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# Ecotrust

## CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2022 and 2021

and

Consolidating Information

with

Independent Auditors' Reports

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# 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, 2022 and 2021, 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, 2022 and 2021, 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 \$125,112,994 as of December 31, 2022 and \$120,680,439 as of December 31, 2021, and total revenues of \$1,654,848 and \$11,058,931, 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 Consolidated 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.

*Heaman, Stewart & Schmier, P.C.*

Lake Oswego, Oregon  
June 12, 2023

**ECOTRUST**

**Consolidated Statements of Financial Position**

<b>December 31,</b>	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,651,626	\$ 8,209,987
Accounts receivable - net <i>(Note 24)</i>	425,898	680,420
Grants receivable <i>(due within one year)</i>	656,142	174,014
Notes receivable - net <i>(Note 4)</i>	121,518,810	126,793,927
Investments <i>(Notes 5, 18, and 19)</i>	21,423,885	19,849,707
Prepaid expenses and other assets	432,604	442,402
Deferred charges - net	242,605	314,853
Deferred rent receivable	35,587	74,300
Restricted cash <i>(Note 11)</i>	448,893	718,682
Property and equipment - net <i>(Notes 6 and 8)</i>	29,071,821	29,994,291
<b>Total assets</b>	<b>\$ 177,907,871</b>	<b>\$ 187,252,583</b>
<b>LIABILITIES AND NET ASSETS AND INVESTMENT MEMBER AND NON-CONTROLLING INTERESTS</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 195,470	\$ 210,704
Accrued liabilities <i>(Note 11)</i>	1,259,272	1,635,422
Deferred revenue <i>(Note 7)</i>	225,799	378,208
Refundable advances	1,000,000	-
Deferred income taxes <i>(Note 17)</i>	326,328	318,560
Notes payable - net <i>(Note 8)</i>	7,584,537	7,575,629
<b>Total liabilities</b>	<b>10,591,406</b>	<b>10,118,523</b>
Commitments and contingencies <i>(Notes 11, 14, and 20)</i>		
<b>Net assets and Investment Member and non-controlling interests:</b>		
<b>Net assets:</b>		
Without donor restrictions:		
Undesignated	21,517,345	23,777,892
Board designated for Indigenous Leadership	1,300,000	1,300,000
Total without donor restrictions	22,817,345	25,077,892
With donor restrictions <i>(Notes 10 and 19)</i>	10,622,310	12,314,936
<b>Total net assets</b>	<b>33,439,655</b>	<b>37,392,828</b>
Investment Member interest <i>(Note 13)</i>	125,100,490	130,666,086
Non-controlling interest <i>(Note 15)</i>	8,776,320	9,075,146
<b>Total net assets and Investment Member and non-controlling interests</b>	<b>167,316,465</b>	<b>177,134,060</b>
<b>Total liabilities and net assets and Investment Member and non-controlling interests</b>	<b>\$ 177,907,871</b>	<b>\$ 187,252,583</b>

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

## ECOTRUST

### Consolidated Statement of Activities

**Year Ended December 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, gains, and other support:</b>			
Grants and contributions <i>(Notes 12, 19, and 20)</i>	\$ 663,713	\$ 2,683,254	\$ 3,346,967
Government grants and contributions	441,194	-	441,194
Non-financial contributions	6,445	-	6,445
Contracts and service fees <i>(Notes 16 and 22)</i>	3,449,658	-	3,449,658
Investment return <i>(Notes 5 and 19)</i>	1,823,319	(1,418,124)	405,195
Net assets released from restrictions <i>(Note 10)</i>	2,957,756	(2,957,756)	-
<b>Net revenues, gains, and other support</b>	<b>9,342,085</b>	<b>(1,692,626)</b>	<b>7,649,459</b>
<b>Operating expenses:</b>			
Program services:			
Food Systems	949,269	-	949,269
Forests and Ecosystem Services	544,548	-	544,548
Indigenous Leadership	310,061	-	310,061
Knowledge Systems	1,009,829	-	1,009,829
Ecotrust Investments	2,975,509	-	2,975,509
Events	1,568,918	-	1,568,918
Total program services	7,358,134	-	7,358,134
Supporting services:			
Management and general	2,950,895	-	2,950,895
Communications	561,798	-	561,798
Development	673,737	-	673,737
Total supporting services	4,186,430	-	4,186,430
<b>Total operating expenses</b>	<b>11,544,564</b>	<b>-</b>	<b>11,544,564</b>
<b>Decrease in net assets from operations</b>	<b>(2,202,479)</b>	<b>(1,692,626)</b>	<b>(3,895,105)</b>
<b>Non-operating income (expense)</b>			
Provision for income taxes <i>(Note 17)</i>	(54,607)	-	(54,607)
Provision for bad debts	(6,838)	-	(6,838)
Investment Member interest in income <i>(Note 13)</i>	(280,486)	-	(280,486)
Non-controlling interest in income - net <i>(Note 15)</i>	283,826	-	283,826
Gain on deconsolidations	37	-	37
<b>Net non-operating expense</b>	<b>(58,068)</b>	<b>-</b>	<b>(58,068)</b>
<b>Decrease in net assets</b>	<b>(2,260,547)</b>	<b>(1,692,626)</b>	<b>(3,953,173)</b>
Net assets, beginning of year	25,077,892	12,314,936	37,392,828
<b>Net assets, end of year</b>	<b>\$ 22,817,345</b>	<b>\$ 10,622,310</b>	<b>\$ 33,439,655</b>

*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
<b>Revenues, gains, and other support:</b>			
Grants and contributions <i>(Notes 12, 19, and 20)</i>	\$ 1,363,519	\$ 2,472,620	\$ 3,836,139
Government grants and contributions	553,959	-	553,959
Non-financial contributions	14,390	-	14,390
Contracts and service fees <i>(Notes 16 and 22)</i>	5,257,449	-	5,257,449
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>	<u>1,763,701</u>	<u>(1,763,701)</u>	<u>-</u>
<b>Net revenues, gains, and other support</b>	<b>10,900,435</b>	<b>1,733,146</b>	<b>12,633,581</b>
<b>Operating expenses:</b>			
Program services:			
Food Systems	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	<u>1,038,034</u>	<u>-</u>	<u>1,038,034</u>
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	<u>609,345</u>	<u>-</u>	<u>609,345</u>
Total supporting services	<u>3,607,333</u>	<u>-</u>	<u>3,607,333</u>
<b>Total operating expenses</b>	<b>11,817,163</b>	<b>-</b>	<b>11,817,163</b>
<b>Increase in net assets from operations</b>	<b>(916,728)</b>	<b>1,733,146</b>	<b>816,418</b>
<b>Non-operating income (expense)</b>			
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
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	<u>102</u>	<u>-</u>	<u>102</u>
<b>Net non-operating income</b>	<b>1,049,101</b>	<b>-</b>	<b>1,049,101</b>
<b>Increase in net assets</b>	<b>132,373</b>	<b>1,733,146</b>	<b>1,865,519</b>
Net assets, beginning of year	<u>24,945,519</u>	<u>10,581,790</u>	<u>35,527,309</u>
<b>Net assets, end of year</b>	<b>\$ 25,077,892</b>	<b>\$ 12,314,936</b>	<b>\$ 37,392,828</b>

