
Ecotrust

CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2021 and 2020

and

Consolidating Information

with

Independent Auditors' Reports

ECOTRUST

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Independent Auditors' Report

The Board of Directors
Ecotrust

Opinion

We have audited the accompanying consolidated financial statements of Ecotrust and its Subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, 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.

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 financial position of Ecotrust and its Subsidiaries as of December 31, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of certain consolidated subsidiaries, whose statements (prior to the effect of eliminating entries) reflect total assets of \$120,680,439 as of December 31, 2021 and \$131,321,506 as of December 31, 2020, and total revenues of \$11,058,931 and \$2,010,246, respectively, for the years then ended. 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.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Hellman, Stewart & Smith, P.C.

Lake Oswego, Oregon
June 17, 2022

ECOTRUST

Consolidated Statements of Financial Position

December 31,	2021	2020
ASSETS		
Cash and cash equivalents	\$ 8,209,987	\$ 4,066,522
Accounts receivable, net <i>(Notes 16 and 24)</i>	680,420	1,007,818
Grants receivable <i>(due within one year)</i>	174,014	762,165
Notes receivable - net <i>(Note 4)</i>	126,793,927	133,867,864
Investments <i>(Notes 5, 11, 18, and 19)</i>	20,239,367	16,077,450
Prepaid expenses and other assets	414,746	509,278
Deferred charges - net	342,509	67,832
Deferred rent receivable	74,300	201,574
Restricted cash <i>(Note 19)</i>	329,022	2,302,211
Property and equipment - net <i>(Notes 6 and 8)</i>	29,994,291	31,186,182
Total assets	<u>\$ 187,252,583</u>	<u>\$ 190,048,896</u>
LIABILITIES AND NET ASSETS AND INVESTMENT MEMBER AND NON-CONTROLLING INTERESTS		
Liabilities:		
Accounts payable	\$ 210,704	\$ 218,955
Accrued liabilities <i>(Note 11)</i>	1,635,422	1,784,652
Deferred revenue <i>(Note 7)</i>	378,208	395,458
Deferred income taxes <i>(Note 17)</i>	318,560	322,575
Notes payable - net <i>(Note 8)</i>	7,575,629	7,566,731
Total liabilities	10,118,523	10,288,371
Commitments and contingencies <i>(Notes 9, 11, 14, and 20)</i>		
Net assets and Investment Member and non-controlling interests:		
Net assets:		
Without donor restrictions:		
Undesignated	23,777,892	23,645,519
Board designated for Indigenous Leadership	1,300,000	1,300,000
Total without donor restrictions	25,077,892	24,945,519
With donor restrictions <i>(Notes 10 and 19)</i>	12,314,936	10,581,790
Total net assets	37,392,828	35,527,309
Investment Member interest <i>(Note 13)</i>	130,666,086	134,656,751
Non-controlling interest <i>(Note 15)</i>	9,075,146	9,576,465
Total net assets and Investment Member and non-controlling interests	<u>177,134,060</u>	<u>179,760,525</u>
Total liabilities and net assets and Investment Member and non-controlling interests	<u>\$ 187,252,583</u>	<u>\$ 190,048,896</u>

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

ECOTRUST

Consolidated Statement of Activities

Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support:			
Grants and contributions <i>(Notes 12, 19, and 20)</i>	\$ 1,917,478	\$ 2,472,620	\$ 4,390,098
In-kind contributions	14,390	-	14,390
Contracts and service fees <i>(Notes 16 and 22)</i>	5,257,449	-	5,257,449
Paycheck Protection Program (PPP) revenue <i>(Note 23)</i>	1,003,245	-	1,003,245
Employee Retention Credit (ERC) revenue <i>(Note 24)</i>	436,293	-	436,293
Investment return <i>(Notes 5 and 19)</i>	1,947,417	1,024,227	2,971,644
Net assets released from restrictions <i>(Note 10)</i>	1,763,701	(1,763,701)	-
Net revenues, gains, and other support	12,339,973	1,733,146	14,073,119
Operating expenses:			
Program services:			
Fisheries and Food and Farms	766,735	-	766,735
Forests and Ecosystem Services	621,136	-	621,136
Indigenous Leadership	81,526	-	81,526
Knowledge Systems	1,310,236	-	1,310,236
Ecotrust Investments	4,392,163	-	4,392,163
Events	1,038,034	-	1,038,034
Total program services	8,209,830	-	8,209,830
Supporting services:			
Management and general	2,592,176	-	2,592,176
Communications	405,812	-	405,812
Development	609,345	-	609,345
Total supporting services	3,607,333	-	3,607,333
Total operating expenses	11,817,163	-	11,817,163
Increase in net assets from operations	522,810	1,733,146	2,255,956
Provision for income taxes <i>(Note 17)</i>	(31,070)	-	(31,070)
Provision for bad debts	(13,931)	-	(13,931)
Recovery of loan losses - net <i>(Note 4)</i>	9,270,622	-	9,270,622
Gain on disposal of property and equipment	142,793	-	142,793
Investment Member interest in income <i>(Note 13)</i>	(9,595,985)	-	(9,595,985)
Non-controlling interest in income - net <i>(Note 15)</i>	(162,968)	-	(162,968)
Gain on deconsolidations	102	-	102
Increase in net assets	132,373	1,733,146	1,865,519
Net assets, beginning of year	24,945,519	10,581,790	35,527,309
Net assets, end of year	\$ 25,077,892	\$ 12,314,936	\$ 37,392,828

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

ECOTRUST

Consolidated Statement of Activities

Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support:			
Grants and contributions <i>(Note 12)</i>	\$ 2,229,886	\$ 1,390,200	\$ 3,620,086
Contracts and service fees <i>(Note 22)</i>	5,868,133	-	5,868,133
PPP revenue <i>(Note 23)</i>	1,003,245	-	1,003,245
Investment return <i>(Notes 5 and 19)</i>	2,257,414	1,094,911	3,352,325
Net assets released from restrictions <i>(Note 10)</i>	3,324,213	(3,324,213)	-
	<u>14,682,891</u>	<u>(839,102)</u>	<u>13,843,789</u>
Net revenues, gains, and other support			
Operating expenses:			
Program services:			
Fisheries and Coastal Communities	80,869	-	80,869
Food and Farms	535,472	-	535,472
Forests and Ecosystem Services	1,198,453	-	1,198,453
Indigenous Leadership	233,369	-	233,369
Knowledge Systems	1,095,034	-	1,095,034
Ecotrust Investments	5,433,244	-	5,433,244
Events	1,153,210	-	1,153,210
	<u>9,729,651</u>	<u>-</u>	<u>9,729,651</u>
Total program services	9,729,651	-	9,729,651
Supporting services:			
Management and general	1,676,310	-	1,676,310
Communications	513,631	-	513,631
Development	659,552	-	659,552
	<u>2,849,493</u>	<u>-</u>	<u>2,849,493</u>
Total supporting services	2,849,493	-	2,849,493
	<u>12,579,144</u>	<u>-</u>	<u>12,579,144</u>
Total operating expenses	12,579,144	-	12,579,144
Increase (decrease) in net assets from operations	2,103,747	(839,102)	1,264,645
Provision for income taxes <i>(Note 17)</i>	(193,615)	-	(193,615)
Provision for bad debts	(21,556)	-	(21,556)
Provision for loan losses - net of recoveries <i>(Note 4)</i>	(86,125)	-	(86,125)
Insurance recovery of professional fees	1,048,850	-	1,048,850
Investment Member interest in income <i>(Note 13)</i>	(136,425)	-	(136,425)
Non-controlling interest in loss - net <i>(Note 15)</i>	88,900	-	88,900
Gain on deconsolidations	2	-	2
	<u>2,803,778</u>	<u>(839,102)</u>	<u>1,964,676</u>
Increase (decrease) in net assets	2,803,778	(839,102)	1,964,676
Net assets, beginning of year	22,141,741	11,420,892	33,562,633
	<u>22,141,741</u>	<u>11,420,892</u>	<u>33,562,633</u>
Net assets, end of year	\$ 24,945,519	\$ 10,581,790	\$ 35,527,309
	<u>\$ 24,945,519</u>	<u>\$ 10,581,790</u>	<u>\$ 35,527,309</u>

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

ECOTRUST

Consolidated Statement of Functional Expenses

Year Ended December 31, 2021

	Program Services						Supporting Services					Total
	Fisheries and Food and Farms	Forests and Ecosystem Services	Indigenous Leadership	Knowledge Systems	Ecotrust Investments	Events	Total Program Services	Management and General	Communications	Development	Total Supporting Services	
Salaries	\$ 422,749	\$ 333,707	\$ 58,221	\$ 686,459	\$ 1,754,980	\$ 269,725	\$ 3,525,841	\$ 1,322,435	\$ 293,252	\$ 417,746	\$ 2,033,433	\$ 5,559,274
Payroll taxes and fringe benefits	94,526	74,991	11,302	153,984	429,856	67,079	831,738	164,174	68,735	107,968	340,877	1,172,615
Total payroll costs	517,275	408,698	69,523	840,443	2,184,836	336,804	4,357,579	1,486,609	361,987	525,714	2,374,310	6,731,889
Conferences, meetings, and travel	1,739	7,629	41	11,421	25,015	52	45,897	16,024	89	687	16,800	62,697
Contracts and consultants	152,702	131,673	1,288	328,563	314,422	931	929,579	404,044	3,823	14,487	422,354	1,351,933
Depreciation and amortization	-	-	-	-	1,229,538	6,724	1,236,262	6,890	-	-	6,890	1,243,152
Direct allocations to programs	46,042	27,745	9,109	66,780	61,252	37,624	248,552	(324,645)	31,356	44,737	(248,552)	-
Technology	6,292	3,917	1,104	27,376	61,189	15,257	115,135	67,289	4,490	9,323	81,102	196,237
Grants to others	32,318	36,313	375	27,563	4,700	-	101,269	4,301	-	-	4,301	105,570
Insurance	-	-	-	-	234,552	4,900	239,452	113,413	-	-	113,413	352,865
Interest	-	-	-	-	121,787	-	121,787	31	-	-	31	121,818
Miscellaneous	1,563	319	75	75	351,315	7,052	360,399	140,640	243	8,419	149,302	509,701
Occupancy	231	3,838	-	-	(656,438)	606,785	(45,584)	469,268	46	-	469,314	423,730
Professional fees	585	-	-	-	426,246	9,400	436,231	131,500	603	72	132,175	568,406
Supplies and equipment	7,988	1,004	11	8,015	33,749	12,505	63,272	76,812	3,175	5,906	85,893	149,165
Total expenses	\$ 766,735	\$ 621,136	\$ 81,526	\$ 1,310,236	\$ 4,392,163	\$ 1,038,034	\$ 8,209,830	\$ 2,592,176	\$ 405,812	\$ 609,345	\$ 3,607,333	\$ 11,817,163

