of Directors
Ecotrust

We have audited the consolidated financial statements of Ecotrust as of and for the years ended December 31, 2015 and 2014, and our report thereon dated April 11, 2016, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 48 through 51 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and changes in net assets of the individual entities, 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 consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and 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 consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, which insofar as it relates to certain consolidated subsidiaries whose statements (prior to the effect of eliminating entries) reflect total assets of \$131,545,871 and \$130,504,172 as of December 31, 2015 and 2014, respectively, and total revenues of \$2,154,533 and \$1,919,702 for the years ended December 31, 2015 and 2014, respectively, and which insofar as it relates to the investment in Ecotrust Forests, LLC and Ecotrust Forests II, LLC of \$5,534,141 and \$3,809,415 as of December 31, 2015 and 2014, respectively, and the share in gain (loss) of Ecotrust Forests, LLC and Ecotrust Forests II, LLC of \$1,660,931 and \$(723,093) for the years ended December 31, 2015 and 2014, respectively, is based on the reports of other auditors, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Hoffman, Stewart & Schmidt, P.C.

April 11, 2016

ECOTRUST

Consolidating Schedule of Financial Position

December 31, 2015

ASSETS	Ecotrust	Variable Interest Entities	Total	Eliminations	Consolidated Totals
Cash and cash equivalents	\$ 3,905,219	\$ 224,975	\$ 4,130,194	\$ -	\$ 4,130,194
Receivables:					
Accounts receivable, net	559,078	179,713	738,791	(37,043)	701,748
Grants receivable	532,618	-	532,618	-	532,618
Notes receivable, net	6,653,595	127,912,000	134,565,595	(6,596,000)	127,969,595
Investments	6,506,324	951,329	7,457,653		7,457,653
Investment in Ecotrust Forests, LLC and Ecotrust Forests II, LLC	5,534,141	-	5,534,141	-	5,534,141
Prepaid expenses and other assets	300,774	11,599	312,373	(10,600)	301,773
Deferred tax asset	-	460	460	-	460
Intangible assets, net	334,475	2,368,461	2,702,936	(2,368,461)	334,475
Restricted cash	4,815,922	-	4,815,922	-	4,815,922
Property and equipment, net	18,282,740	-	18,282,740	-	18,282,740
Total assets	<u>\$ 47,424,886</u>	<u>\$ 131,648,537</u>	<u>\$ 179,073,423</u>	<u>\$ (9,012,104)</u>	<u>\$ 170,061,319</u>
LIABILITIES AND NET ASSETS, INVESTMENT MEMBER, AND NON-CONTROLLING INTERESTS					
Liabilities:					
Accounts payable	\$ 161,248	\$ 36,495	\$ 197,743	\$ (37,043)	\$ 160,700
Accrued liabilities	914,136	424	914,560	-	914,560
Deferred revenue	2,867,121	19,941	2,887,062	(2,379,061)	508,001
Notes payable	15,086,593	-	15,086,593	(6,596,000)	8,490,593
Total liabilities	19,029,098	56,860	19,085,958	(9,012,104)	10,073,854
Net assets, Investment Member, and non-controlling interests:					
Net assets:					
Unrestricted	14,486,438	13,165	14,499,603	-	14,499,603
Temporarily restricted	1,871,768	-	1,871,768	-	1,871,768
Permanently restricted	4,951,277	-	4,951,277	-	4,951,277
Total net assets	21,309,483	13,165	21,322,648	-	21,322,648
Investment Member interest	-	131,578,512	131,578,512	-	131,578,512
Non-controlling interest	7,086,305	-	7,086,305	-	7,086,305
Total net assets, Investment Member, and non-controlling interests	<u>28,395,788</u>	<u>131,591,677</u>	<u>159,987,465</u>	<u>-</u>	<u>159,987,465</u>
Total liabilities and net assets, Investment Member, and non-controlling interests	<u>\$ 47,424,886</u>	<u>\$ 131,648,537</u>	<u>\$ 179,073,423</u>	<u>\$ (9,012,104)</u>	<u>\$ 170,061,319</u>

Notes:

Ecotrust includes the following organizations that are consolidated due to majority ownership interests or control:

Ecotrust; Ecotrust Properties, LLC; Ecotrust Properties II, LLC; Natural Capital Holdings, LLC; Ecotrust Capital Partners, LLC; The Redd Manager, LLC; The Redd, LLC; The Redd Foundry, LLC; The Marble, LLC; Point 97, LLC; Ecotrust Forest Management, Inc.; Natural Capital Center, Inc.; North Pacific Fisheries Trust; and Ecotrust CDE, LLC.