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

## ECOTRUST

### Consolidated Statement of Functional Expenses

**Year Ended December 31, 2022**

	Program Services						Supporting Services					Total
	Food Systems	Forests and Ecosystem Services	Indigenous Leadership	Knowledge Systems	Ecotrust Investments	Events	Total Program Services	Management and General	Communications	Development	Total Supporting Services	
Salaries	\$ 509,180	\$ 231,306	\$ 135,574	\$ 558,464	\$ 695,339	\$ 472,996	\$ 2,602,859	\$ 2,056,206	\$ 346,834	\$ 444,740	\$ 2,847,780	\$ 5,450,639
Payroll taxes and fringe benefits	126,684	62,255	35,655	127,096	194,099	123,762	669,551	348,520	92,958	111,399	552,877	1,222,428
<b>Total payroll costs</b>	<b>635,864</b>	<b>293,561</b>	<b>171,229</b>	<b>685,560</b>	<b>889,438</b>	<b>596,758</b>	<b>3,272,410</b>	<b>2,404,726</b>	<b>439,792</b>	<b>556,139</b>	<b>3,400,657</b>	<b>6,673,067</b>
Conferences, meetings, and travel	18,622	24,201	50,157	36,408	23,250	358	152,996	61,005	500	13,154	74,659	227,655
Contracts and consultants	101,656	131,427	13,372	120,339	45,713	960	413,467	276,541	16,568	9,722	302,831	716,298
Depreciation and amortization	-	-	-	3,876	1,163,055	8,350	1,175,281	6,374	-	-	6,374	1,181,655
Direct allocations to programs	76,990	29,573	31,845	93,841	128,403	114,379	475,031	(611,924)	61,219	75,674	(475,031)	-
Technology	302	69	495	2,249	-	16,593	19,708	125,178	149	3,369	128,696	148,404
Grants to others	106,403	63,098	40,275	40,108	1,000	-	250,884	22,300	37,000	-	59,300	310,184
Insurance	-	-	-	-	160,524	1,000	161,524	121,964	-	-	121,964	283,488
Interest	-	-	-	-	124,526	-	124,526	-	-	-	-	124,526
Miscellaneous	575	7	1,346	5,867	167,588	14,560	189,943	12,690	1,579	4,752	19,021	208,964
Occupancy	382	649	559	5,167	(95,183)	793,503	705,077	235,988	77	-	236,065	941,142
Professional fees	82	-	-	2,026	355,729	5,832	363,669	131,639	1	144	131,784	495,453
Office, supplies and equipment	8,393	1,963	783	14,388	11,466	16,625	53,618	164,414	4,913	10,783	180,110	233,728
<b>Total expenses</b>	<b>\$ 949,269</b>	<b>\$ 544,548</b>	<b>\$ 310,061</b>	<b>\$ 1,009,829</b>	<b>\$ 2,975,509</b>	<b>\$ 1,568,918</b>	<b>\$ 7,358,134</b>	<b>\$ 2,950,895</b>	<b>\$ 561,798</b>	<b>\$ 673,737</b>	<b>\$ 4,186,430</b>	<b>\$ 11,544,564</b>

*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
	Food Systems	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
<b>Total payroll costs</b>	<b>517,275</b>	<b>408,698</b>	<b>69,523</b>	<b>840,443</b>	<b>2,184,836</b>	<b>336,804</b>	<b>4,357,579</b>	<b>1,486,609</b>	<b>361,987</b>	<b>525,714</b>	<b>2,374,310</b>	<b>6,731,889</b>
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
Office, 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
<b>Total expenses</b>	<b>\$ 766,735</b>	<b>\$ 621,136</b>	<b>\$ 81,526</b>	<b>\$ 1,310,236</b>	<b>\$ 4,392,163</b>	<b>\$ 1,038,034</b>	<b>\$ 8,209,830</b>	<b>\$ 2,592,176</b>	<b>\$ 405,812</b>	<b>\$ 609,345</b>	<b>\$ 3,607,333</b>	<b>\$ 11,817,163</b>

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

**ECOTRUST**

**Consolidated Statements of Cash Flows**

<b>Years Ended December 31,</b>	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities:</b>		
Increase (decrease) in net assets	\$ (3,953,173)	\$ 1,865,519
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Deferred income taxes (credit)	7,768	(4,015)
Provision for bad debts	6,838	13,931
Recovery of loan losses	-	(9,270,622)
Gain on disposal of property and equipment	-	(142,793)
Investment Member interest in income	280,486	9,595,985
Non-controlling interest in income (loss)	(283,826)	162,968
Gain on deconsolidations	(37)	(102)
Depreciation and amortization	1,181,655	1,243,152
Change in debt issuance costs	8,908	8,898
Net realized and unrealized (gains) losses on investments	1,229,987	(1,289,828)
Changes in:		
Accounts receivable	247,684	313,467
Grants receivable	(482,128)	588,151
Prepaid expenses and other assets	9,798	94,532
Deferred charges	(55,443)	(426,189)
Deferred rent receivable	38,713	127,274
Accounts payable	(15,234)	(8,251)
Accrued liabilities	(376,150)	(149,230)
Deferred revenue	(152,409)	(17,250)
Refundable advances	1,000,000	-
<b>Net cash provided (used) by operating activities</b>	<b>(1,306,563)</b>	<b>2,705,597</b>
<b>Cash flows from investing activities:</b>		
Proceeds from sale of investments	398,774	522,743
Purchases of investments	(3,202,939)	(3,449,810)
Proceeds from sale of property and equipment	-	317,870
Purchases of property and equipment	(131,494)	(74,826)
Payments received on notes receivable	42,815	3,060,757
Notes receivable issued	(8,347,698)	(14,986,500)
<b>Net cash used by investing activities</b>	<b>(11,240,542)</b>	<b>(14,609,766)</b>
<b>Carried forward</b>	<b>(12,547,105)</b>	<b>(11,904,169)</b>

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

**ECOTRUST**

**Consolidated Statements of Cash Flows - Continued**

<b>Years Ended December 31,</b>	<b>2022</b>	<b>2021</b>
<b>Brought forward</b>	<b>\$ (12,547,105)</b>	<b>\$ (11,904,169)</b>
<b>Cash flows from financing activities:</b>		
Distributions to non-controlling interest members	(15,000)	(664,287)
Investment Member contributions	8,500,000	15,450,000
Investment Member distributions	(766,045)	(745,879)
Cash decrease from deconsolidations	-	(20,367)
<b>Net cash provided by financing activities</b>	<b><u>7,718,955</u></b>	<b><u>14,019,467</u></b>
<b>Net increase (decrease) in cash, cash equivalents, and restricted cash</b>	<b>(4,828,150)</b>	<b>2,115,298</b>
Cash, cash equivalents, and restricted cash, beginning of year	<u>8,928,669</u>	<u>6,813,371</u>
<b>Cash, cash equivalents, and restricted cash, end of year</b>	<b><u>\$ 4,100,519</u></b>	<b><u>\$ 8,928,669</u></b>
<b>As presented in the accompanying consolidated statement of financial position:</b>		
Cash and cash equivalents	\$ 3,651,626	\$ 8,209,987
Restricted cash	<u>448,893</u>	<u>718,682</u>
<b>Total cash, cash equivalents, and restricted cash</b>	<b><u>\$ 4,100,519</u></b>	<b><u>\$ 8,928,669</u></b>
<b>Supplemental disclosures of cash flow information:</b>		
Cash paid during the year for interest	\$ 124,008	\$ 101,167
Cash paid during the year for income taxes	50,579	36,883
<b>Supplemental disclosures of noncash activity:</b>		
Notes receivable removed due to deconsolidations	\$ 13,580,000	\$ 28,270,302

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

# ECOTRUST

## Notes to Consolidated Financial Statements

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### 1. Nature of Activities

**Organization** - Ecotrust was incorporated in Oregon on February 13, 1991, as a nonprofit charitable organization headquartered in Portland, Oregon.