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

ECOTRUST

Consolidated Statement of Functional Expenses

Year Ended December 31, 2020

	Program Services							Supporting Services					Total
	Fisheries and Coastal Communities	Food and Farms	Forests and Ecosystem Services	Indigenous Leadership	Knowledge Systems	Ecotrust Investments	Events	Total Program Services	Management and General	Communications	Development	Total Supporting Services	
Salaries	\$ 48,389	\$ 264,259	\$ 325,180	\$ 136,122	\$ 545,328	\$ 2,188,786	\$ 290,773	\$ 3,798,837	\$ 769,336	\$ 315,335	\$ 414,572	\$ 1,499,243	\$ 5,298,080
Payroll taxes and fringe benefits	15,447	86,201	112,720	47,847	188,958	430,890	99,664	981,727	331,842	115,719	143,201	590,762	1,572,489
Total payroll costs	63,836	350,460	437,900	183,969	734,286	2,619,676	390,437	4,780,564	1,101,178	431,054	557,773	2,090,005	6,870,569
Conferences, meetings, and travel	1,269	20,760	4,272	20,509	11,157	46,272	466	104,705	14,594	176	4,256	19,026	123,731
Contracts and consultants	6,720	103,963	651,418	-	231,706	184,326	407	1,178,540	217,570	33,401	10,071	261,042	1,439,582
Depreciation and amortization	-	-	-	-	-	1,136,344	6,724	1,143,068	30,526	-	-	30,526	1,173,594
Direct allocations to programs	3,741	23,451	14,840	14,963	39,287	32,506	29,872	158,660	(211,352)	21,099	31,593	(158,660)	-
Technology	3,724	21,756	18,647	13,808	38,131	89,463	37,065	222,594	(148,558)	23,529	31,445	(93,584)	129,010
Grants to others	-	13,800	33,306	-	37,416	45,317	-	129,839	15,500	-	-	15,500	145,339
Insurance	-	-	-	-	-	251,610	6,481	258,091	45,602	-	-	45,602	303,693
Interest	-	-	-	-	-	115,344	-	115,344	30	-	-	30	115,374
Miscellaneous	250	401	-	5	524	177,594	5,545	184,319	28,863	131	12,108	41,102	225,421
Occupancy	-	280	4,284	-	251	(393,289)	672,942	284,468	431,374	-	30	431,404	715,872
Professional fees	-	-	33,600	-	90	1,081,392	1,829	1,116,911	82,875	909	1,000	84,784	1,201,695
Supplies and equipment	1,329	601	186	115	2,186	46,689	1,442	52,548	68,108	3,332	11,276	82,716	135,264
Total expenses	\$ 80,869	\$ 535,472	\$ 1,198,453	\$ 233,369	\$ 1,095,034	\$ 5,433,244	\$ 1,153,210	\$ 9,729,651	\$ 1,676,310	\$ 513,631	\$ 659,552	\$ 2,849,493	\$ 12,579,144

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

ECOTRUST

Consolidated Statements of Cash Flows

Years Ended December 31,	2021	2020
Cash flows from operating activities:		
Increase in net assets	\$ 1,865,519	\$ 1,964,676
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Deferred income taxes	(4,015)	101
Provision for bad debts	13,931	21,556
(Recovery of) provision for loan losses	(9,270,622)	86,125
Gain on disposal of property and equipment	(142,793)	-
Investment Member interest in income	9,595,985	136,425
Non-controlling interest in income (loss)	162,968	(88,900)
Gain on deconsolidations	(102)	(2)
Depreciation and amortization	1,243,152	1,173,594
Change in debt issuance costs	8,898	8,898
Net realized and unrealized gain on investments	(1,289,828)	(1,322,667)
Changes in:		
Accounts receivable	313,467	210,979
Grants receivable	588,151	(457,165)
Prepaid expenses and other assets	94,532	107,323
Deferred charges	(426,189)	-
Deferred rent receivable	127,274	33,655
Accounts payable	(8,251)	(514,654)
Accrued liabilities	(94,252)	291,024
Deferred revenue	(17,250)	(204,818)
Net cash provided by operating activities	2,760,575	1,446,150
Cash flows from investing activities:		
Proceeds from sale of investments	522,743	640,563
Purchases of investments	(3,449,810)	(129,208)
Proceeds from sale of property and equipment	317,870	-
Purchases of property and equipment	(74,826)	(133,588)
Payments received on notes receivable	3,060,757	13,551
Notes receivable issued	(14,986,500)	(6,645,085)
Net cash used by investing activities	(14,609,766)	(6,253,767)
Carried forward	(11,849,191)	(4,807,617)

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

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Consolidated Statements of Cash Flows - Continued

Years Ended December 31,	2021	2020
Brought forward	\$ (11,849,191)	\$ (4,807,617)
Cash flows from financing activities:		
Distributions to non-controlling interest members	(664,287)	(276,411)
Investment Member contributions	15,450,000	6,825,000
Investment Member distributions	(745,879)	(805,549)
Cash decrease from deconsolidations	(20,367)	(18,121)
Net cash provided by financing activities	14,019,467	5,724,919
Net increase in cash, cash equivalents, and restricted cash	2,170,276	917,302
Cash, cash equivalents, and restricted cash, beginning of year	6,368,733	5,451,431
Cash, cash equivalents, and restricted cash, end of year	\$ 8,539,009	\$ 6,368,733
As presented in the accompanying consolidated statement of financial position:		
Cash and cash equivalents	\$ 8,209,987	\$ 4,066,522
Restricted cash	329,022	2,302,211
Total cash, cash equivalents, and restricted cash	\$ 8,539,009	\$ 6,368,733
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	\$ 101,167	\$ 105,852
Cash paid during the year for income taxes	36,883	175,152
Supplemental disclosures of noncash activity:		
Change in fair value of 457(b) plan	\$ 54,978	\$ 46,484
Notes receivable removed due to deconsolidations	28,270,302	21,829,500

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 inspire fresh thinking that creates economic opportunity, social equity, and environmental well-being.

Headquartered in Portland, Oregon, Ecotrust is a unique hybrid organization that creates and accelerates triple-bottom line innovations in communities from California to Alaska. Ecotrust is focused on the greatest challenges of our time - client change and inequity - and work in partnership towards new ways of living and doing business that are equitable, prosperous, and climate smart.

Ecotrust's many innovations include co-founding the country's first environmental bank; starting the nation's first ecosystem investment fund; developing two campuses for economic and social exchange; generating a range of programs and original research in fisheries, forestry, food and farms; and developing new scientific and information tools to improve social, economic, and environmental decision-making.

Ecotrust's organization is a model for how a constellation of public, private, for-profit and nonprofit entities can unite under a shared mission to generate impact and drive systems change.

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; Ecotrust CDE, LLC; Ecotrust Sub-CDE XVI, LLC (Sub-CDE XVI); Ecotrust Sub-CDE XVIII, LLC (Sub-CDE XVIII); Ecotrust Sub-CDE XIX, LLC (Sub-CDE XIX); Ecotrust Sub-CDE XX, LLC (Sub-CDE XX); Ecotrust Sub-CDE XXI, LLC (Sub-CDE XXI); Ecotrust Sub-CDE XXII, LLC (Sub-CDE XXII); Ecotrust Sub-CDE XXIII, LLC (Sub-CDE XXIII); Ecotrust Sub-CDE XXIV, LLC (Sub-CDE XXIV); Ecotrust Sub-CDE XXV, LLC (Sub-CDE XXV); Ecotrust Sub-CDE 26, LLC (Sub-CDE 26); Ecotrust Sub-CDE 27, LLC (Sub-CDE 27); Ecotrust Sub-CDE 28, LLC (Sub-CDE 28); Ecotrust Sub-CDE 29, LLC (Sub-CDE 29); Ecotrust Sub-CDE 30, LLC (Sub-CDE 30); Ecotrust Sub-CDE 31, LLC (Sub-CDE 31); and Ecotrust Sub-CDE 32, LLC (Sub-CDE 32).

The consolidating statements as of and for the year ended December 31, 2020, also included the accounts of Ecotrust Forest Management, Inc. (EFM); Ecotrust Sub-CDE XIII, LLC (Sub-CDE XIII); Ecotrust Sub-CDE XIV, LLC (Sub-CDE XIV); Ecotrust Sub-CDE XV, LLC (Sub-CDE XV); and Ecotrust Sub-CDE XVII, LLC (Sub-CDE XVII).

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

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Notes to Consolidated Financial Statements - Continued

2. Summary of Significant Accounting Policies - Continued

Principles of Deconsolidation - During the year ended December 31, 2021, the new markets tax credit (NMTC) compliance period ended for the projects associated with Sub-CDE XIII, Sub-CDE XIV, Sub-CDE XV, and Sub-CDE XVII. During the year ended December 31, 2020, the NMTC compliance period ended for the projects associated with Ecotrust Sub-CDE XI, LLC (Sub-CDE XI) and Ecotrust Sub-CDE XII, LLC (Sub-CDE XII). This resulted in each Sub-CDE entering into a debt conversion agreement with the qualified active low-income community business (QALICB). Pursuant to the debt conversion agreement, the Sub-CDE released the QALICB from its debt obligation in exchange for equity interest in the QALICB. Then, the investor member, the 99.99 percent owners of each Sub-CDE, exercised their put option and sold their 99.99 percent interest in the investment funds for Sub-CDE XI for \$1,000, Sub-CDE XII for \$1,250, Sub-CDE XIII for \$1,000, Sub-CDE XIV for \$1,000, Sub-CDE XV for \$10,000, and Sub-CDE XVII for \$2,000.

Following these transactions, Ecotrust determined it does not hold variable interests in the respective Sub-CDEs, for which it was formerly considered to be the primary beneficiary. This also results in Ecotrust not being directly engaged in the ownership and management of the respective Sub-CDE. As a result, Sub-CDE XIII, Sub-CDE XIV, Sub-CDE XV, and Sub-CDE XVII were deconsolidated in 2021 and Sub-CDE XI and Sub-CDE XII were deconsolidated in 2020. In addition, Ecotrust sold its 0.01 percent equity interest in each entity to the QALICB. The carrying value of these investments was determined based on the financial statements of each entity at the time of the ownership change.

During the years ended December 31, 2021 and 2020, gains on deconsolidation of \$102 and \$2, respectively, were recognized by Ecotrust equaling the difference between the amount realized by Ecotrust from the disposition and the carrying value of the investments prior to disposition.

Additionally, during the year ended December 31, 2021, Ecotrust sold its ownership in EFM for \$490,000. As a result, Ecotrust no longer has any ownership interest in EFM and deconsolidated EFM.

Basis of Accounting - The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

ECOTRUST

Notes to Consolidated Financial Statements - Continued

2. Summary of Significant Accounting Policies - Continued

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:

Net assets without donor restrictions represent net assets not subject to donor-imposed stipulations.

Net assets with donor restrictions represent net assets subject to donor-imposed stipulations that may or will be met by actions of Ecotrust and/or the passage of time. Some net assets with donor restrictions include a stipulation that the resources be maintained permanently, but permit Ecotrust to use the income. Realized gains, as well as net appreciation of permanent endowment funds, may be expended unless explicit donor restrictions specify other treatment.

