



TreePeople
LAND TRUST

FINANCIAL STATEMENTS
DECEMBER 31, 2023
(with Summarized Totals for 2022)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
TreePeople Land Trust

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of TreePeople Land Trust (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

Report on Summarized Comparative Information

We have previously audited the Trust's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 20, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Long Beach, California
November 25, 2024

TREEPEOPLE LAND TRUST

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2023

(WITH COMPARATIVE TOTALS FOR 2022)

ASSETS		
	December 31,	
	2023	2022
ASSETS		
Cash and cash equivalents	\$ 1,796,883	\$ 1,886,698
Investments (Note 4)	1,882,367	1,356,252
Accounts and other receivables, net	156,874	189,856
Prepaid expenses and other assets	9,980	8,998
Property held for sale (Note 5)	1,210,080	3,810,080
Property held for conservation (Note 7)	45,064	39,064
TOTAL ASSETS	\$ 5,101,248	\$ 7,290,948
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 127,927	\$ 112,066
Insurance proceeds liability (Note 8)	282,590	282,590
Related-party payable (Note 12)	587,092	242,026
	997,609	636,682
COMMITMENTS AND CONTINGENCIES (Note 9)		
NET ASSETS		
Without donor restrictions	1,706,176	4,382,099
With donor restrictions		
Restricted for time and purpose (Note 10)	1,297,867	1,172,571
Restricted in perpetuity (Note 11)	1,099,596	1,099,596
	2,397,463	2,272,167
Total net assets	4,103,639	6,654,266
TOTAL LIABILITIES AND NET ASSETS	\$ 5,101,248	\$ 7,290,948

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

TREEPEOPLE LAND TRUST

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)**

	Without Donor Restrictions	With Donor Restrictions	Total	
			2023	2022
REVENUE, SUPPORT, AND OTHER INCOME				
Contributions	\$ 51,884	\$ 210,085	\$ 261,969	\$ 273,275
Government grants	65,629	-	65,629	629,261
Program service fees	232,669	-	232,669	228,898
Mitigation fees	-	-	-	33,652
Investment return, net (Note 4)	214,260	-	214,260	(397,966)
Other income	3,696	-	3,696	2,055,449
Change in classification of land (Note 5)	(2,594,000)	-	(2,594,000)	-
Net assets released from restrictions	84,789	(84,789)	-	-
	<u>(1,941,073)</u>	<u>125,296</u>	<u>(1,815,777)</u>	<u>2,822,569</u>
EXPENSES				
Program services	611,411	-	611,411	2,339,478
Management and general	76,307	-	76,307	203,661
Fundraising	47,132	-	47,132	103,959
	<u>734,850</u>	<u>-</u>	<u>734,850</u>	<u>2,647,098</u>
CHANGE IN NET ASSETS	(2,675,923)	125,296	(2,550,627)	175,471
NET ASSETS, BEGINNING OF YEAR	<u>4,382,099</u>	<u>2,272,167</u>	<u>6,654,266</u>	<u>6,478,795</u>
NET ASSETS, END OF YEAR	<u>\$ 1,706,176</u>	<u>\$ 2,397,463</u>	<u>\$ 4,103,639</u>	<u>\$ 6,654,266</u>

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

TREEPEOPLE LAND TRUST

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)**

	Program Services	Management and General	Fundraising	Total	
				2023	2022
PERSONNEL EXPENSES					
Salaries	\$ 150,672	\$ 57,716	\$ 47,132	\$ 255,520	\$ 438,219
Employee benefits	23,646	2,110	-	25,756	10,647
Payroll taxes	19,475	2,018	-	21,493	19,058
Total personnel expenses	<u>193,793</u>	<u>61,844</u>	<u>47,132</u>	<u>302,769</u>	<u>467,924</u>
OPERATIONAL EXPENSES					
Depreciation	-	-	-	-	91
Equipment and vehicles	8,933	-	-	8,933	6,626
Insurance	11,048	566	-	11,614	17,832
Membership dues	-	5,799	-	5,799	2,800
Occupancy	27,770	402	-	28,172	23,475
Office expense	63,719	669	-	64,388	13,653
Outside services	33,900	-	-	33,900	15,000
Professional services	272,225	5,200	-	277,425	2,084,838
Interest expense	-	-	-	-	4,857
Travel	23	1,827	-	1,850	10,002
Total operational expenses	<u>417,618</u>	<u>14,463</u>	<u>-</u>	<u>432,081</u>	<u>2,179,174</u>
TOTAL 2023 FUNCTIONAL EXPENSES	<u>\$ 611,411</u>	<u>\$ 76,307</u>	<u>\$ 47,132</u>	<u>\$ 734,850</u>	
PERCENTAGE OF EXPENSES	84%	10%	6%	100%	
TOTAL 2022 FUNCTIONAL EXPENSES	<u>\$ 2,339,478</u>	<u>\$ 203,661</u>	<u>\$ 103,959</u>		<u>\$ 2,647,098</u>

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

TREEPEOPLE LAND TRUST

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)**

	For the Year Ended December 31,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (2,550,627)	\$ 175,471
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	-	91
Net realized and unrealized (gain) loss on investments	(119,904)	456,981
Change in classification of land	2,594,000	-
Change in operating assets and liabilities:		
Accounts and other receivables	32,982	1,725,474
Prepaid expenses and other assets	(982)	(1,014)
Accounts payable	15,861	52,046
Accrued liabilities	-	(392)
Insurance proceeds liability	-	(26,327)
Related-party payable	345,066	132,660
Net Cash Provided By Operating Activities	<u>316,396</u>	<u>2,514,990</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Reinvested interest and dividends	(94,847)	(110,510)
Purchase of investments	(323,914)	(516,503)
Proceeds on sale of investments	12,550	690,393
Net Cash Provided By (Used In) Investing Activities	<u>(406,211)</u>	<u>63,380</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of note payable	-	(1,860,000)
Net Cash Used In Financing Activities	<u>-</u>	<u>(1,860,000)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(89,815)	718,370
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,886,698</u>	<u>1,168,328</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,796,883</u>	<u>\$ 1,886,698</u>

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

TREEPEOPLE LAND TRUST

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

(WITH COMPARATIVE TOTALS FOR 2022)

NOTE 1 – Description of Organization

Mountains Restoration Trust dba TreePeople Land Trust (the Trust) is a non-profit accredited land trust dedicated to preserving natural land in the Santa Monica Mountains through restoration, education, and land acquisition. Founded in 1981, the Trust collaborates with members of the public and government agencies in an ongoing effort to maintain a cooperative relationship between urbanization and native land.