Ecotrust works across the region from California to Alaska at the intersection of equity, the economy, and the environment. Across more than 50 active projects, we collaborate with partners to advance stewardship of lands and waters in ways that are ecologically and culturally restorative and racially and economically just; build broadly shared, intergenerational wealth for our region's communities; and support regional climate resilience while centering the needs of and learning from frontline communities. We are transforming into an anti-racist organization with a culture of belonging and resilient business model, supporting work that is self-determined and community led.

Ecotrust is a dynamic organization - a 501(c)(3) nonprofit organization with multiple teams, for-profit subsidiaries, and mission-aligned resources combining to address the greatest challenges of our time: economic inequality; racial injustice; ecosystem degradation; and climate change. Over three decades, our mission has been to inspire fresh thinking that creates economic opportunity, social equity, and environmental well-being.

Our projects have included: co-founding the country's first environmental bank; starting the nation's first ecosystem investment fund; developing two campuses for economic and social exchange; co-creating a range of programs and original research in fisheries, forestry, and food systems; and developing new scientific and information tools to improve social, economic, and environmental decision-making.

## ECOTRUST

### Notes to Consolidated Financial Statements - Continued

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#### 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 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), and Ecotrust Sub-CDE 34, LLC (Sub-CDE 34).

The consolidating statements as of and for the year ended December 31, 2021, also included the accounts of Ecotrust Sub-CDE XVI, LLC (Sub-CDE XVI) and Ecotrust Sub-CDE XVIII, LLC (Sub-CDE XVIII).

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

**Principles of Deconsolidation** - During the year ended December 31, 2022, the new markets tax credit (NMTC) compliance period ended for the projects associated with Sub-CDE XVI and Sub-CDE XVIII. During the year ended December 31, 2021, the NMTC compliance period ended for the projects associated with Sub-CDE XIII, Sub-CDE XIV, Sub-CDE XV, and Sub-CDE XVII. This resulted in each Sub-CDE entering into a Redemption Agreements with the respective Investor Members of each Sub-CDE. Pursuant to those Redemption Agreements and other ancillary agreements, the Sub-CDE assigned its interest in Promissory Notes to each Investment Member in full liquidation of the Investment Members' interest in each Sub-CDE, as well as the pro rata distribution of cash. This also results in Ecotrust-CDE LLC becoming the sole owner of the respective Sub-CDEs.

As a result, Sub-CDE XVI and Sub-CDE VIII were deconsolidated in 2022 and Sub-CDE XIII, Sub-CDE XIV, Sub-CDE XV, and Sub-CDE XVII were deconsolidated in 2021. In addition, Ecotrust sold its 0.01 percent equity interest in each entity to the qualified active low-income community business (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, 2022 and 2021, gains on deconsolidation of \$37 and \$102, 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.

## ECOTRUST

### Notes to Consolidated Financial Statements - Continued

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#### 2. Summary of Significant Accounting Policies - Continued Principles of Deconsolidation - Continued

During the year ended December 31, 2021, Ecotrust sold its ownership in Ecotrust Forest Management, Inc. (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).

**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.

## ECOTRUST

### Notes to Consolidated Financial Statements - Continued

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#### 2. Summary of Significant Accounting Policies - Continued

**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, 2022 and 2021, includes \$461,020 and \$148,146 and respectively, in billings that are at least 90 days old. Management believes all accounts receivable are collectible and did not record an allowance for doubtful accounts receivable at December 31, 2022 and 2021.

**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.

## ECOTRUST

### Notes to Consolidated Financial Statements - Continued

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#### 2. Summary of Significant Accounting Policies - Continued

**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).

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 investment in Celilo Media Group was impaired, and recorded a provision for impairment prior to January 1, 2021. As of December 31, 2021, Management identified indicators that suggest there was further impairment of this investment of \$41,713, which is reported as part of investment return on the consolidated statements of activities. During 2022, Ecotrust was informed by Celilo Media Group that they were going out of business and management wrote-off the investment.

**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.

## ECOTRUST

### Notes to Consolidated Financial Statements - Continued

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#### 2. Summary of Significant Accounting Policies - Continued

**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 \$597,885 and \$572,000 as of December 31, 2022 and 2021, respectively. Amortization expense for 2022 and 2021 was \$127,691 and \$151,512, respectively.

**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 lenders for various reserves related to financing associated with The Redd on Salmon Street and 457(b) deferred compensation plan assets.

**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 2022 and 2021 was \$1,053,964 and \$1,091,640, respectively. Donated artwork is not depreciated and is carried at estimated fair value at date of donation.

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

## ECOTRUST

### Notes to Consolidated Financial Statements - Continued

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#### 2. Summary of Significant Accounting Policies - Continued

**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, 2022 and 2021, Ecotrust had conditional promises to give totaling \$58,000 and \$167,500, respectively, that had not been recognized because the achievement of matching donations were not yet met or expenses were not yet incurred. Amounts received prior to satisfying the barrier are reported as refundable advances in the consolidated statement of financial position.

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.

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 \$4,534,000 and \$805,000 that have not been recognized at December 31, 2022 and 2021, 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.

## ECOTRUST

### Notes to Consolidated Financial Statements - Continued

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#### 2. Summary of Significant Accounting Policies - Continued Revenue Recognition - Continued

*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 2022 or 2021.

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 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

### Notes to Consolidated Financial Statements - Continued

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#### 2. Summary of Significant Accounting Policies - Continued Endowment - Continued

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, 2022 and 2021. Ecotrust is not classified as a private foundation. Sub-CDE 27 is taxed as a corporation and pays 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.

**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, professional services, and supplies and equipment. These expenses are allocated on the basis of estimates of time and effort.

## ECOTRUST

### Notes to Consolidated Financial Statements - Continued

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#### 2. Summary of Significant Accounting Policies - Continued

**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 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, Sub-CDE 32 and Sub-CDE 34. 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 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, Sub-CDE 32, and Sub-CDE 34 are consolidated into Ecotrust CDE, LLC, prior to its consolidation into Ecotrust.

**Adoption of New Accounting Standard** - Effective January 1, 2022, Ecotrust has adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2020-07, Not-for-Profit Entities (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU, among other things, requires in-kinds to be separately listed in the consolidated statement of activities and enhanced disclosures about monetization of in-kind donations, valuation techniques, and donor restrictions. The adoption of this standard did not have a significant impact on the consolidated financial statements, with the exception of increased disclosure.

**Reclassifications** - Certain reclassifications have been made to the 2021 information to conform with the 2022 presentation.

## ECOTRUST

### Notes to Consolidated Financial Statements - Continued

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#### 3. Program and Supporting Services

##### Program Services

**Food Systems** - Ecotrust's Food Systems team works in partnership to build a climate-smart food system that is racially and economically just. Our work takes an equity-centered approach, guided by our value of humble, respectful collaboration. We are focused on supporting connections and shared learning among a growing network of food system leaders committed to transformation and healing. In partnership, we work towards: building power to advance equitable outcomes in and with Black, Indigenous, and Communities of Color; enriching the connections communities have with fresh, culturally relevant foods; encouraging climate-smart land and fisheries management through leadership development, network building, technical assistance, and eliminating barriers to land stewardship and fisheries access of Black, Indigenous, and Communities of Color throughout our bioregion.