Expenses are reported as decreases in net assets without restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions (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.

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 doubtful accounts receivable, provision for loan losses, the reserve for investment loss, and depreciation and amortization 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 - Accounts receivable are recognized as related revenues are recognized. They are written off when they are determined to be uncollectible. The allowance for doubtful accounts 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, 2021 and 2020, includes \$148,146 and \$465,583, respectively, in billings that are at least 90 days old. Management recorded an allowance for doubtful accounts receivable at December 31, 2021 and 2020, of \$-0- and \$135,472, respectively.

ECOTRUST

Notes to Consolidated Financial Statements - Continued

2. Summary of Significant Accounting Policies - Continued

Notes Receivable - Notes receivable are stated at unpaid principal balances, less an allowance for loan losses.

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, and adverse situations. 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. Management considers many factors in determining whether a loan is impaired, such as payment history and value of collateral. Loans that are contractually delinquent less than 90 days are generally not considered impaired, unless the borrower has claimed bankruptcy or Ecotrust has received specific information concerning the loan's impairment. Ecotrust reviews delinquent loans to determine impaired accounts. Ecotrust measures impairment on a loan-by-loan basis by either using the fair value of collateral or the present value of expected cash flows.

Ecotrust's key credit quality indicator is a loan's performance status, defined as accruing or non-accruing. Accruing loans are considered to have a lower risk of loss, while nonaccrual loans are those which Ecotrust believes have a higher risk of loss. Loans that are 90 days or more past due, based on the contractual terms of the loan, are classified on nonaccrual status. Loans may also be placed on nonaccrual status when management believes, after considering economic conditions, business conditions, and collection efforts, that the loans are impaired or collection of interest is doubtful. Uncollectible interest previously accrued is written off, or an allowance is established by a charge to interest income. Interest income on nonaccrual loans is recognized only to the extent cash payments are received.

Investments - Investments with readily determinable fair values are carried at fair value on a recurring basis. Donated investments with readily determinable fair 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 statement of activities.

Investments without readily determinable fair values are carried at cost, less any impairment, which is based on management's estimate of net realizable value of those investments (i.e., fair value measured on a non-recurring basis).

ECOTRUST

Notes to Consolidated Financial Statements - Continued

2. Summary of Significant Accounting Policies - Continued

Investments - Continued - Management periodically performs a qualitative assessment considering impairment indicators to evaluate whether the investments carried at cost are impaired. Impairment indicators considered by management include, but are not limited to, whether there are indicators of a significant deterioration in the business prospects of the investee, or significant adverse changes in the investee's general market condition or industry. Management previously determined that their investments in Celilo Media Group, Sustainability Investment Fund, LP, Vital Farmland, LP, Vital Farmland Holdings, LLC, and Mission Hub, LLC were impaired, and recorded a provision for impairment prior to January 1, 2020. Management identified indicators that suggest there is further impairment of these investments as of December 31, 2021 and 2020 of \$41,713 and \$-0-, respectively, which is reported as part of investment return on the consolidated statements of activities.

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.

Deferred Charges - Deferred charges consist of costs for the federal Community Development Financial Institutions Fund (the CDFI Fund), Community Development Entity (CDE) application process, the application for NMTCs, and the application and structuring of Ecotrust's use of its allocations of NMTCs. Deferred charges are amortized over seven years, the compliance period of the NMTC, on a straight-line basis, commencing on the date the first qualified equity investment (QEI) is made for each project. Deferred charges have been reported net of accumulated amortization of \$572,000 and \$258,072 as of December 31, 2021 and 2020, respectively. Amortization expense for 2021 and 2020 was \$151,512 and \$26,030, respectively.

ECOTRUST

Notes to Consolidated Financial Statements - Continued

2. Summary of Significant Accounting Policies - Continued

Deferred Rent Receivable - Ecotrust Properties, LLC, The Redd Foundry, LLC, and The Marble, LLC lease building space with certain incentives and annual escalation clauses. Under GAAP, lease incentives and all rental payments, including fixed rent increases, are amortized over the life of the lease on a straight-line basis as an addition to or reduction of rent revenue. The differences between GAAP rent revenue and the required lease payment is reflected as deferred rent receivable in the accompanying consolidated statement of financial position.

Restricted Cash - Restricted cash includes amounts held by Ecotrust for 1) certain donor restricted endowment funds (\$0- and \$1,764,228 at December 31, 2021 and 2020, respectively) and 2) lenders for various reserves related to financing associated with The Redd on Salmon Street (\$329,022 at \$537,983 at December 31, 2021 and 2020, respectively).

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 \$3,500 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 2021 and 2020 was \$1,091,640 and \$1,147,564, respectively. Artwork is not depreciated.

Debt Issuance Costs - Debt issuance costs are amortized over seven years, the expected loan term, on a straight-line basis. Amortization of debt issuance costs are included with interest expense.

Revenue Recognition - Ecotrust's major sources of support and revenue and related recognition policies are summarized as follows:

Grants and contributions - Ecotrust recognizes grants and contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. At December 31, 2021 and 2020, Ecotrust had conditional promises totaling \$167,500 and \$326,000, respectively, that had not been recognized because the achievement of matching donations were not yet met or expenses were not yet incurred. 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the consolidated statement of activities as net assets released from restrictions.

Ecotrust reports any gifts of land, buildings, or equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. 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.

ECOTRUST

Notes to Consolidated Financial Statements - Continued

2. Summary of Significant Accounting Policies - Continued

Revenue Recognition - Continued

Grants and contributions - continued - A portion of Ecotrust's revenue is derived from federal and state government contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when Ecotrust has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualified expenditures are reported as deferred revenue in the consolidated statement of financial position. Ecotrust had cost-reimbursable grants of approximately \$805,000 and \$320,000 that have not been recognized at December 31, 2021 and 2020, respectively, because qualifying expenditures have not yet been incurred.

Management fees - Management fees are earned from the management of the Ecotrust Forests entities in accordance with the applicable investment agreements. The fees are based on a specified percentage of net asset value under management for each entity measured on a quarterly basis.

Contract revenue - Ecotrust periodically enters into contracts with various entities for various projects. Revenues are generally recognized over the course of the contract as costs related to the contract are incurred. Amounts received, but not yet recognized as revenue are considered contract liabilities and are included with deferred revenue (*Note 7*). Included in contract revenue, are tax credit placement fees. A fee is received when a NMTC is placed with an eligible recipient. These fees are recognized as income using the straight line method over the seven year compliance period of the specific NMTC. Amounts received, but not yet recognized as revenue are considered contract liabilities and are included with deferred revenue (*Note 7*).

Lease revenue - Lease revenue is recorded using the straight-line method over the life of the related lease.

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. No net assets without donor restrictions were functioning as an endowment for 2021 or 2020.

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 allowing Ecotrust to appropriate for expenditure or accumulate so much of an endowment fund as Ecotrust determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift agreement. Unless otherwise stated in the gift instrument, the assets in an endowment fund shall be donor restricted assets until appropriated for expenditure by the Board of Directors.

ECOTRUST

Notes to Consolidated Financial Statements - Continued

2. Summary of Significant Accounting Policies - Continued

Endowment - Continued - Ecotrust classifies as donor restricted endowment funds (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. Also included in net assets with donor restrictions is accumulated appreciation on donor restricted endowment funds which are available for expenditure.

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) and Charles Schwab. 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 and Charles Schwab, 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, 2021 and 2020. Ecotrust is not classified as a private foundation. EFM. and Sub-CDE 27 are both 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.

GAAP prescribes a recognition threshold and measurement process for accounting for uncertain tax positions and also provides 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.

ECOTRUST

Notes to Consolidated Financial Statements - Continued

2. Summary of Significant Accounting Policies - Continued

Functional Allocation of Expenses - The costs of providing the various programs and other activities have been summarized on a functional and natural basis in the consolidated statement of functional expenses. The consolidated statement of functional expenses reports certain categories of expenses that are attributable to more than one program and supporting service function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include payroll costs, depreciation, technology, occupancy, and supplies and equipment. These expenses are allocated on the basis of estimates of time and effort.

Variable Interest Entities - Ecotrust follows GAAP with respect to consolidation of variable interest entities (VIE) and has applied these requirements to Ecotrust CDE, LLC's ownership interest in Sub-CDE XVI, Sub-CDE XVIII, Sub-CDE XIX, Sub-CDE XX, Sub-CDE XXI, Sub-CDE XXII, Sub-CDE XXIII, Sub-CDE XXIV, Sub-CDE XXV, Sub-CDE 26, Sub-CDE 27, Sub-CDE 28, Sub-CDE 29, Sub-CDE 30, Sub-CDE 31, and Sub-CDE 32. These principles address the consolidation by business enterprises with investments in 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 has determined that it holds an interest in a VIE for which consolidation is required. Accordingly, Sub-CDE XVI, Sub-CDE XVIII, Sub-CDE XIX, Sub-CDE XX, Sub-CDE XXI, Sub-CDE XXII, Sub-CDE XXIII, Sub-CDE XXIV, Sub-CDE XXV, Sub-CDE 26, Sub-CDE 27, Sub-CDE 28, Sub-CDE 29, Sub-CDE 30, Sub-CDE 31, and Sub-CDE 32 are consolidated into Ecotrust CDE, LLC, prior to its consolidation into Ecotrust.

ECOTRUST

Notes to Consolidated Financial Statements - Continued

3. Program and Supporting Services

Program Services

Fisheries and Food and Farms - Strong coastal communities and resilient fisheries are enmeshed with the region's well-being and the challenges for both fisheries and fishers today are myriad. Ecotrust's Fisheries work includes assessing infrastructure needs for emerging seafood entrepreneurs; collaborating to devise fair access systems; fostering robust regional supply chains and building support networks for food entrepreneurs; closing the loop for consumers looking for locally caught, sustainably produced seafood products; and working alongside partners on regionally-specific responses to climate change. Ecotrust invests in fisheries networks and local organizations that actively pursue innovation in the stewardship of fisheries, marine ecosystems and watersheds, and Ecotrust works to strengthen the conservation of regional marine and freshwater ecosystems.

Ecotrust Food and Farms program works to transform the regional food system into one that is equitable and regenerative. Small- and medium-sized producers are critical to this transformation and Food and Farms has built a body of work to support them. This includes a training and capacity building program to support farmers and fishermen in maintaining viability and commitments to environmental stewardship as they scale. The Food and Farms team is creating a new food economy by building infrastructure and supply chains that enable these producers to reach new markets. Food and Farms is launching new food equity and land justice initiatives to contribute to community resilience and healing, build wealth and economic security for BIPOC communities, and advance systemic change through strategies related to on-the-ground programming, capacity and field building, and policy and systems change.