Variable interest entities include the following entities that are consolidated due to control:

Ecotrust Sub-CDE V, LLC; Ecotrust Sub-CDE VI, LLC; Ecotrust Sub-CDE VII, LLC; Ecotrust Sub-CDE VIII, LLC; Ecotrust Sub-CDE IX, LLC; Ecotrust Sub-CDE X, LLC; Ecotrust Sub-CDE XI, LLC; Ecotrust Sub-CDE XII, LLC; Ecotrust Sub-CDE XIII, LLC; Ecotrust Sub-CDE XIV; Ecotrust Sub-CDE XV, LLC; Ecotrust Sub-CDE XVI, LLC; Ecotrust Sub-CDE XVII, LLC; Ecotrust Sub-CDE XVIII, LLC; and Ecotrust Sub-CDE XIX, LLC.

ECOTRUST

Consolidating Schedule of Activities

Year Ended December 31, 2015

	Ecotrust	Variable Interest Entities	Total	Eliminations	Consolidated Totals
Revenues, gains (losses), and other support:					
Foundation grants and contributions	\$ 2,667,728	\$ -	\$ 2,667,728	\$ -	\$ 2,667,728
Government grants	1,417,108	-	1,417,108	-	1,417,108
Individual grants and contributions	512,336	-	512,336	-	512,336
Corporate grants and contributions	101,851	-	101,851	-	101,851
Other grants and contributions	86,289	-	86,289	-	86,289
Special events, net	53,729	-	53,729	-	53,729
Contracts and service fees	5,626,736	199,388	5,826,124	(1,443,081)	4,383,043
Investment return	78,495	1,955,147	2,033,642	-	2,033,642
Loss on disposal of property and equipment	(415)	-	(415)	-	(415)
Net revenues, gains, and other support	10,543,857	2,154,535	12,698,392	(1,443,081)	11,255,311
Operating expenses:					
Salaries	4,321,348	-	4,321,348	-	4,321,348
Payroll taxes and fringe benefits	1,161,207	-	1,161,207	-	1,161,207
Accounting and auditing	167,506	145,579	313,085	(105,383)	207,702
Advertising and marketing	6,252	-	6,252	-	6,252
Books, dues, and memberships	14,703	-	14,703	-	14,703
Building, occupancy, and maintenance	297,505	-	297,505	-	297,505
Conferences and meetings	60,716	-	60,716	-	60,716
Contracts and consultants	1,253,437	690,688	1,944,125	(690,688)	1,253,437
Depreciation and amortization	576,565	647,010	1,223,575	(647,010)	576,565
GIS, IT, software, and data	87,503	-	87,503	-	87,503
Grants to other organizations	1,038,694	-	1,038,694	-	1,038,694
Insurance	163,404	-	163,404	-	163,404
Interest	202,304	-	202,304	-	202,304
Legal fees	117,432	-	117,432	-	117,432
Meals and travel	280,313	-	280,313	-	280,313
Miscellaneous	1,709	-	1,709	-	1,709
Supplies and equipment	81,702	-	81,702	-	81,702
Postage and delivery	12,350	20	12,370	-	12,370
Printing and publications	77,661	-	77,661	-	77,661
Recruiting and training	11,649	-	11,649	-	11,649
Rentals and office equipment	17,245	-	17,245	-	17,245
Taxes, licenses, and fees	236,385	9,127	245,512	-	245,512
Telephone and internet lines	42,144	-	42,144	-	42,144
Total operating expenses	10,229,734	1,492,424	11,722,158	(1,443,081)	10,279,077
Increase in net assets from operations	314,123	662,111	976,234	-	976,234
Provision for income taxes	(31,804)	(118,897)	(150,701)	-	(150,701)
Provision for bad debt and loan losses	(29,040)	-	(29,040)	-	(29,040)
Share in gain of Ecotrust Forests, LLC and Ecotrust Forests II, LLC	1,660,931	-	1,660,931	-	1,660,931
Investment Member interest in income	-	(543,157)	(543,157)	-	(543,157)
Non-controlling interest in income - net	(2,124)	-	(2,124)	-	(2,124)
Capital contributions	-	2,080	2,080	-	2,080
Capital distributions	-	(56)	(56)	-	(56)
Member equity deconsolidation	-	(1,951)	(1,951)	-	(1,951)
Increase in net assets	1,912,086	130	1,912,216	-	1,912,216
Net assets, beginning of year	19,397,397	13,035	19,410,432	-	19,410,432
Net assets, end of year	\$ 21,309,483	\$ 13,165	\$ 21,322,648	\$ -	\$ 21,322,648