**Forests and Ecosystem Services** - The Forests and Ecosystem Services team advances climate-smart forestry by centering tribal stewardship and Indigenous ways of knowing. 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. We work with partners to elevate their perspectives about forests and the role they play in maintaining the health and wellness of our communities and economies.

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

## ECOTRUST

### Notes to Consolidated Financial Statements - Continued

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#### 3. Program and Supporting Services - Continued Program Services - Continued

**Knowledge Systems** - Our Knowledge Systems team draws on a diverse toolkit that we use to support all Ecotrust's program areas. We develop and deliver decision-support tools, spatial and economic analyses, workforce development services, measurement and evaluation services, databases of both indigenous and Western scientific knowledge, and support partnerships for more resilient communities, economies, and ecosystems. We apply a wide variety of approaches and tools to help our staff and partners collect, analyze, visualize, and apply community-based knowledge of ecosystems in social and economic contexts. We value and support participatory approaches to co-creating, recording, and incorporating community knowledge, with a central role for indigenous knowledge and land stewardship in support of tribal sovereignty. We use our toolkit to support the implementation of management decisions, including tribal co-management of coastal and terrestrial ecosystems, at appropriate scales. Through our workforce development and career education services, we apply culturally specific approaches to growing Black, Indigenous, and Communities of Color's leadership in land and water stewardship. And through our measurement and evaluation services, we analyze and present evidence of the impact of Ecotrust and partners' programs and investments.

**Ecotrust Investments** - Ecotrust harnesses the potential of a working endowment in concert with private investments to create economic, social, and environmental well-being in our region and beyond. Ecotrust Investments is both a values-aligned funding source for Ecotrust's transformative work, and a catalyst that brings triple-bottom-line projects to life at a scale of broader impact. Through our own experiences leveraging catalytic capital, we are able to learn from the challenges and identify opportunities to pursue triple-bottom-line outcomes, invite new partners and partnerships, build financial resiliency, and engage in mission-propelling projects. Ecotrust Investments continues to transform our portfolio to fully embody our vision of resilience, creativity, intergenerational wealth, and community well-being.

**Events** - Ecotrust Events creates engagements that bring people together to build new connections and spark big ideas. Ecotrust Events manages four venues in the Natural Capital Center and the Redd on Salmon Street, offers safe convening opportunities for partners and clients, and generates operating 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 our region.

## ECOTRUST

### Notes to Consolidated Financial Statements - Continued

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#### 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/people & culture, equity, information technology, and related administrative activities. These activities help steward the ongoing work of advancing anti-racism and building a culture of belonging across our organization, and provide the necessary developmental, organizational, and management support for the effective operation of Ecotrust's programs.

Direct allocations to programs 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 include \$904,628 and \$512,376 for the years ended December 31, 2022 and 2021, respectively.

**Communications** - Ecotrust's Communications team is charged with inspiring multiple audiences with our mission to create social, economic, and environmental well-being. We use a variety of traditional and new media to share meaningful stories, disseminate research, amplify partner voices, gather leaders, and catalyze change.

**Development** - Development team activities include creating opportunities for funding and community partners to engage with and learn about Ecotrust's mission, conducting fundraising campaigns, preparing grant proposals, and managing other activities involving soliciting and stewarding contributions from individuals, foundations, corporations, and public entities.

**ECOTRUST**

**Notes to Consolidated Financial Statements - Continued**

**4. Notes Receivable - Net**

Notes receivable include the following at December 31:

	<b>2022</b>	<b>2021</b>
Notes receivable dated November 2013, from Community Quota Entities for the purchase of fishing permits. Principal and interest payments of \$18,073 are due annually in May. Interest rate is at 5.25 per annum. Matures May 2023.	\$ 119,314	\$ 131,709
Note receivable dated March 2015, from Fry Ontario, LLC removed as part of deconsolidation.	-	680,000
Note receivable dated March 2015, from Fry Ontario, LLC removed as part of deconsolidation.	-	481,600
Note receivable dated March 2015, from Fry Ontario, LLC removed as part of deconsolidation.	-	3,688,400
Note receivable dated May 2015, from SEK-WET-SE Corporation removed as part of deconsolidation.	-	4,435,400
Note receivable dated May 2015, from SEK-WET-SE Corporation removed as part of deconsolidation.	-	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	10,558,374	24,150,769

**ECOTRUST**

**Notes to Consolidated Financial Statements - Continued**

**4. Notes Receivable - Net – Continued**

	<b>2022</b>	<b>2021</b>
Brought forward	\$ 10,558,374	\$ 24,150,769
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	22,831,774	36,424,169

**ECOTRUST**

**Notes to Consolidated Financial Statements - Continued**

**4. Notes Receivable - Net - Continued**

	<b>2022</b>	<b>2021</b>
Brought forward	\$ 22,831,774	\$ 36,424,169
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.	9,063,840	9,063,840
Note receivable dated June 2018, from Kiosko. Principal only payments ranging from \$400 and \$2,600 are due monthly. Matures June 2022.	4,100	7,600
Carried forward	46,217,114	59,813,009

**ECOTRUST**

**Notes to Consolidated Financial Statements - Continued**

**4. Notes Receivable - Net - Continued**

	<b>2022</b>	<b>2021</b>
Brought forward	\$ 46,217,114	\$ 59,813,009
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	68,001,864	81,597,759

**ECOTRUST**

**Notes to Consolidated Financial Statements - Continued**

**4. Notes Receivable - Net - Continued**

	<b>2022</b>	<b>2021</b>
Brought forward	\$ 68,001,864	\$ 81,597,759
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 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.	6,802,000	6,802,000
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.	<u>2,848,000</u>	<u>2,848,000</u>
Carried forward	84,926,864	98,522,759

**ECOTRUST**

**Notes to Consolidated Financial Statements - Continued**

**4. Notes Receivable - Net - Continued**

	<b>2022</b>	<b>2021</b>
Brought forward	\$ 84,926,864	\$ 98,522,759
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.	4,775,453	4,775,453
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 of \$4,140 are due monthly. Matures February 2031. Unsecured.	<u>332,498</u>	<u>359,418</u>
Carried forward	98,184,612	111,807,427

**ECOTRUST**

**Notes to Consolidated Financial Statements - Continued**

**4. Notes Receivable - Net - Continued**

	<b>2022</b>	<b>2021</b>
Brought forward	\$ 98,184,612	\$ 111,807,427
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 \$47,801 are due quarterly. Matures June 2052. Secured by deed trust on property.	3,855,875	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	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.	7,036,000	7,036,000
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	2,664,000
Note receivable dated March 2022, from Unicom, Inc. Interest only payments at 1.44248 percent per annum and paid quarterly through March 2029. Thereafter, principal and interest payments of \$76,077 are due quarterly. Matures March 2052. Secured by deed trust on property.	<u>5,947,450</u>	<u>-</u>
Carried forward	119,118,562	126,793,927

**ECOTRUST**

**Notes to Consolidated Financial Statements - Continued**

**4. Notes Receivable - Net - Continued**

	<b>2022</b>	<b>2021</b>
Brought forward	\$ 119,118,562	\$ 126,793,927
Note receivable dated March 2022, from Unicom, Inc. Interest only payments at 1.44248 percent per annum and paid quarterly through March 2029. Thereafter, principal and interest payments of \$28,302 are due quarterly. Matures March 2052. Secured by deed trust on property.	2,297,550	-
Note receivable dated March 2022, from Land to Plate Distribution Cooperative. Principal and interest payments of \$1,264 are due monthly beginning April 2023. Interest rate is at 4.0 per annum. Matures March 2027. Unsecured.	<u>102,698</u>	<u>-</u>
	<u>\$ 121,518,810</u>	<u>\$ 126,793,927</u>

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 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.