Forests and Ecosystem Services - The goal of Ecotrust Forests and Ecosystem Services program is to transform the dominant forest management paradigm in the Pacific Northwest, and around the world, to one that more closely mimics natural forest processes, while providing for the region. In a carbon-constrained world, the transition to climate-smart forestry will only be possible if Ecotrust better aligns its policies and markets with its values. Ecotrust creates the tools, the structures, and the research to support climate-smart forest management, demonstrating that 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 robust and reliable forest products industry. Ecotrust works with partners to elevate different perspectives about forests and the role they play in maintaining the health and wellness of its communities and economies.

ECOTRUST

Notes to Consolidated Financial Statements - Continued

3. Program and Supporting Services - Continued

Program Services - Continued

Indigenous Leadership - Since Ecotrust's founding in 1991, Indigenous peoples from Alaska to California have been involved with Ecotrust, as members of the board and staff and as partners to advance the environmental, cultural, economic, and social conditions of their communities. Ecotrust continues to support First Peoples' steadfast efforts to exercise their right of self-determination and protect their homelands and waters. Ecotrust shares its knowledge in forests and ecosystems, fisheries and marine planning, salmon and watershed restoration, and food systems to restore and strengthen Native communities. And Ecotrust provides its technical expertise in GIS analysis, mapping and cartography, economic impact assessments, software and tool development, and data collection and management to help Indigenous leaders make informed decisions. Ecotrust also supports a growing network of Indigenous leaders, increases education opportunities for Native people through scholarships and fellowships, and provides a platform for Native people to share their stories and issues.

Knowledge Systems - Ecotrust 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.

Ecotrust Investments - Ecotrust deploys and leverages its resources, including intellectual, social, and financial capital, to further its mission. Ecotrust makes financial investments with the specific purpose of driving mission impact while also generating cash to support Ecotrust's operations. Investment activities include businesses created by Ecotrust, as well as investments in other entities. Assets include the Jean Vollum Natural Capital Center, 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 triple bottom line missions; and the Redd on Salmon Street, a two-block campus in Southeast Portland designed to support and inspire a robust regional food system.

Events - Ecotrust Events creates events and engagements that bring people together face-to-face to build new connections and spark big ideas. Ecotrust Events manages four venues in the Natural Capital Center and the Redd on Salmon Street, offering convening opportunities for a wide range of partners and clients, and generating revenue in support of Ecotrust's mission. Ecotrust Events also produces Ecotrust Engagements to tell important stories, raise awareness on critical issues, celebrate connections, and inspire meaningful change within the region.

ECOTRUST

Notes to Consolidated Financial Statements - Continued

3. Program and Supporting Services - Continued

Supporting Services

Management and General - Ecotrust's management and general activities include business management, recordkeeping, budgeting, accounting, human resources, information technology, and related administrative activities. These services provide the necessary developmental, organizational, and management support for the effective operation of Ecotrust's programs.

Direct allocations to programs include a credit of \$512,376 and \$266,269 for the years ended December 31, 2021 and 2020, respectively, for the allocation of salaries and other allocable expenses recorded initially in management and general to other program and supporting services based on management's estimates of benefits received by each department. Technology includes credits of \$-0- and \$273,581 for the years ended December 31, 2021 and 2020, 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.

Communications - Ecotrust's Communications team is charged with inspiring multiple audiences with its mission to create social, economic, and environmental well-being. Ecotrust uses a variety of traditional and new media to share meaningful stories, promote Ecotrust's ideas, disseminate research, amplify partner voices, gather leaders, and catalyze change on a regional, and increasingly, global scale.

Development - Ecotrust Development activities include conducting fundraising campaigns, preparing and distributing fundraising materials, creating opportunities for donors to engage with Ecotrust's mission, and conducting other activities involving soliciting contributions from individuals, foundations, corporations, and others. Development, along with Communications and Events, create Ecotrust's unique Engage function.

ECOTRUST

Notes to Consolidated Financial Statements - Continued

4. Notes Receivable - Net

Notes receivable include the following at December 31:

	2021	2020
Note receivable from Kalispel Support removed as part of deconsolidation.	\$ -	\$ 4,661,640
Note receivable from Kalispel Support removed as part of deconsolidation.	-	2,128,360
Note receivable from R&R QALICB, LLC removed as part of deconsolidation.	-	4,852,000
Note receivable from R&R QALICB, LLC removed as part of deconsolidation.	-	4,848,000
Note receivable dated from Desolation Creek, LLC removed as part of deconsolidation.	-	3,243,062
Note receivable dated from Desolation Creek, LLC removed as part of deconsolidation.	-	4,031,938
Note receivable from Colville Tribal Government Building Development, LLC removed as part of deconsolidation.	-	3,362,000
Note receivable from Colville Tribal Government Building Development, LLC removed as part of deconsolidation.	-	1,488,000
Note receivable dated March 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	680,000
Note receivable dated March 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>481,600</u>
Carried forward	1,161,600	29,776,600

ECOTRUST

Notes to Consolidated Financial Statements - Continued

4. Notes Receivable - Net - Continued

	2021	2020
Brought forward	\$ 1,161,600	\$ 29,776,600
Note receivable dated March 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	3,688,400
Note receivable dated May 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	4,435,400
Note receivable dated May 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	4,294,600
Note receivable dated December 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	6,474,860
Note receivable dated July 2016, from Chimacum Ridge, LLC. Interest only payments at 1.3995 percent per annum are accrued and paid quarterly through December 2023. Thereafter, principal and interest payments of \$51,421 are due quarterly. Matures June 2046. Secured by deed of trust on property.	<u>3,964,200</u>	<u>3,964,200</u>
Carried forward	24,019,060	52,634,060

ECOTRUST

Notes to Consolidated Financial Statements - Continued

4. Notes Receivable - Net - Continued

	2021	2020
Brought forward	\$ 24,019,060	\$ 52,634,060
Note receivable dated July 2016, from Chimacum Ridge, LLC. Interest only payments at 1.3995 percent per annum are accrued and paid quarterly through December 2023. Thereafter, principal and interest payments of \$24,072 are due quarterly. Matures June 2046. Secured by deed of trust on property.	1,855,800	1,855,800
Note receivable dated November 2016, from Onion Peak, LLC. Interest only payments at 1.3995 percent per annum are accrued and paid quarterly through December 2023. Thereafter, principal and interest payments ranging from \$30,892 and \$63,619 are due quarterly. Matures December 2046. Secured by deed of trust on property.	3,964,200	3,964,200
Note receivable dated November 2016, from Onion Peak, LLC. Interest only payments at 1.3995 percent per annum are accrued and paid quarterly through December 2023. Thereafter, principal and interest payments ranging from \$14,462 and \$29,783 are due quarterly. Matures December 2046. Secured by deed of trust on property.	1,855,800	1,855,800
Note receivable dated April 2017, from MLT Holdings, Inc. Interest only payments at 1.0382 percent per annum are accrued and paid quarterly through June 2024. Thereafter, principal and interest payments ranging from \$15,889 and \$68,299 are due quarterly. Matures April 2047. Secured by deed of trust on property.	<u>4,597,600</u>	<u>4,597,600</u>
Carried forward	36,292,460	64,907,460

ECOTRUST

Notes to Consolidated Financial Statements - Continued

4. Notes Receivable - Net - Continued

	2021	2020
Brought forward	\$ 36,292,460	\$ 64,907,460
Note receivable dated April 2017, from MLT Holdings, Inc. Interest only payments at 1.0382 percent per annum are accrued and paid quarterly through June 2024. Thereafter, principal and interest payments ranging from \$7,577 and \$32,569 are due quarterly. Matures April 2047. Secured by deed of trust on property.	2,192,400	2,192,400
Note receivable dated August 2017, from Wildcat Whiskey, LLC. Interest only payments at 1.3023 percent per annum are accrued and paid quarterly through September 2024. Thereafter, principal and interest payments of \$101,550 are due quarterly. Matures March 2048. Secured by deed of trust on property.	8,210,000	8,210,000
Note receivable dated August 2017, from Wildcat Whiskey, LLC. Interest only payments at 1.3023 percent per annum are accrued and paid quarterly through September 2024. Thereafter, principal and interest payments of \$48,450 are due quarterly. Matures March 2048. Secured by deed of trust on property.	3,915,000	3,915,000
Note receivable dated April 2018, from COCRF Investor Fund 105, LLC. Interest only payments at 1 percent per annum are accrued and paid quarterly through March 2025. Thereafter, principal and interest payments of \$111,486 are due quarterly. Matures December 2047. Secured by deed of trust on property.	<u>9,063,840</u>	<u>9,063,840</u>
Carried forward	59,673,700	88,288,700

ECOTRUST

Notes to Consolidated Financial Statements - Continued

4. Notes Receivable - Net - Continued

	2021	2020
Brought forward	\$ 59,673,700	\$ 88,288,700
Note receivable from Freeroot Ventures, Inc. renegotiated.	-	220,659
Note receivable dated June 2018, from Kiosko. Principal only payments ranging from \$400 and \$2,600 are due monthly. Matures June 2022.	7,600	13,600
Note receivable dated September 2018, from Cay-Uma-Wa. Interest only payments at 1.2594 percent per annum are accrued and paid quarterly through September 2025. Thereafter, principal and interest payments of \$148,526 are due quarterly. Matures September 2048. Secured by deed of trust on property.	11,847,300	11,847,300
Note receivable dated September 2018, from Cay-Uma-Wa. Interest only payments at 1.2594 percent per annum are accrued and paid quarterly through September 2025. Thereafter, principal and interest payments of \$67,732 are due quarterly. Matures September 2048. Secured by deed of trust on property.	5,402,700	5,402,700
Note receivable dated November 2018, from NTUA New Markets V, Inc. Interest only payments at 1.4690 percent per annum are accrued and paid quarterly through November 2025. Thereafter, principal and interest payments of \$53,924 are due quarterly. Matures November 2041. Secured by deed of trust on property.	3,070,540	3,070,540
Note receivable dated November 2018, from NTUA New Markets V, Inc. Interest only payments at 1.4690 percent per annum are accrued and paid quarterly through November 2025. Thereafter, principal and interest payments of \$25,714 are due quarterly. Matures November 2041. Secured by deed of trust on property.	<u>1,464,210</u>	<u>1,464,210</u>
Carried forward	81,466,050	110,307,709

ECOTRUST

Notes to Consolidated Financial Statements - Continued

4. Notes Receivable - Net - Continued

	2021	2020
Brought forward	\$ 81,466,050	\$ 110,307,709
Note receivable dated November 2018, from from FR Restoration, LLC. Interest only payments at 1.038 percent per annum are accrued and paid quarterly through December 2025. Thereafter, principal and interest payments are due quarterly to fully amortize upon maturity. Matures December 2043 and is secured by deed of trust on property.	5,101,500	5,101,500
Note receivable dated November 2018, from from FR Restoration, LLC. Interest only payments at 1.038 percent per annum are accrued and paid quarterly through December 2025. Thereafter, principal and interest payments are due quarterly to fully amortize upon maturity. Matures December 2043 and is secured by deed of trust on property.	2,173,500	2,173,500
Note receivable from PZHerman, LLC paid in full.	-	2,710,059
Note receivable from PZHerman, LLC partially paid and remainder recorded as loan loss.	-	765,996
Note receivable dated November 2018, from Valued Growth Associates New Markets Project CDE II, LLC. Interest only payments at 1.379 percent per annum are accrued and paid quarterly through December 2025. Thereafter, principal and interest payments of \$86,405 are due quarterly. Matures November 2048. Secured by deed of trust on property.	<u>6,802,000</u>	<u>6,802,000</u>
Carried forward	95,543,050	127,860,764