See notes on page 48.

ECOTRUST

Consolidating Schedule of Financial Position

December 31, 2014

ASSETS	Ecotrust	Variable Interest Entities	Total	Eliminations	Consolidated Totals
Cash and cash equivalents	\$ 3,803,322	\$ 215,007	\$ 4,018,329	\$ -	\$ 4,018,329
Receivables:					
Accounts receivable, net	1,325,246	170,451	1,495,697	(16,876)	1,478,821
Grants receivable	943,115	-	943,115	-	943,115
Notes receivable, net	236,990	127,136,000	127,372,990	-	127,372,990
Investments	6,237,081	728,557	6,965,638		6,965,638
Investment in Ecotrust Forests, LLC and Ecotrust Forests II, LLC	3,809,415	-	3,809,415	-	3,809,415
Prepaid expenses and other assets	209,731	11,639	221,370	(10,600)	210,770
Deferred tax asset	-	460	460	-	460
Intangible assets, net	357,358	2,391,471	2,748,829	(2,391,471)	357,358
Restricted cash	720,360	-	720,360	-	720,360
Property and equipment, net	12,257,603	-	12,257,603	-	12,257,603
Total assets	\$ 29,900,221	\$ 130,653,585	\$ 160,553,806	\$ (2,418,947)	\$ 158,134,859
LIABILITIES AND NET ASSETS, INVESTMENT MEMBER, AND NON-CONTROLLING INTERESTS					
Liabilities:					
Accounts payable	\$ 243,457	\$ 19,321	\$ 262,778	\$ (16,876)	\$ 245,902
Accrued liabilities	1,160,637	124	1,160,761	-	1,160,761
Deferred revenue	2,899,976	19,941	2,919,917	(2,402,071)	517,846
Notes payable	4,893,858	-	4,893,858	-	4,893,858
Total liabilities	9,197,928	39,386	9,237,314	(2,418,947)	6,818,367
Net assets, Investment Member, and non-controlling interests:					
Net assets:					
Unrestricted	12,200,771	13,035	12,213,806	-	12,213,806
Temporarily restricted	2,653,867	-	2,653,867	-	2,653,867
Permanently restricted	4,542,759	-	4,542,759	-	4,542,759
Total net assets	19,397,397	13,035	19,410,432	-	19,410,432
Investment Member interest		130,601,164	130,601,164	-	130,601,164
Non-controlling interest	1,304,896	-	1,304,896	-	1,304,896
Total net assets, Investment Member, and non-controlling interests	20,702,293	130,614,199	151,316,492	-	151,316,492
Total liabilities and net assets, Investment Member, and non-controlling interests	\$ 29,900,221	\$ 130,653,585	\$ 160,553,806	\$ (2,418,947)	\$ 158,134,859

Notes:

Ecotrust includes the following organizations that are consolidated due to majority ownership interests or control:

Ecotrust; Ecotrust Properties, LLC; Ecotrust Properties II, LLC; Natural Capital Holdings, LLC; Ecotrust Capital Partners, LLC; The Redd, LLC; Point 97, LLC; Ecotrust Forest Management, Inc.; Natural Capital Center, Inc.; North Pacific Fisheries Trust; and Ecotrust CDE, LLC.