Subsequent to December 31, 2022, Ecotrust extended the maturity date for the note receivable from Land to Plate Distribution Cooperative to March 2037 and the date of the first monthly payment to September 2023.

Subsequent to December 31, 2022, Ecotrust combined the two notes receivable from Community Quota Entities into one amended note receivable, extended the maturity date to April 2032, and changed the interest rate to 2.25 percent per annum.

## ECOTRUST

### Notes to Consolidated Financial Statements - Continued

#### 5. Investments

Investments consist of the following at December 31:

	2022	2021
Investments carried at fair value:		
Equity mutual funds	\$ 1,626,020	\$ 2,806,076
Money market mutual funds	3,553,860	17,980
Bond mutual funds	370,275	475,480
Exchange traded funds	621,583	-
Investments in Ecotrust Forests entities	9,067,668	8,606,269
Investments held at OCF	6,123,647	7,883,070
Investments held in Green Canopy, LLC	60,832	60,832
Investments carried at fair value	21,423,885	19,849,707
Investments carried at cost less impairment:		
Celilo Media Group common stock	-	111,468
Investments carried at cost	-	111,468
Less accumulated impairment	-	(111,468)
Investments carried at cost less impairment	-	-
Total investments	\$ 21,423,885	\$ 19,849,707

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

	2022	2021
Interest and dividends from investments	\$ 39,985	\$ 36,298
Interest from notes receivable	1,595,197	1,645,518
Net realized and unrealized gains (losses)	(1,229,987)	1,289,828
	\$ 405,195	\$ 2,971,644

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.

## ECOTRUST

### Notes to Consolidated Financial Statements - Continued

#### 6. Property and Equipment - Net

Property and equipment consists of the following at December 31:

	2022	2021
Land	\$ 5,897,561	\$ 5,897,561
Buildings	32,649,006	32,630,176
Furniture and equipment	1,265,246	1,183,642
Donated artwork	42,500	42,500
	<u>39,854,313</u>	<u>39,753,879</u>
Less accumulated depreciation	<u>(10,813,552)</u>	<u>(9,759,588)</u>
	29,040,761	29,994,291
Construction in process	<u>31,060</u>	<u>-</u>
Net property and equipment	<u>\$ 29,071,821</u>	<u>\$ 29,994,291</u>

#### 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:

	2022	2021
Balance, beginning of year	\$ 378,208	\$ 395,458
Revenue recognized	<u>(152,409)</u>	<u>(17,250)</u>
Balance, end of year	<u>\$ 225,799</u>	<u>\$ 378,208</u>

**ECOTRUST**

**Notes to Consolidated Financial Statements - Continued**

**8. Notes Payable - Net**

Notes payable include the following at December 31:

	<b>2022</b>	<b>2021</b>
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.	500,000	500,000
Note payable to The Lora L. and Martin N. Kelley Family Foundation including interest at 1.75 percent per annum. Interest payments are due quarterly. 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
Carried forward	2,250,000	2,250,000

**ECOTRUST**

**Notes to Consolidated Financial Statements - Continued**

**8. Notes Payable - Net - Continued**

	<b>2022</b>	<b>2021</b>
Brought forward	\$ 2,250,000	\$ 2,250,000
Note payable to COCRF SubCDE 38, LLC including interest at 1.1521 percent per annum. Presented net of unamortized debt issuance costs of \$95,770 and \$99,948 at December 31, 2022 and 2021, 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 \$8,598,968	1,886,330	1,882,152
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 \$8,598,968	1,017,900	1,017,900
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.	<u>250,000</u>	<u>250,000</u>
Carried forward	5,654,230	5,650,052

**ECOTRUST**

**Notes to Consolidated Financial Statements - Continued**

**8. Notes Payable - Net - Continued**

	<b>2022</b>	<b>2021</b>
Brought forward	\$ 5,654,230	\$ 5,650,052
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 \$119,693 and \$124,423 at December 31, 2022 and 2021, respectively. Interest payments are due quarterly through March 2025. Thereafter, principal and interest payments of \$14,888 are due quarterly. Matures December 2047. Certain covenants apply. Secured by land and real property with a carrying value of \$12,652,164.	1,062,547	1,057,817
Note payable to COCRF SubCDE 75, LLC including interest at 1.2140 percent per annum. Interest payments are due quarterly through March 2025. Thereafter, principal and interest payments of \$7,779 are due quarterly. Matures December 2047. Certain covenants apply. Secured by land and real property with a carrying value of \$12,652,164.	617,760	617,760
	<u>\$ 7,584,537</u>	<u>\$ 7,575,629</u>

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.

**ECOTRUST**

**Notes to Consolidated Financial Statements - Continued**

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**8. Notes Payable - Net - Continued**

Future principal maturities of notes payable are as follows:

<b>Years Ending December 31,</b>	<b>Amount</b>
2023	\$ 2,364,596
2024	115,922
2025	919,032
2026	188,382
2027	190,605
Thereafter	<u>4,021,463</u>
Total	7,800,000
Less unamortized loan issuance costs	<u>(215,463)</u>
	<u><u>\$ 7,584,537</u></u>

**9. Lease Agreements**

Ecotrust Properties, LLC leases retail and office space to others under non-cancelable operating leases that expire at various dates through May 2025. 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, 2022:

<b>Years Ending December 31,</b>	<b>Amount</b>
2023	\$ 495,400
2024	713,051
2025	535,358
2026	<u>71,237</u>
Total minimum lease payments	<u><u>\$ 1,815,046</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:

	<b>2022</b>	<b>2021</b>
Subject to expenditure for specified purposes:		
Natural Capital Holdings, LLC	\$ 310,000	\$ 260,000
Programs	<u>1,747,218</u>	<u>2,235,724</u>
	2,057,218	2,495,724
Subject to the passage of time	656,142	174,014
Endowments:		
Subject to appropriation and expenditure according to endowment spending policy	1,753,668	3,489,916
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>4,455,282</u>	<u>4,455,282</u>
Total endowment funds	<u>7,908,950</u>	<u>9,645,198</u>
Total net assets with donor restrictions	<u><u>\$ 10,622,310</u></u>	<u><u>\$ 12,314,936</u></u>

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

	<b>2022</b>	<b>2021</b>
Programs	\$ 2,639,632	\$ 1,478,629
Endowment earnings appropriated for expenditure	<u>318,124</u>	<u>285,072</u>
Total net assets released from restrictions	<u><u>\$ 2,957,756</u></u>	<u><u>\$ 1,763,701</u></u>

## ECOTRUST

### Notes to Consolidated Financial Statements - Continued

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#### 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 \$285,667 and \$176,324 for the years ended December 31, 2022 and 2021, 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, 2022 and 2021. Restricted cash and accrued liabilities include \$211,975 and \$389,660 at December 31, 2022 and 2021, respectively, related to this plan.

#### 12. Concentrations of Risk

Ecotrust maintains its cash balances primarily in one financial institution. From time to time, Ecotrust maintains balances in excess of federally insured limits at this financial institution.