ECOTRUST

Notes to Consolidated Financial Statements - Continued

4. Notes Receivable - Net - Continued

	2021	2020
Brought forward	\$ 95,543,050	\$ 127,860,764
Note receivable dated November 2018, from Valued Growth Associates New Markets Project CDE II, LLC. Interest only payments at 1.379 percent per annum are accrued and paid quarterly through December 2025. Thereafter, principal and interest payments of \$36,178 are due quarterly. Matures November 2048. Secured by deed of trust on property.	2,848,000	2,848,000
Note receivable dated December 2019, from Colville Tribal Treatment Facility Development, LLC. Interest only payments at 1.018737 percent per annum are accrued and paid quarterly through December 2026. Thereafter, principal and interest payments are due quarterly to fully amortize upon maturity. Matures December 2049. Secured by deed of trust on property.	4,426,700	4,426,700
Note receivable dated December 2019, from Colville Tribal Treatment Facility Development, LLC. Interest only payments at 1.018737 percent per annum are accrued and paid quarterly through December 2026. Thereafter, principal and interest payments of \$22,927 are due quarterly. Matures December 2049. Secured by deed of trust on property.	1,878,300	1,878,300
Note receivable dated December 2020, from 4Points Laguna, LLC. Interest only payments at 1.344 percent per annum are accrued and paid quarterly through December 2027. Thereafter, principal and interest payments of \$62,775 are due quarterly. Matures December 2049. Secured by deed trust on property.	<u>4,775,453</u>	<u>4,775,453</u>
Carried forward	109,471,503	141,789,217

ECOTRUST

Notes to Consolidated Financial Statements - Continued

4. Notes Receivable - Net - Continued

	2021	2020
Brought forward	\$ 109,471,503	\$ 141,789,217
Note receivable dated December 2020, from 4Points Laguna, LLC. Interest only payments at 1.344 percent per annum are accrued and paid quarterly through December 2027. Thereafter, principal and interest payments of \$23,802 are due quarterly. Matures December 2049. Secured by deed trust on property.	1,844,797	1,844,797
Note receivable dated February 2021, from Freeroot Ventures, Inc. Interest only payments at 5 percent per annum are accrued and paid monthly through February 2022. Thereafter, principal and interest payments of \$4,140 are due monthly. Matures February 2031. Unsecured.	359,418	-
Note receivable dated July 2021, from LC Restoration, LLC. Interest only payments at 1 percent per annum are accrued and paid quarterly through June 2028. Thereafter, principal and interest payments of \$47,801 are due quarterly. Matures June 2052. Secured by deed trust on property.	3,855,875	-
Note receivable dated July 2021, from LC Restoration, LLC. Interest only payments at 1.4814 percent per annum are accrued and paid quarterly through June 2028. Thereafter, principal and interest payments of \$17,735 are due quarterly. Matures June 2052. Secured by deed trust on property.	1,430,625	-
Note receivable dated December 2021, from McKinley Paper Company, LLC. Interest only payments at 1.3288 percent per annum are accrued and paid quarterly through December 2028. Thereafter, principal and interest payments of \$62,775 are due quarterly. Matures December 2051. Secured by deed trust on property.	<u>7,036,000</u>	<u>-</u>
Carried forward	123,998,218	143,634,014

ECOTRUST

Notes to Consolidated Financial Statements - Continued

4. Notes Receivable - Net - Continued

	2021	2020
Brought forward	\$ 123,998,218	\$ 143,634,014
Note receivable dated December 2021, from McKinley Paper Company, LLC. Interest only payments at 1.3288 percent per annum are accrued and paid quarterly through December 2028. Thereafter, principal and interest payments of \$62,775 are due quarterly. Matures December 2051. Secured by deed trust on property.	2,664,000	-
Fishing permits	<u>131,709</u>	<u>131,709</u>
	126,793,927	143,765,723
Less allowance for loan losses on notes receivable from:		
R&R QALICB, LLC	-	(9,677,200)
Freeroot Ventures, Inc.	<u>-</u>	<u>(220,659)</u>
	<u><u>\$ 126,793,927</u></u>	<u><u>\$ 133,867,864</u></u>

Fishing permits are notes receivable from 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 2023.

During 2018, the notes receivable owned by Sub-CDE XIV from R&R QALICB, LLC and the note receivable owned by The Marble, LLC from Freeroot Ventures, Inc. were placed on nonaccrual status. During 2019, the notes receivable owned by Ecotrust CDE from Kiosko were also placed on nonaccrual status. During 2020, Kiosko resumed payments and paid off one of the notes.

During December 31, 2020, impairment losses, net of recoveries, of \$86,125 were recorded associated with these notes. During 2021, Ecotrust renegotiated the terms of its note receivable from Freeroot Ventures, Inc. and the notes from R&R QALICB, LLC were deconsolidated. For the year ended December 31, 2021, recovery of impairment losses, net of losses, of \$9,270,622 were recorded associated with these notes.

At December 31, 2021, there were no notes receivable on nonaccrual status.

ECOTRUST

Notes to Consolidated Financial Statements - Continued

5. Investments

Investments consist of the following at December 31:

	2021	2020
Investments carried at fair value:		
Equity mutual funds	\$ 3,195,736	\$ 444,638
Money market mutual funds	17,980	-
Bond mutual funds	475,480	-
Investments in Ecotrust Forests entities	8,606,269	8,038,133
Investments held at OCF	7,883,070	7,141,815
Investments held in Green Canopy, LLC	60,832	-
	20,239,367	15,624,586
Investments carried at fair value		
Investments carried at cost less impairment:		
Celilo Media Group common stock	111,468	69,755
Sustainability Investment Fund, LP	-	400,000
Vital Farmland, LP	-	200,000
Green Canopy, LLC	-	50,000
Mission Hub, LLC	-	100,004
Other entities	-	2,864
	111,468	822,623
Investments carried at cost		
Less accumulated impairment	(111,468)	(369,759)
Investments carried at cost less impairment	-	452,864
Total investments	\$ 20,239,367	\$ 16,077,450

ECOTRUST

Notes to Consolidated Financial Statements - Continued

5. Investments - Continued

Investment return includes the following for the years ended December 31:

	2021	2020
Interest and dividends from investments	\$ 36,298	\$ 52,840
	1,645,518	1,976,818
	<u>1,289,828</u>	<u>1,322,667</u>
	<u>\$ 2,971,644</u>	<u>\$ 3,352,325</u>

Ecotrust has an agreement with OCF to transfer certain 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.

6. Property and Equipment - Net

Property and equipment consists of the following at December 31:

	2021	2020
Land	\$ 5,897,561	\$ 5,897,561
Buildings	32,630,176	32,588,680
Furniture and equipment	1,183,642	1,750,142
Artwork	<u>42,500</u>	<u>42,500</u>
	39,753,879	40,278,883
Less accumulated depreciation	<u>(9,759,588)</u>	<u>(9,092,701)</u>
Net property and equipment	<u>\$ 29,994,291</u>	<u>\$ 31,186,182</u>

ECOTRUST

Notes to Consolidated Financial Statements - Continued

7. Contract Liabilities

Contract liabilities (consisting of deferred revenue from contract revenues and tax credit placement fees) and changes therein were as follows as of December 31:

	2021	2020
Balance, beginning of year	\$ 395,458	\$ 600,276
Revenue recognized	<u>(17,250)</u>	<u>(204,818)</u>
Balance, end of year	<u>\$ 378,208</u>	<u>\$ 395,458</u>

8. Notes Payable - Net

Notes payable include the following at December 31:

	2021	2020
Note payable to New Priorities Foundation, including interest at 2 percent per annum that is paid annually on October 1st. Principal is due in April 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. Principal is due in May 2023. Unsecured.	250,000	250,000
Note payable to OCF including interest at 1.75 percent per annum. Interest payments are due quarterly. Remaining principal and interest payments are due in March 2023. Certain covenants apply. Unsecured.	500,000	500,000
Note payable to Meyer Memorial Trust including interest at 1.75 percent per annum. Interest payments are due quarterly. Remaining principal and interest payments are due in March 2023. Certain covenants apply. Unsecured.	<u>500,000</u>	<u>500,000</u>
Carried forward	1,750,000	1,750,000

ECOTRUST

Notes to Consolidated Financial Statements - Continued

8. Notes Payable - Net - Continued

	2021	2020
Brought forward	\$ 1,750,000	\$ 1,750,000
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. Remaining principal and interest payments are due in March 2023. Certain covenants apply. Unsecured.	250,000	250,000
Note payable to Edwards Mother Earth Foundation including interest at 1.75 percent per annum. Interest payments are due quarterly. Remaining principal and interest payments are due in March 2023. Certain covenants apply. Unsecured.	250,000	250,000
Note payable to COCRF SubCDE 38, LLC including interest at 1.1521 percent per annum. Presented net of unamortized debt issuance costs of \$99,948 and \$104,116 at December 31, 2021 and 2020, respectively. Interest payments are due quarterly through December 2022. Thereafter, principal and interest payments of \$24,556 are due quarterly. Matures December 2045. Certain covenants apply. Secured by land and real property with a carrying value of \$8,829,422.	1,882,152	1,877,984
Note payable to COCRF SubCDE 38, LLC including interest at 1.1521 percent per annum. Interest payments are due quarterly through December 2022. Thereafter, principal and interest payments of \$12,611 are due quarterly. Matures December 2045. Certain covenants apply. Secured by land and real property with a carrying value of \$8,829,422.	1,017,900	1,017,900
Carried forward	5,150,052	5,145,884

ECOTRUST

Notes to Consolidated Financial Statements - Continued

8. Notes Payable - Net - Continued

	2021	2020
Brought forward	\$ 5,150,052	\$ 5,145,884
Note payable to Globetrotter Foundation including interest at 2 percent per annum. Interest payments are due quarterly. Remaining principal and interest payments are due in January 2025. Unsecured.	250,000	250,000
Note payable to Sangham Foundation including interest at 2 percent per annum. Interest payments are due quarterly. Remaining principal and interest payments are due in March 2025. Unsecured.	250,000	250,000
Note payable to Susan Hoffman including interest at 2 percent per annum. Interest payments are due quarterly. Remaining principal and interest payments are due in March 2025. Certain covenants apply. Unsecured.	250,000	250,000
Note payable to COCRF SubCDE 75, LLC including interest at 1.2140 percent per annum. Presented net of unamortized debt issuance costs of \$124,423 and \$129,153 at December 31, 2021 and 2020, respectively. Interest payments are due quarterly through	1,057,817	1,053,087
	<u>617,760</u>	<u>617,760</u>
	<u>\$ 7,575,629</u>	<u>\$ 7,566,731</u>

ECOTRUST

Notes to Consolidated Financial Statements - Continued

8. Notes Payable - Net - Continued

Each of the notes payable made by COCRF SubCDE 38, LLC and COCRF SubCDE 75, LLC are intended to qualify as a qualified low income community investment and The Marble, LLC and The Redd Foundry, LLC are intended to qualify as QALICBs, as such terms are defined by Section 45D of the IRC of 1986, as amended and Section 1.45D-1(d)(4) of the Internal Revenue Service Regulations. Under the terms of the loan agreements, The Marble, LLC and The Redd Foundry, LLC acknowledge and agree that they will satisfy the requirements necessary to remain a QALICB.