Variable interest entities include the following entities that are consolidated due to control:

Ecotrust Sub-CDE III, LLC; Ecotrust Sub-CDE IV, LLC; Ecotrust Sub-CDE V, LLC; Ecotrust Sub-CDE VI, LLC; Ecotrust Sub-CDE VII, LLC; Ecotrust Sub-CDE VIII, LLC; Ecotrust Sub-CDE IX, LLC; Ecotrust Sub-CDE X, LLC; Ecotrust Sub-CDE XI, LLC; Ecotrust Sub-CDE XII, LLC; Ecotrust Sub-CDE XIII, LLC; Ecotrust Sub-CDE XIV; Ecotrust Sub-CDE XV, LLC; and Ecotrust Sub-CDE XVII, LLC.

ECOTRUST

Consolidating Schedule of Activities

Year Ended December 31, 2014

	Ecotrust	Variable Interest Entities	Total	Eliminations	Consolidated Totals
Revenues, gains, and other support:					
Foundation contributions	\$ 3,314,297	\$ -	\$ 3,314,297	\$ -	\$ 3,314,297
Government grants	1,403,614	-	1,403,614	-	1,403,614
Individual grants and contributions	361,856	-	361,856	-	361,856
Corporate grants and contributions	347,629	-	347,629	-	347,629
Other grants and contributions	68,628	-	68,628	-	68,628
Special events, net	55,016	-	55,016	-	55,016
Contracts and service fees	6,244,150	251,465	6,495,615	(1,203,327)	5,292,288
Investment return	(42,531)	1,668,237	1,625,706	-	1,625,706
Gain on disposal of property and equipment	150	-	150	-	150
Net revenues, gains, and other support	11,752,809	1,919,702	13,672,511	(1,203,327)	12,469,184
Operating expenses:					
Salaries	5,027,823	-	5,027,823	-	5,027,823
Payroll taxes and fringe benefits	1,415,245	-	1,415,245	-	1,415,245
Accounting and auditing	101,029	98,157	199,186	(36,490)	162,696
Advertising and marketing	11,077	-	11,077	-	11,077
Books, dues, and memberships	21,201	-	21,201	-	21,201
Building, occupancy, and maintenance	311,740	-	311,740	-	311,740
Conferences and meetings	106,477	-	106,477	-	106,477
Contracts and consultants	1,621,361	592,286	2,213,647	(592,286)	1,621,361
Depreciation and amortization	553,912	574,551	1,128,463	(574,551)	553,912
GIS, IT, software, and data	68,483	-	68,483	-	68,483
Grants to other organizations	1,191,779	-	1,191,779	-	1,191,779
Insurance	113,338	-	113,338	-	113,338
Interest	138,638	-	138,638	-	138,638
Legal fees	113,165	-	113,165	-	113,165
Meals and travel	468,801	-	468,801	-	468,801
Miscellaneous	2,267	-	2,267	-	2,267
Supplies and equipment	49,294	-	49,294	-	49,294
Postage and delivery	16,127	237	16,364	-	16,364
Printing and publications	73,853	-	73,853	-	73,853
Recruiting and training	40,736	-	40,736	-	40,736
Rentals and office equipment	13,508	-	13,508	-	13,508
Taxes, licenses, and fees	225,804	10,735	236,539	-	236,539
Telephone and internet lines	51,181	-	51,181	-	51,181
Total operating expenses	11,736,839	1,275,966	13,012,805	(1,203,327)	11,809,478
Increase in net assets from operations	15,970	643,736	659,706	-	659,706
Provision for income taxes	(43,189)	(119,926)	(163,115)	-	(163,115)
Provision for bad debt and loan losses	(54,920)	-	(54,920)	-	(54,920)
Share in loss of Ecotrust Forests, LLC and Ecotrust Forest II, LLC	(723,093)	-	(723,093)	-	(723,093)
Investment Member interest in income	-	(523,759)	(523,759)	-	(523,759)
Non-controlling interest in income - net	(106,612)	-	(106,612)	-	(106,612)
Capital contributions	-	2,950	2,950	-	2,950
Increase (decrease) in net assets	(911,844)	3,001	(908,843)	-	(908,843)
Net assets, beginning of year	20,309,241	10,034	20,319,275	-	20,319,275
Net assets, end of year	\$ 19,397,397	\$ 13,035	\$ 19,410,432	\$ -	\$ 19,410,432

See notes on page 50.