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

During the year ended December 31, 2022, one donor accounted for 10 percent of total contributions. During the year ended December 31, 2021, another donor accounted for 26 percent of total contributions.

**ECOTRUST**

**Notes to Consolidated Financial Statements - Continued**

**13. Investment Member Interest**

Ecotrust has formed, and is the Managing Member of 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, Sub-CDE 32, and Sub-CDE 34 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 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:

	<b>2022</b>	<b>2021</b>
Balance, beginning of year	\$ 130,666,086	\$ 134,656,751
Investment Member contributions:		
COCRF Investor 192, LLC	-	5,450,000
COCRF Investor 211, LLC	-	10,000,000
Twain Investment Fund 627, LLC	<u>8,500,000</u>	<u>-</u>
Total Investment Member contributions	8,500,000	15,450,000
Deconsolidations:		
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 Investment Fund 20, LLC	-	(4,860,556)
Fry Ontario, LLC	(4,850,013)	-
COCRF Investor 42, LLC	<u>(8,730,024)</u>	<u>-</u>
Total deconsolidations	(13,580,037)	(28,290,771)
Investment Member interest in income	280,486	9,595,985
Investment Member distributions	<u>(766,045)</u>	<u>(745,879)</u>
Balance, end of year	<u><u>\$ 125,100,490</u></u>	<u><u>\$ 130,666,086</u></u>

## ECOTRUST

### Notes to Consolidated Financial Statements - Continued

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#### 14. New Markets Tax Credits

As of December 31, 2022 and 2021, Ecotrust has received \$327,000,000 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 to investor members. Pursuant to the Allocation Agreement, the NMTC is and will be allocated to qualifying entities (collectively, the Suballocatees) as qualifying investments are made.

The NMTC is a 39 percent federal tax credit available over a seven year period to the investors. In order to qualify for these credits, Ecotrust must comply with various federal requirements. These requirements include, but are not limited to, investing at least 85 percent of the 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.

## ECOTRUST

### 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:

	2022	2021
Balance, beginning of year	\$ 9,075,146	\$ 9,576,465
Distribution and deconsolidation to members, EFM	-	(455,172)
Distribution to members, The Redd, LLC	-	(171,990)
Distribution to member, The Marble, LLC	-	(22,125)
Distribution to member, The Redd Foundry, LLC	(15,000)	(15,000)
Non-controlling interest in income (loss):		
Ecotrust Forest Management, Inc.	-	60,821
The Redd, LLC	44,310	39,919
The Marble, LLC	392,788	(186,267)
The Redd Foundry, LLC	(720,924)	248,495
Total non-controlling interest in income (loss) - net	<u>(283,826)</u>	<u>162,968</u>
Balance, end of year	<u>\$ 8,776,320</u>	<u>\$ 9,075,146</u>

#### 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, which are managed by EFM. Given EFM was deconsolidated in 2021, no such related party transactions occurred in 2022.

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

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#### 17. Income Taxes

Taxable entities included in the consolidated financial statements of Ecotrust are 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:

	2022	2021
Current:		
Federal	\$ 22,173	\$ 22,173
State and local	<u>24,666</u>	<u>12,912</u>
	46,839	35,085
Deferred income taxes (credit)	<u>7,768</u>	<u>(4,015)</u>
	<u>\$ 54,607</u>	<u>\$ 31,070</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:

	2022	2021
Deferred tax assets	\$ 56,988	\$ 64,756
Deferred tax liabilities	<u>(383,316)</u>	<u>(383,316)</u>
Net deferred tax liabilities	<u>\$ (326,328)</u>	<u>\$ (318,560)</u>

## ECOTRUST

### Notes to Consolidated Financial Statements - Continued

#### 18. Fair Value Measurements

Investments carried at fair value were determined as follows at December 31, 2022:

	Level 1	Level 3	Total
Equity mutual funds	\$ 1,626,020	\$ -	\$ 1,626,020
Money market mutual funds	3,553,860	-	3,553,860
Bond mutual funds	370,275	-	370,275
Exchange traded funds	621,583	-	621,583
Investments in Ecotrust			
Forests entities	-	9,067,668	9,067,668
Investments held at OCF	-	6,123,647	6,123,647
Investments held in Green Canopy, LLC	-	60,832	60,832
	<u>\$ 6,171,738</u>	<u>\$ 15,252,147</u>	<u>\$ 21,423,885</u>

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

	Level 1	Level 3	Total
Equity mutual funds	\$ 2,806,076	\$ -	\$ 2,806,076
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>\$ 3,299,536</u>	<u>\$ 16,550,171</u>	<u>\$ 19,849,707</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, 2021	\$ -	\$ 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	60,832	8,606,269	7,883,070	16,550,171
Proceeds	-	-	(271,774)	(271,774)
Net realized and unrealized gains (losses)	-	461,399	(1,519,769)	(1,058,370)
Interest and dividends	-	-	32,120	32,120
Balance, December 31, 2022	<u>\$ 60,832</u>	<u>\$ 9,067,668</u>	<u>\$ 6,123,647</u>	<u>\$ 15,252,147</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 at December 31, 2021 consisted of investments in closely held entities and had a net carrying value of \$-0- as the cost was reduced by a reserve for investment loss of \$111,468. No such investments were held at December 31, 2022.

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	<u>\$ -</u>	Discounted cash flows	Impairment of investment	25-100 percent

#### 19. Endowment

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

	2022	2021
Investments held at OCF	\$ 6,123,647	\$ 7,883,070
Investments held at Charles Schwab	<u>1,785,303</u>	<u>1,762,128</u>
	<u>\$ 7,908,950</u>	<u>\$ 9,645,198</u>

Changes in endowment net assets were as follows:

	2022	2021
Balance, beginning of year	\$ 9,645,198	\$ 8,906,043
Investment return - net	(1,418,124)	1,024,227
Appropriation for expenditure	<u>(318,124)</u>	<u>(285,072)</u>
Balance, end of year	<u>\$ 7,908,950</u>	<u>\$ 9,645,198</u>

## ECOTRUST

### Notes to Consolidated Financial Statements - Continued

#### 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.

#### 21. Liquidity and Availability of Resources

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

	2022	2021
Cash and cash equivalents	\$ 3,651,626	\$ 8,209,987
Accounts receivable, net	425,898	680,420
Grants receivable	656,142	174,014
Current portion of notes receivable for operations	49,137	45,740
Investments	<u>21,423,885</u>	<u>19,849,707</u>
 Total financial assets available within one year	 26,206,688	 28,959,868
Less:		
Amounts unavailable for general expenditures within one year:		
Restricted by donors as to purpose	2,057,218	2,495,724
Investment in Ecotrust Forests entities	9,067,668	8,606,269
Endowment funds	<u>7,908,950</u>	<u>9,645,198</u>
 Total amounts unavailable for general expenditures within one year due to donor restrictions	 19,033,836	 20,747,191
 Board designated funds for Indigenous Leadership	 <u>1,300,000</u>	 <u>1,300,000</u>
 Total amounts unavailable	 <u>20,333,836</u>	 <u>22,047,191</u>
 Total financial assets available to management for general expenditure within one year	 <u>\$ 5,872,852</u>	 <u>\$ 6,912,677</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:

	2022	2021
Contracts with customers:		
Event space rental	\$ 1,421,795	\$ 543,159
Management fees ( <i>Note 16</i> )	-	1,694,193
Contract revenue	<u>436,336</u>	<u>1,315,978</u>
Total contracts with customers	1,858,131	3,553,330
Lease revenue ( <i>Note 9</i> )	1,577,158	1,656,249
Other income	<u>14,370</u>	<u>47,870</u>
Total contract and service revenue	<u>\$ 3,449,659</u>	<u>\$ 5,257,449</u>

#### 23. Paycheck Protection Program Revenue

In 2021, Ecotrust received a Second Draw Paycheck Protection Program (PPP) loan in the amount of \$1,003,245 from Beneficial State Bank pursuant to the Consolidated Appropriations Act of 2021. The loan terms provided for full or partial loan forgiveness if loan proceeds are used for qualifying expenses and certain other conditions are satisfied.