Future principal maturities of notes payable are as follows:

Years Ending December 31,	Amount
2022	\$ -
2023	2,364,596
2024	115,922
2025	919,032
Thereafter	<u>4,400,450</u>
Total	7,800,000
Less unamortized loan issuance costs	<u>(224,371)</u>
	<u><u>\$ 7,575,629</u></u>

ECOTRUST

Notes to Consolidated Financial Statements - Continued

9. Lease Agreements

Ecotrust Properties, LLC leases retail and office space to others under non-cancelable operating leases that expire at various dates through April 2024. The Marble, LLC leases retail and office space under non-cancelable operating leases that expire at various dates through January 2026. The Redd Foundry, LLC leases retail and office space under non-cancelable operating leases that expire at various dates through December 2026.

Future minimum lease payments to be received under the operating leases are as follows at December 31, 2021:

Years Ending December 31,	Amount
2022	\$ 1,152,461
2023	656,697
2024	500,807
2025	383,726
2026	<u>69,131</u>
Total minimum lease payments	<u><u>\$ 2,762,822</u></u>

ECOTRUST

Notes to Consolidated Financial Statements - Continued

10. Net Assets with Donor Restrictions

Net assets with donor restrictions for the following purpose or periods at December 31:

	2021	2020
Subject to expenditure for specified purposes:		
Natural Capital Holdings, LLC	\$ 210,000	\$ 210,000
Programs	<u>2,235,724</u>	<u>703,582</u>
	2,445,724	913,582
Subject to the passage of time	174,014	762,165
Endowments:		
Subject to appropriation and expenditure according to endowment spending policy	3,489,916	2,750,761
Permanent endowment funds:		
Community Engagement Endowment	200,000	200,000
Indigenous Leadership Endowment	500,000	500,000
Creative Storytelling in Salmon Nation	1,000,000	1,000,000
Ecotrust income endowment	<u>4,505,282</u>	<u>4,455,282</u>
Total endowment funds	<u>9,695,198</u>	<u>8,906,043</u>
Total net assets with donor restrictions	<u>\$ 12,314,936</u>	<u>\$ 10,581,790</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:

	2021	2020
Programs	\$ 1,478,629	\$ 3,008,157
Endowment earnings appropriated for expenditure	<u>285,072</u>	<u>316,056</u>
Total net assets released from restrictions	<u>\$ 1,763,701</u>	<u>\$ 3,324,213</u>

ECOTRUST

Notes to Consolidated Financial Statements - Continued

11. 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 \$176,324 and \$289,710 for the years ended December 31, 2021 and 2020, respectively.

Ecotrust provides a nonqualified 457(b) deferred compensation plan which covers a former Ecotrust employee. Contributions to this plan are at the discretion of the Board of Directors and there were no contributions for the years ended December 31, 2021 and 2020. Investments and accrued liabilities include \$389,660 and \$444,638 at December 31, 2021 and 2020, respectively, related to this plan.

12. 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 years ended December 31, 2021 and 2020, one donor accounted for 23 percent and another donor accounted for 17 percent, respectively, of total contributions.

ECOTRUST

Notes to Consolidated Financial Statements - Continued

13. Investment Member Interest

Ecotrust has formed, and was the Managing Member of, Sub-CDE XVI, Sub-CDE XVIII, Sub-CDE XIX, Sub-CDE XX, Sub-CDE XXI, Sub-CDE XXII, Sub-CDE XXIII, Sub-CDE XXIV, Sub-CDE XXV, Sub-CDE 26, Sub-CDE 27, Sub-CDE 28, Sub-CDE 29, Sub-CDE 30, Sub-CDE 31, and Sub-CDE 32 to make qualified equity investments (QEIs) in community development entities (CDEs), which have made loans to QALICBs and engage in other activities which qualify for federal and state NMTCs (*Note 14*).

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 NMTCs 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 at December 31:

	2021	2020
Balance, beginning of year	\$ 134,656,751	\$ 150,348,498
Investment Member contributions,		
Pueblo WW Investment Fund, LLC	-	6,825,000
COCRF Investor 192, LLC	5,450,000	-
COCRF Investor 211, LLC	10,000,000	-
Deconsolidations:		
Chase NMTC Wasson Creek Investment Fund, LLC	-	(9,708,608)
Chase NMTC Olympic Peninsula Investment Fund, LLC	-	(12,139,015)
Kalispel Investment Fund, LLC	(6,793,759)	-
Chase NMTC R&R Lumber Investment Fund, LLC	(9,361,437)	-
WF Desolation Creek Investment Fund, LLC	(7,275,019)	-
Twain Investent Fund 20, LLC	(4,860,556)	-
Investment Member interest in income	9,595,985	136,425
Investment Member distributions	<u>(745,879)</u>	<u>(805,549)</u>
Balance, end of year	<u>\$ 130,666,086</u>	<u>\$ 134,656,751</u>

ECOTRUST

Notes to Consolidated Financial Statements - Continued

14. New Markets Tax Credits

As of December 31, 2021 and 2020, Ecotrust has received \$327,000,000 and \$277,000,000, respectively in NMTCs from the CDFI Fund, which may be generated as QEIs are made and will result in tax credit benefits of approximately \$127,500,000 and \$108,000,000, respectively, to investor members. Pursuant to the Allocation Agreement, the NMTC is and will be allocated to qualifying entities (collectively, the Suballocates) 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 QEIs in qualified low-income community investments (which may include 5 percent of the QEIs 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 CDEs; 2) the Investee Companies cease to use substantially all of the QEIs for qualified low-income community investments (including 5 percent of the QEIs received and held as reserves); 3) the Investee Companies redeem the QEI 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 NMTCs 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 2014 and 2013, Ecotrust was awarded \$8,000,000 of Oregon NMTC authority, for a total of \$16,000,000. The Oregon NMTCs are 7 percent in year three of a project and 8 percent for each of the four succeeding years, operate similar to the federal NMTCs, and have similar requirements.

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Notes to Consolidated Financial Statements - Continued

15. Non-controlling Interest

During the years ended December 31, 2011 and 2010, EFM issued shares of common stock to an employee. During the years ended December 31, 2014 through 2018, 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. During the year ended December 31, 2018, The Redd Foundry, LLC issued membership equity to another investor.

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

	2021	2020
Balance, beginning of year	\$ 9,576,465	\$ 9,941,776
Distribution and deconsolidation to members, EFM	(455,172)	-
Distribution to members, The Redd, LLC	(171,990)	(231,759)
Distribution to member, The Marble, LLC	(22,125)	(29,652)
Distribution to member, The Redd Foundry, LLC	(15,000)	(15,000)
Non-controlling interest in income (loss):		
Ecotrust Forest Management, Inc.	60,821	75,704
The Redd, LLC	39,919	50,181
The Marble, LLC	(186,267)	3,181
The Redd Foundry, LLC	248,495	(217,966)
	162,968	(88,900)
Total non-controlling interest in income (loss) - net	162,968	(88,900)
Balance, end of year	\$ 9,075,146	\$ 9,576,465

16. Related-Party Transactions

Contracts and service fees revenue for 2021 includes management fees of \$1,694,193 earned from Ecotrust Forests, LLC, Ecotrust Forests II, LLC, and Ecotrust Forests III, LLC.

Contracts and service fees revenue for 2020 includes management fees of \$2,051,064 earned from Ecotrust Forests, LLC, Ecotrust Forests II, LLC, and Ecotrust Forests III, LLC. Accounts receivable at December 31, 2020, includes \$657,646 for management fees and \$89,983 for reimbursement of operating expenses due from Ecotrust Forests, LLC, Ecotrust Forests II, LLC, and Ecotrust Forests III, LLC.

A member of Ecotrust's Board of Directors holds a key position at a certain bank where Ecotrust maintains a banking relationship. Ecotrust has adopted a conflict of interest policy and this Board member abstained from voting when banking relationships were selected.

ECOTRUST

Notes to Consolidated Financial Statements - Continued

17. Income Taxes

Taxable entities included in the consolidated financial statements of Ecotrust are EFM; The Redd, LLC (subject to certain state and local taxes); The Marble, LLC (subject to certain state and local taxes); The Redd Foundry, LLC (subject to certain state and local taxes); Ecotrust CDE, LLC (subject to certain state and local taxes); and Sub-CDE 27, which has elected to be taxed as a corporation.

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

	2021	2020
Current:		
Federal	\$ 22,173	\$ 96,321
State and local	<u>12,912</u>	<u>97,193</u>
	35,085	193,514
Deferred income taxes (credit)	<u>(4,015)</u>	<u>101</u>
	<u>\$ 31,070</u>	<u>\$ 193,615</u>

Deferred income taxes are recognized for temporary differences between amounts reported in the consolidated financial statements and amounts reported for income tax purposes. The components of Ecotrust's deferred income tax liability are as follows at December 31:

	2021	2020
Deferred tax assets	\$ 64,756	\$ 60,741
Deferred tax liabilities	<u>(383,316)</u>	<u>(383,316)</u>
Net deferred tax liabilities	<u>\$ (318,560)</u>	<u>\$ (322,575)</u>

ECOTRUST

Notes to Consolidated Financial Statements - Continued

18. Fair Value Measurements

Investments carried at fair value were determined as follows at December 31, 2021:

	Level 1	Level 3	Total
Equity mutual funds	\$ 3,195,736	\$ -	\$ 3,195,736
Money market mutual funds	17,980	-	17,980
Bond mutual funds	475,480	-	475,480
Investments in Ecotrust			
Forests entities	-	8,606,269	8,606,269
Investments held at OCF	-	7,883,070	7,883,070
Investments held in Green Canopy, LLC	-	60,832	60,832
	<u>\$ 3,689,196</u>	<u>\$ 16,550,171</u>	<u>\$ 20,239,367</u>

Investments carried at fair value were determined as follows at December 31, 2020:

	Level 1	Level 3	Total
Equity mutual funds	\$ 444,638	\$ -	\$ 444,638
Investments in Ecotrust			
Forests entities	-	8,038,133	8,038,133
Investments held at OCF	-	7,141,815	7,141,815
	<u>\$ 444,638</u>	<u>\$ 15,179,948</u>	<u>\$ 15,624,586</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 5*, 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.