Ecotrust elected to account for this loan as a government grant recognized as revenue when qualifying expenses were incurred. During 2021, Ecotrust incurred qualifying expenses in excess of the amount of the Second Draw PPP loan, and as such recognized the PPP loan as revenue for the year ended December 31, 2021, in the accompanying consolidated statements of activities.

Ecotrust received full forgiveness of the Second Draw PPP loan in 2022.

#### 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 in 2021. At December 31, 2022 and 2021, this amount had yet to be collected, and is recorded as a receivable on the accompanying consolidated statements of financial position.

Ecotrust received full payment subsequent to December 31, 2022.

## ECOTRUST

### Notes to Consolidated Financial Statements - Continued

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#### 25. Subsequent Events

Management has evaluated subsequent events through June 12, 2023, the date the consolidated financial statements were available for issue.

In January 2023, Ecotrust CDE LLC entered into a Redemption Agreement and other ancillary agreements with respect to Sub-CDE XIX that had the purpose and legal effect of assigning the Sub-CDE's its interest in Promissory Notes to the Investment Member in full liquidation of the Investment Members' interest in each Sub-CDE, as well as the pro rata distribution of cash. This resulted in Ecotrust CDE LLC becoming the sole owner of the respective Sub-CDE.

In April 2023, the Ecotrust CDE LLC subsidiary Ecotrust Sub-CDE 33 LLC entered into a Master Loan and Security Agreement, as well as other ancillary agreements that had the purpose and legal effect of providing NMTC derived financing to Juntos Fruitvale QALICB, a California nonprofit public benefit corporation ("Juntos") in connection with the development of a community facility.

In May 2023, the Ecotrust CDE LLC subsidiary Ecotrust Sub-CDE 35 LLC entered into a Loan Agreement Among New Markets Investments 151, LLC, Ecotrust Sub-CDE 35, LLC and UACD Sub CDE 67, LLC As Lenders and Martin Luther King, Jr., - Los Angeles (MLK-LA) Healthcare Corporation As Borrower, as well as other ancillary agreements with respect to Sub-CDE 35 that had the purpose and legal effect of providing NMTC derived financing to MLK-LA in connection with medical equipment.

In January 2023, The Marble, LLC entered into a note payable agreement to Beneficial State Bank for \$3,000,000 with an initial interest rate of 4.5 percent per annum for the initial 60 payments, initial payments are of principal and interest for \$16,780, and has a maturity date of January 2033. This note payable was in conjunction of the NMTC unwind transaction for The Marble, LLC and Sub-CDE XIX.

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# **ECOTRUST**

## **CONSOLIDATING INFORMATION**

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## 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, 2022 and 2021, and our report thereon dated June 12, 2023, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 through 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 50 through 53 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 \$125,112,994 as of December 31, 2022 and \$120,680,439 as of December 31, 2021, and total revenues of \$1,654,848 and \$11,058,931, 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 12, 2023

# ECOTRUST

## Consolidating Schedule of Financial Position

**December 31, 2022**

ASSETS	Ecotrust	Variable Interest Entities	Total	Eliminations	Consolidated Total
Cash and cash equivalents	\$ 3,638,233	\$ 13,393	\$ 3,651,626	\$ -	\$ 3,651,626
Accounts receivable - net	425,898	-	425,898	-	425,898
Grants receivable	656,142	-	656,142	-	656,142
Notes receivable - net	16,097,310	123,657,500	139,754,810	(18,236,000)	121,518,810
Investments	21,423,885	-	21,423,885	-	21,423,885
Investment in Variable Interest Entities	12,504	-	12,504	(12,504)	-
Prepaid expenses and other assets	432,489	115	432,604	-	432,604
Deferred charges - net	232,485	1,441,986	1,674,471	(1,431,866)	242,605
Deferred rent receivable	35,587	-	35,587	-	35,587
Restricted cash	448,893	-	448,893	-	448,893
Property and equipment - net	29,284,143	-	29,284,143	(212,322)	29,071,821
<b>Total assets</b>	<b>\$ 72,687,569</b>	<b>\$ 125,112,994</b>	<b>\$ 197,800,563</b>	<b>\$ (19,892,692)</b>	<b>\$ 177,907,871</b>
<b>LIABILITIES AND NET ASSETS AND INVESTMENT MEMBER AND NON-CONTROLLING INTERESTS</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 195,470	\$ -	\$ 195,470	\$ -	\$ 195,470
Accrued liabilities	1,259,272	-	1,259,272	-	1,259,272
Deferred revenue	1,657,665	-	1,657,665	(1,431,866)	225,799
Refundable advances	1,000,000	-	1,000,000	-	1,000,000
Deferred income taxes	326,328	-	326,328	-	326,328
Notes payable - net	25,820,537	-	25,820,537	(18,236,000)	7,584,537
<b>Total liabilities</b>	<b>30,259,272</b>	<b>-</b>	<b>30,259,272</b>	<b>(19,667,866)</b>	<b>10,591,406</b>
<b>Net assets and Investment Member and non-controlling interests:</b>					
<b>Net assets:</b>					
Without donor restrictions	23,029,667	12,504	23,042,171	(224,826)	22,817,345
With donor restrictions	10,622,310	-	10,622,310	-	10,622,310
<b>Total net assets</b>	<b>33,651,977</b>	<b>12,504</b>	<b>33,664,481</b>	<b>(224,826)</b>	<b>33,439,655</b>
Investment Member interest	-	125,100,490	125,100,490	-	125,100,490
Non-controlling interest	8,776,320	-	8,776,320	-	8,776,320
<b>Total net assets and Investment Member and non-controlling interests</b>	<b>42,428,297</b>	<b>125,112,994</b>	<b>167,541,291</b>	<b>(224,826)</b>	<b>167,316,465</b>
<b>Total liabilities and net assets and Investment Member and non-controlling interests</b>	<b>\$ 72,687,569</b>	<b>\$ 125,112,994</b>	<b>\$ 197,800,563</b>	<b>\$ (19,892,692)</b>	<b>\$ 177,907,871</b>

**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 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; Ecotrust Sub-CDE 32, LLC; and Ecotrust Sub-CDE 34, LLC.

# ECOTRUST

## Consolidating Schedule of Activities

**Year Ended December 31, 2022**

	Ecotrust	Variable Interest Entities	Total	Eliminations	Consolidated Total
<b>Revenues, gains, and other support:</b>					
Grants and contributions	\$ 3,346,967	\$ -	\$ 3,346,967	\$ -	\$ 3,346,967
Government grants and contributions	441,194	-	441,194	-	441,194
Non-financial contributions	6,445	-	6,445	-	6,445
Contracts and service fees	4,750,500	25,000	4,775,500	(1,325,842)	3,449,658
Investment return	(1,007,352)	1,629,849	622,497	(217,302)	405,195
<b>Net revenues, gains, and other support</b>	<b>7,537,754</b>	<b>1,654,849</b>	<b>9,192,603</b>	<b>(1,543,144)</b>	<b>7,649,459</b>
<b>Operating expenses:</b>					
Salaries	5,450,639	-	5,450,639	-	5,450,639
Payroll taxes and fringe benefits	1,222,428	-	1,222,428	-	1,222,428
<b>Total payroll costs</b>	<b>6,673,067</b>	<b>-</b>	<b>6,673,067</b>	<b>-</b>	<b>6,673,067</b>
Conferences, meetings, and travel	227,655	-	227,655	-	227,655
Contracts and consultants	716,298	645,292	1,361,590	(645,292)	716,298
Depreciation and amortization	1,175,746	485,608	1,661,354	(479,699)	1,181,655
Technology	148,404	-	148,404	-	148,404
Grants to other organizations	310,184	-	310,184	-	310,184
Insurance	283,488	-	283,488	-	283,488
Interest	341,828	-	341,828	(217,302)	124,526
Miscellaneous	208,964	-	208,964	-	208,964
Occupancy	941,142	-	941,142	-	941,142
Professional fees	487,953	208,351	696,304	(200,851)	495,453
Office, supplies and equipment	233,728	-	233,728	-	233,728
<b>Total operating expenses</b>	<b>11,748,457</b>	<b>1,339,251</b>	<b>13,087,708</b>	<b>(1,543,144)</b>	<b>11,544,564</b>
<b>Increase (decrease) in net assets from operations</b>	<b>(4,210,703)</b>	<b>315,598</b>	<b>(3,895,105)</b>	<b>-</b>	<b>(3,895,105)</b>
<b>Non-operating income (expense):</b>					
Provision for income taxes	(19,522)	(35,085)	(54,607)	-	(54,607)
Provision for bad debts	(6,838)	-	(6,838)	-	(6,838)
Share in income of Variable Interest Entities	27	-	27	(27)	-
Investment Member interest in income	-	(280,486)	(280,486)	-	(280,486)
Non-controlling interest in income - net	283,826	-	283,826	-	283,826
Capital contributions	-	850	850	(850)	-
Capital distributions	-	(77)	(77)	77	-
Gain on deconsolidations	37	-	37	-	37
Member equity deconsolidations	-	(1,362)	(1,362)	1,362	-
<b>Net non-operating income (expense)</b>	<b>257,530</b>	<b>(316,160)</b>	<b>(58,630)</b>	<b>562</b>	<b>(58,068)</b>
<b>Increase (decrease) in net assets</b>	<b>(3,953,173)</b>	<b>(562)</b>	<b>(3,953,735)</b>	<b>562</b>	<b>(3,953,173)</b>
Net assets, beginning of year	37,605,150	13,066	37,618,216	(225,388)	37,392,828
<b>Net assets, end of year</b>	<b>\$ 33,651,977</b>	<b>\$ 12,504</b>	<b>\$ 33,664,481</b>	<b>\$ (224,826)</b>	<b>\$ 33,439,655</b>

See notes on page 50.

# 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	19,849,707	-	19,849,707	-	19,849,707
Investment in Variable Interest Entities	13,066	-	13,066	(13,066)	-
Prepaid expenses and other assets	442,287	115	442,402	-	442,402
Deferred charges - net	301,160	1,672,594	1,973,754	(1,658,901)	314,853
Deferred rent receivable	74,300	-	74,300	-	74,300
Restricted cash	718,682	-	718,682	-	718,682
Property and equipment - net	30,206,613	-	30,206,613	(212,322)	29,994,291
<b>Total assets</b>	<b>\$ 76,693,720</b>	<b>\$ 130,680,606</b>	<b>\$ 207,374,326</b>	<b>\$ (20,121,743)</b>	<b>\$ 187,252,583</b>
<b>LIABILITIES AND NET ASSETS AND INVESTMENT MEMBER AND NON-CONTROLLING INTERESTS</b>					
<b>Liabilities:</b>					
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
<b>Total liabilities</b>	<b>30,013,424</b>	<b>1,454</b>	<b>30,014,878</b>	<b>(19,896,355)</b>	<b>10,118,523</b>
<b>Net assets and Investment Member and non-controlling interests:</b>					
<b>Net assets:</b>					
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
<b>Total net assets</b>	<b>37,605,150</b>	<b>13,066</b>	<b>37,618,216</b>	<b>(225,388)</b>	<b>37,392,828</b>
Investment Member interest	-	130,666,086	130,666,086	-	130,666,086
Non-controlling interest	9,075,146	-	9,075,146	-	9,075,146
<b>Total net assets and Investment Member and non-controlling interests</b>	<b>46,680,296</b>	<b>130,679,152</b>	<b>177,359,448</b>	<b>(225,388)</b>	<b>177,134,060</b>
<b>Total liabilities and net assets and Investment Member and non-controlling interests</b>	<b>\$ 76,693,720</b>	<b>\$ 130,680,606</b>	<b>\$ 207,374,326</b>	<b>\$ (20,121,743)</b>	<b>\$ 187,252,583</b>

**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
<b>Revenues, gains, and other support:</b>					
Grants and contributions	\$ 3,836,139	\$ -	\$ 3,836,139	\$ -	\$ 3,836,139
Government grants and contributions	553,959	-	553,959	-	553,959
Non-financial 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
Investment return	1,511,778	1,712,334	3,224,112	(252,468)	2,971,644
<b>Net revenues, gains, and other support</b>	<b>12,508,257</b>	<b>1,744,833</b>	<b>14,253,090</b>	<b>(1,619,509)</b>	<b>12,633,581</b>
<b>Operating expenses:</b>					
Salaries	5,559,274	-	5,559,274	-	5,559,274
Payroll taxes and fringe benefits	1,172,615	-	1,172,615	-	1,172,615
<b>Total payroll costs</b>	<b>6,731,889</b>	<b>-</b>	<b>6,731,889</b>	<b>-</b>	<b>6,731,889</b>
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
Office, supplies and equipment	149,165	-	149,165	-	149,165
<b>Total operating expenses</b>	<b>11,998,078</b>	<b>1,445,308</b>	<b>13,443,386</b>	<b>(1,626,223)</b>	<b>11,817,163</b>
<b>Increase in net assets from operations</b>	<b>510,179</b>	<b>299,525</b>	<b>809,704</b>	<b>6,714</b>	<b>816,418</b>
<b>Non-operating income (expense):</b>					
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
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 loss - net	(162,968)	-	(162,968)	-	(162,968)
Capital contributions	-	1,545	1,545	(1,545)	-
Capital distributions	-	(74)	(74)	74	-
Gain on deconsolidations	102	-	102	-	102
Member equity deconsolidations	-	(2,851)	(2,851)	2,851	-
<b>Net non-operating income (expense)</b>	<b>1,348,626</b>	<b>(299,948)</b>	<b>1,048,678</b>	<b>423</b>	<b>1,049,101</b>
<b>Increase (decrease) in net assets</b>	<b>1,858,805</b>	<b>(423)</b>	<b>1,858,382</b>	<b>7,137</b>	<b>1,865,519</b>
Net assets, beginning of year	35,746,345	13,489	35,759,834	(232,525)	35,527,309
<b>Net assets, end of year</b>	<b>\$ 37,605,150</b>	<b>\$ 13,066</b>	<b>\$ 37,618,216</b>	<b>\$ (225,388)</b>	<b>\$ 37,392,828</b>

See notes on page 52.