ECOTRUST

Notes to Consolidated Financial Statements - Continued

18. Fair Value Measurements - Continued

The investments in the Ecotrust Forests entities represent Ecotrust's share of investments in three funds: Ecotrust Forests, LLC, Ecotrust Forests II, LLC, and Ecotrust Forests III, LLC, which are managed by Ecotrust Forest Management, Inc. These funds are not actively traded and significant other observable inputs are not available. Ecotrust Forests, LLC provides its investors with a net asset value (NAV) that is determined by an independent valuation and consulting firm (ValSpan, Inc.) that uses timberland appraisals, audited financial statements, and other inputs to determine the NAV, which management believes approximates fair value. Valuations are performed on a quarterly basis. Ecotrust Forests II, LLC and Ecotrust Forests III, LLC are valued by management using the same methodology used by ValSpan, Inc. to determine fair value for investments in those funds. Redemption of investments in the Ecotrust Forests entities must be approved by the fund manager. The funds are not obligated to fund any redemption request to the extent the fund determines in its sole discretion that: 1) there is insufficient cash available for distribution in the ordinary course of business; or 2) any full or partial distribution by the fund in respect of such redemption request would have an adverse effect on the fund.

A summary of the changes in fair value of Level 3 assets for investments measured at fair value on a recurring basis is as follows:

	Investments in Green Canopy, LLC	Investments in Ecotrust Forests Entities	Investments held at OCF	Total
Balance, January 1, 2020	\$ -	\$ 7,849,594	\$ 6,369,042	\$ 14,218,636
Purchases	-	95,623	-	95,623
Proceeds	-	(93,625)	(246,938)	(340,563)
Net realized and unrealized gains	-	186,541	976,416	1,162,957
Interest and dividends	-	-	43,295	43,295
Balance, December 31, 2020	-	8,038,133	7,141,815	15,179,948
Purchases	-	290,235	-	290,235
Proceeds	-	-	(253,672)	(253,672)
Transfer from cost methodology	50,000	-	-	50,000
Net realized and unrealized gains	10,832	277,901	966,068	1,254,801
Interest and dividends	-	-	28,859	28,859
Balance, December 31, 2021	<u>\$ 60,832</u>	<u>\$ 8,606,269</u>	<u>\$ 7,883,070</u>	<u>\$ 16,550,171</u>

ECOTRUST

Notes to Consolidated Financial Statements - Continued

18. Fair Value Measurements - Continued

Assets measured at fair value on a non-recurring basis include investments in closely-held entities, which were originally carried at cost, and 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).

Assets measured at fair value on a non-recurring basis and Level 3 are as follows at December 31:

	2021	2020
Investments in closely-held entities	\$ -	\$ 452,864

Investments in closely held entities are reduced by a reserve for investment loss of \$111,468 and \$369,759 at December 31, 2021 and 2020, respectively.

The following table represents the valuation techniques used to measure the fair value investments in closely-held entities, and the significant unobservable inputs and the ranges of value for those inputs at December 31, 2021:

Instrument	Fair Value	Valuation Technique	Unobservable Inputs	Range of Input Values
Investment in closely-held entities	\$ -	Discounted cash flows	Impairment of investment	25-100 percent

The following table represents the valuation techniques used to measure the fair value investments in closely-held entities, and the significant unobservable inputs and the ranges of value for those inputs at December 31, 2020:

Instrument	Fair Value	Valuation Technique	Unobservable Inputs	Range of Input Values
Investment in closely-held entities	\$452,864	Discounted cash flows	Impairment of investment	25-100 percent

ECOTRUST

Notes to Consolidated Financial Statements - Continued

19. Endowment

Endowment net assets consist solely of donor-restricted amounts and are invested as follows at December 31:

	2021	2020
Restricted cash	\$ -	\$ 1,764,228
Investments held at OCF	7,883,070	7,141,815
Investments held at Charles Schwab	<u>1,812,128</u>	<u>-</u>
	<u>\$ 9,695,198</u>	<u>\$ 8,906,043</u>

Changes in endowment net assets were as follows:

	2021	2020
Balance, beginning of year	\$ 8,906,043	\$ 8,127,188
Contributions	50,000	-
Investment return	1,024,227	1,094,911
Appropriation for expenditure	<u>(285,072)</u>	<u>(316,056)</u>
Balance, end of year	<u>\$ 9,695,198</u>	<u>\$ 8,906,043</u>

20. 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.

ECOTRUST

Notes to Consolidated Financial Statements - Continued

21. Liquidity and Availability of Resources

Ecotrust's financial assets available for general expenditure within one year consist of the following at December 31, 2021:

Cash and cash equivalents	\$ 8,209,987
Accounts receivable, net	680,420
Grants receivable	174,014
Current portion of notes receivable for operations	45,740
Investments	<u>20,239,367</u>
Total financial assets available within one year	29,349,528
Less:	
Amounts unavailable for general expenditures within one year:	
Restricted by donors as to purpose	2,445,724
Investment in Ecotrust Forests entities	8,606,269
Endowment funds	<u>9,695,198</u>
Total amounts unavailable for general expenditures within one year due to donor restrictions	20,747,191
Board designated funds for Indigenous Leadership	<u>1,300,000</u>
Total amounts unavailable	<u>22,047,191</u>
Total financial assets available to management for general expenditure within one year	<u><u>\$ 7,302,337</u></u>

Ecotrust maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Ecotrust's Board designated funds for Indigenous Leadership is a component of net assets without donor restriction. Although management intends to use these funds in accordance with provisions outlined by the Board of Directors, amounts could be available for current operations, if approved by the Board.

ECOTRUST

Notes to Consolidated Financial Statements - Continued

22. Contract and Service Fee Revenue

Contract and service fee revenue is comprised of the following components for the years ended December 31:

	2021	2020
Contracts with customers:		
Event space rental	\$ 543,159	\$ 539,902
Management fees <i>(Note 16)</i>	1,694,193	2,051,064
Contract revenue <i>(Note 16)</i>	<u>1,315,978</u>	<u>1,456,756</u>
Total contracts with customers	3,553,330	4,047,722
Lease revenue <i>(Note 9)</i>	1,656,249	1,786,106
Other income	<u>47,870</u>	<u>34,305</u>
Total contract and service revenue	<u>\$ 5,257,449</u>	<u>\$ 5,868,133</u>

23. Paycheck Protection Program Revenue

In 2020, Ecotrust received loan proceeds of \$1,003,245 from Beneficial State Bank under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) provides for full or partial loan forgiveness if loan proceeds are used for qualifying expenses and certain other conditions are satisfied.

In 2021, Ecotrust received a Second Draw PPP loan in the amount of \$1,003,245 from Beneficial State Bank pursuant to the Consolidated Appropriations Act of 2021. The loan had substantially similar terms as the first PPP loan received in 2020.

Ecotrust elected to account for these loans as government grants recognized as revenue when qualifying expenses were incurred. During 2021 and 2020, Ecotrust incurred qualifying expenses in excess of the amount of the two PPP loans, and as such recognized the PPP loan as revenue for the years ended December 31, 2021 and 2020, in the accompanying consolidated statements of activities.

Subsequent to December 31, 2021, Ecotrust received full forgiveness of the Second Draw PPP loan. Ecotrust received full forgiveness of the first PPP loan in 2021.

ECOTRUST

Notes to Consolidated Financial Statements - Continued

24. Employee Retention Credit

The Employee Retention Credit (ERC), established as part of the CARES Act, provides fully refundable tax credits against the employer share of federal payroll taxes for employers who meet certain criteria. Subsequent legislation expanded the eligibility criteria and availability of the ERC through September 30, 2021.

ERC credits totaling \$436,293 were recognized as revenue when qualifying expenses were incurred. At December 31, 2021, this amount had yet to be collected, and is recorded as a receivable on the accompanying 2021 consolidated statement of financial position.

25. Subsequent Events

Management has evaluated subsequent events through June 17, 2022, the date the consolidated financial statements were available for issue.

ECOTRUST

CONSOLIDATING INFORMATION

Independent Auditors' Report on Consolidating Information

The Board of Directors
Ecotrust

We have audited the consolidated financial statements of Ecotrust and its Subsidiaries as of and for the years ended December 31, 2021 and 2020, and our report thereon dated June 17, 2022, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 through 3. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 53 through 56 is presented for the purpose of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual entities, and it 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, the consolidating information, which insofar as it relates to certain consolidated subsidiaries whose statements (prior to the effect of eliminating entries) reflect total assets of \$120,680,439 as of December 31, 2021 and \$131,321,506 as of December 31, 2020, and total revenues of \$11,058,931 and \$2,010,246, respectively, for the years then ended, is based on the reports of other auditors, is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Hoffman, Stewart & Schmidt, P.C.

June 17, 2022

ECOTRUST

Consolidating Schedule of Financial Position

December 31, 2021

ASSETS	Ecotrust	Variable Interest Entities	Total	Eliminations	Consolidated Total
Cash and cash equivalents	\$ 8,194,590	\$ 15,397	\$ 8,209,987	\$ -	\$ 8,209,987
Accounts receivable, net	681,874	-	681,874	(1,454)	680,420
Grants receivable	174,014	-	174,014	-	174,014
Notes receivable, net	16,037,427	128,992,500	145,029,927	(18,236,000)	126,793,927
Investments	20,239,367	-	20,239,367	-	20,239,367
Investment in Variable Interest Entities	13,066	-	13,066	(13,066)	-
Prepaid expenses and other assets	414,631	115	414,746	-	414,746
Deferred charges - net	328,816	1,672,594	2,001,410	(1,658,901)	342,509
Deferred rent receivable	74,300	-	74,300	-	74,300
Restricted cash	329,022	-	329,022	-	329,022
Property and equipment - net	30,206,613	-	30,206,613	(212,322)	29,994,291
Total assets	\$ 76,693,720	\$ 130,680,606	\$ 207,374,326	\$ (20,121,743)	\$ 187,252,583
LIABILITIES AND NET ASSETS AND INVESTMENT MEMBER AND NON-CONTROLLING INTERESTS					
Liabilities:					
Accounts payable	\$ 210,704	\$ 154	\$ 210,858	\$ (154)	\$ 210,704
Accrued liabilities	1,635,422	1,300	1,636,722	(1,300)	1,635,422
Deferred revenue	2,037,109	-	2,037,109	(1,658,901)	378,208
Deferred income taxes	318,560	-	318,560	-	318,560
Notes payable - net	25,811,629	-	25,811,629	(18,236,000)	7,575,629
Total liabilities	30,013,424	1,454	30,014,878	(19,896,355)	10,118,523
Net assets and Investment Member and non-controlling interests:					
Net assets:					
Without donor restrictions	25,290,214	13,066	25,303,280	(225,388)	25,077,892
With donor restrictions	12,314,936	-	12,314,936	-	12,314,936
Total net assets	37,605,150	13,066	37,618,216	(225,388)	37,392,828
Investment Member interest	-	130,666,086	130,666,086	-	130,666,086
Non-controlling interest	9,075,146	-	9,075,146	-	9,075,146
Total net assets and Investment Member and non-controlling interests	46,680,296	130,679,152	177,359,448	(225,388)	177,134,060
Total liabilities and net assets and Investment Member and non-controlling interests	\$ 76,693,720	\$ 130,680,606	\$ 207,374,326	\$ (20,121,743)	\$ 187,252,583

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; and Ecotrust CDE, LLC.

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

Ecotrust Sub-CDE XVI, LLC; Ecotrust Sub-CDE XVIII, LLC; Ecotrust Sub-CDE XIX, LLC; Ecotrust Sub-CDE XX, LLC; Ecotrust Sub-CDE XXI, LLC; Ecotrust Sub-CDE XXII, LLC; Ecotrust Sub-CDE XXIII, LLC; Ecotrust Sub-CDE XXIV, LLC; Ecotrust Sub-CDE XXV, LLC; Ecotrust Sub-CDE 26, LLC; Ecotrust Sub-CDE 27, LLC; Ecotrust Sub-CDE 28, LLC; Ecotrust Sub-CDE 29, LLC; Ecotrust Sub-CDE 30, LLC; Ecotrust Sub-CDE 31, LLC; and Ecotrust Sub-CDE 32, LLC.

ECOTRUST

Consolidating Schedule of Activities

Year Ended December 31, 2021

	Ecotrust	Variable Interest Entities	Total	Eliminations	Consolidated Total
Revenues, gains, and other support:					
Grants and contributions	\$ 4,390,098	\$ -	\$ 4,390,098	\$ -	\$ 4,390,098
In-kind contributions	14,390	-	14,390	-	14,390
Contracts and service fees	6,591,991	32,499	6,624,490	(1,367,041)	5,257,449
Paycheck Protection Program (PPP) revenue	1,003,245	-	1,003,245	-	1,003,245
Employee Retention Credit (ERC) revenue	436,293	-	436,293	-	436,293
Investment return	1,511,778	1,712,334	3,224,112	(252,468)	2,971,644
Net revenues, gains, and other support	13,947,795	1,744,833	15,692,628	(1,619,509)	14,073,119
Operating expenses:					
Salaries	5,559,274	-	5,559,274	-	5,559,274
Payroll taxes and fringe benefits	1,172,615	-	1,172,615	-	1,172,615
Total payroll costs	6,731,889	-	6,731,889	-	6,731,889
Conferences, meetings, and travel	62,697	-	62,697	-	62,697
Contracts and consultants	1,329,433	690,607	2,020,040	(668,107)	1,351,933
Depreciation and amortization	1,246,293	500,601	1,746,894	(503,742)	1,243,152
Technology	196,237	-	196,237	-	196,237
Grants to other organizations	105,570	-	105,570	-	105,570
Insurance	352,865	-	352,865	-	352,865
Interest	342,093	11,888	353,981	(232,163)	121,818
Miscellaneous	509,701	-	509,701	-	509,701
Occupancy	423,730	-	423,730	-	423,730
Professional fees	548,405	242,212	790,617	(222,211)	568,406
Supplies and equipment	149,165	-	149,165	-	149,165
Total operating expenses	11,998,078	1,445,308	13,443,386	(1,626,223)	11,817,163
Increase in net assets from operations	1,949,717	299,525	2,249,242	6,714	2,255,956
Provision for income taxes credit (expense)	4,015	(35,085)	(31,070)	-	(31,070)
Provision for bad debts	(13,931)	-	(13,931)	-	(13,931)
Recovery of loan losses - net	(61,880)	8,911,204	8,849,324	421,298	9,270,622
Write-down of notes payable	-	421,298	421,298	(421,298)	-
Gain on disposal of property and equipment	142,793	-	142,793	-	142,793
Share in income of Variable Interest Entities	957	-	957	(957)	-
Investment Member interest in income	-	(9,595,985)	(9,595,985)	-	(9,595,985)
Non-controlling interest in income - net	(162,968)	-	(162,968)	-	(162,968)
Capital contributions	-	1,545	1,545	(1,545)	-
Capital distributions	-	(74)	(74)	74	-
Gain on deconsolidations - Variable Interest Entities	102	-	102	-	102
Member equity deconsolidations	-	(2,851)	(2,851)	2,851	-
Increase (decrease) in net assets	1,858,805	(423)	1,858,382	7,137	1,865,519
Net assets, beginning of year	35,746,345	13,489	35,759,834	(232,525)	35,527,309
Net assets, end of year	\$ 37,605,150	\$ 13,066	\$ 37,618,216	\$ (225,388)	\$ 37,392,828

See notes on page 53.

ECOTRUST

Consolidating Schedule of Financial Position

December 31, 2020

ASSETS	Ecotrust	Variable Interest Entities	Total	Eliminations	Consolidated Total
Cash and cash equivalents	\$ 4,049,968	\$ 16,554	\$ 4,066,522	\$ -	\$ 4,066,522
Accounts receivable, net	1,007,218	600	1,007,818	-	1,007,818
Grants receivable	762,165	-	762,165	-	762,165
Notes receivable, net	19,160,064	136,419,855	155,579,919	(21,712,055)	133,867,864
Investments	16,077,450	-	16,077,450	-	16,077,450
Investment in Variable Interest Entities	13,489	-	13,489	(13,489)	-
Prepaid expenses and other assets	509,033	245	509,278	-	509,278
Deferred charges - net	50,572	1,709,691	1,760,263	(1,692,431)	67,832
Deferred rent receivable	201,574	-	201,574	-	201,574
Restricted cash	2,302,211	-	2,302,211	-	2,302,211
Property and equipment - net	31,405,218	-	31,405,218	(219,036)	31,186,182
Total assets	<u>\$ 75,538,962</u>	<u>\$ 138,146,945</u>	<u>\$ 213,685,907</u>	<u>\$ (23,637,011)</u>	<u>\$ 190,048,896</u>
LIABILITIES AND NET ASSETS AND INVESTMENT; MEMBER AND NON-CONTROLLING INTERESTS					
Liabilities:					
Accounts payable	\$ 218,955	\$ -	\$ 218,955	\$ -	\$ 218,955
Accrued liabilities	1,784,002	650	1,784,652	-	1,784,652
Deferred revenue	2,087,889	-	2,087,889	(1,692,431)	395,458
Deferred income taxes	322,575	-	322,575	-	322,575
Notes payable - net	25,802,731	3,476,055	29,278,786	(21,712,055)	7,566,731
Total liabilities	30,216,152	3,476,705	33,692,857	(23,404,486)	10,288,371
Net assets and Investment Member and non-controlling interests:					
Net assets:					
Without donor restrictions	25,164,555	13,489	25,178,044	(232,525)	24,945,519
With donor restrictions	10,581,790	-	10,581,790	-	10,581,790
Total net assets	35,746,345	13,489	35,759,834	(232,525)	35,527,309
Investment Member interest	-	134,656,751	134,656,751	-	134,656,751
Non-controlling interest	9,576,465	-	9,576,465	-	9,576,465
Total net assets and Investment Member and non-controlling interests	<u>45,322,810</u>	<u>134,670,240</u>	<u>179,993,050</u>	<u>(232,525)</u>	<u>179,760,525</u>
Total liabilities and net assets and Investment Member and non-controlling interests	<u>\$ 75,538,962</u>	<u>\$ 138,146,945</u>	<u>\$ 213,685,907</u>	<u>\$ (23,637,011)</u>	<u>\$ 190,048,896</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; Ecotrust Forest Management, Inc.; and Ecotrust CDE, LLC.

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

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; Ecotrust Sub-CDE XIX, LLC; Ecotrust Sub-CDE XX, LLC; Ecotrust Sub-CDE XXI, LLC; Ecotrust Sub-CDE XXII, LLC; Ecotrust Sub-CDE XXIII, LLC; Ecotrust Sub-CDE XXIV, LLC; Ecotrust Sub-CDE XXV, LLC; Ecotrust Sub-CDE 26, LLC; Ecotrust Sub-CDE 27, LLC; Ecotrust Sub-CDE 28, LLC; Ecotrust Sub-CDE 29, LLC; and Ecotrust Sub-CDE 30, LLC.

ECOTRUST

Consolidating Schedule of Activities

Year Ended December 31, 2020

	Ecotrust	Variable Interest Entities	Total	Eliminations	Consolidated Total
Revenues, gains, and other support:					
Grants and contributions	\$ 3,620,086	\$ -	\$ 3,620,086	\$ -	\$ 3,620,086
Contracts and service fees	7,469,436	2,500	7,471,936	(1,603,803)	5,868,133
Paycheck Protection Program revenue	1,003,245	-	1,003,245	-	1,003,245
Investment return	1,697,931	2,010,741	3,708,672	(356,347)	3,352,325
Net revenues, gains, and other support	13,790,698	2,013,241	15,803,939	(1,960,150)	13,843,789
Operating expenses:					
Salaries	5,298,080	-	5,298,080	-	5,298,080
Payroll taxes and fringe benefits	1,572,489	-	1,572,489	-	1,572,489
Total payroll costs	6,870,569	-	6,870,569	-	6,870,569
Conferences, meetings, and travel	123,731	-	123,731	-	123,731
Contracts and consultants	1,429,583	797,640	2,227,223	(787,641)	1,439,582
Depreciation and amortization	1,176,042	588,542	1,764,584	(590,990)	1,173,594
Technology	129,010	-	129,010	-	129,010
Grants to other organizations	145,339	-	145,339	-	145,339
Insurance	303,693	-	303,693	-	303,693
Interest	332,675	139,044	471,719	(356,345)	115,374
Miscellaneous	225,421	-	225,421	-	225,421
Occupancy	715,872	-	715,872	-	715,872
Professional fees	1,194,195	238,692	1,432,887	(231,192)	1,201,695
Supplies and equipment	135,264	-	135,264	-	135,264
Total operating expenses	12,781,394	1,763,918	14,545,312	(1,966,168)	12,579,144
Increase in net assets from operations	1,009,304	249,323	1,258,627	6,018	1,264,645
Provision for income taxes	(158,530)	(35,085)	(193,615)	-	(193,615)
Provision for bad debts	(21,556)	-	(21,556)	-	(21,556)
Provision for loan losses - net of recoveries	(8,325)	(77,800)	(86,125)	-	(86,125)
Insurance recovery of professional fees	1,048,850	-	1,048,850	-	1,048,850
Share in income of Variable Interest Entities	13	-	13	(13)	-
Investment Member interest in income	-	(136,425)	(136,425)	-	(136,425)
Non-controlling interest in loss - net	88,900	-	88,900	-	88,900
Capital contributions	-	683	683	(683)	-
Capital distributions	-	(80)	(80)	80	-
Gain on deconsolidations	2	-	2	-	2
Member equity deconsolidations	-	(2,191)	(2,191)	2,191	-
Increase (decrease) in net assets	1,958,658	(1,575)	1,957,083	7,593	1,964,676
Net assets, beginning of year	33,787,687	15,064	33,802,751	(240,118)	33,562,633
Net assets, end of year	\$ 35,746,345	\$ 13,489	\$ 35,759,834	\$ (232,525)	\$ 35,527,309

See notes on page 55.