During 2020, the Trust filed a Fictitious Business Name Statement with the County of Los Angeles to allow the Trust to “do business as” TreePeople Land Trust.

The Trust achieves its goal of preserving the Santa Monica Mountains’ natural resources by implementing three distinct programs: Acquisitions, Restoration and Education.

Acquisitions: The Trust owns 1,429.12 acres in fee title, 1,364.73 acres in conservation easements, and 5.28 acres of trail easements. There are 12 acres of leased land and building at Headwaters Corner. The Trust acquires land to protect the significant ecological areas of Cold Creek, La Sierra, and other strategic habitats.

Restoration: The Santa Monica Mountains contain renowned ecosystems for biodiversity, and are, in fact, recognized as a global “biodiversity hotspot.” Mediterranean climates, found here and on only 2.25% of the world’s surface, support nearly 50,000 plant species. It also supports a significant number of humans, human developments, and invasive species due to its short, wet winters and long, dry summers. The Trust has a staff of field specialists and technicians working five days a week at various restoration sites across the Santa Monica Mountains to remove invasive plants and aquatic species, provide native plantings, and restore critical habitats, including oak woodlands, riparian streams, chaparral, and sage-scrub hillsides across the approximately 3,000 acres owned or managed by the Trust. The Trust also continues to work with state and national park units on collaborative projects, as well as jurisdictional agencies on mitigation for unavoidable impacts.

Education: The environmental education program focuses on students from the San Fernando Valley and Los Angeles Basin, encouraging young students to explore the local wildlands adjacent to their urban areas.

TREEPEOPLE LAND TRUST

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

NOTE 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Use of Estimates

In preparing the financial statements in conformity with generally accepted accounting principles in the United States of America (U.S. GAAP), management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Totals

The financial statements include certain prior-year summarized financial information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such financial information should be read in conjunction with the Trust's financial statements for the year ended December 31, 2022, from which the summarized financial information was derived.

Classes of Net Assets

The Trust reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Net assets and revenue are classified based on the existence or absence of donor-imposed restrictions.

Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions. The Trust's board of directors may designate net assets without donor restrictions for general operational purposes from time to time.

TREEPEOPLE LAND TRUST
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Classes of Net Assets (Continued)

With Donor Restrictions – The Trust reports gifts of cash and other assets as donor-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 the purpose of the restriction is accomplished, donor-restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Other donor stipulations may be perpetual in nature.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Trust considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents. The Trust places its cash and cash equivalents with high-credit, quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limit. The Trust has not incurred losses related to these investments and believes it is not exposed to any significant credit risk on cash.

Accounts and Other Receivables

The carrying value of receivables, net of the allowance for uncollectable receivables, represents their estimated net realizable value. The allowance for uncollectable receivables is estimated based on historical collection trends, collection efforts, type of customer, the age of outstanding receivables, and existing economic conditions. At December 31, 2023 and 2022, the Trust determined no allowance was necessary.

Investments

Investments in marketable securities with readily determinable fair values and money market funds are reported at fair value. Interest and dividend income and gains and losses on investments are reported in the statement of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by donor stipulations or by law.

TREEPEOPLE LAND TRUST
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment is recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Amortization of leasehold improvements is recognized over the term of the lease agreement. Maintenance and repair costs are charged to expense as incurred. Property and equipment is capitalized if the cost of an asset is greater than or equal to \$5,000 and the useful life is greater than one year.

The estimated useful lives of property and equipment are as follows:

Computer equipment and software	5 years
Transportation equipment	5 years

Property Held for Conservation

Property held for conservation purposes includes purchased or donated properties to be sold or transferred to governmental agencies or other individuals and organizations for conservation purposes or maintained as a nature preserve in perpetuity. Land and conservation easements are treated as commitments and are recorded in property held for conservation purposes at a minimal value of \$1,000 for each parcel of land and \$1 for each easement, due to deed restrictions, which affect potential sales and the principal market value.

Long-Lived Assets

The Trust reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the book value of the assets may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the asset, in which case a write-down is recorded to reduce the related asset to its estimated fair value. No impairment losses were recognized during the year ended December 31, 2023 and 2022.

TREEPEOPLE LAND TRUST
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Contributions, including unconditional promises to give, are recorded when the promise to give is made. All contributions are available for unrestricted use unless specifically restricted by the donor. 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 are substantially met.

Revenue from certain federal, state, and county grants are conditioned upon certain performance requirements, which can include the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Trust has incurred expenditures in compliance with specific contract or grant provisions and any other conditions are met. Any difference between expenses incurred and the total funds received (not to exceed the grant maximum) is recorded as a receivable or an advance, whichever is applicable.

The Trust is party to conditional grants with grant terms through 2024 and additional funding of approximately \$216,000 that has not been recognized at December 31, 2023, because qualifying expenditures have not yet been incurred.

Mitigation fee revenue is in accordance with the California Environmental Quality Act in coordination with government agencies, such as the California Department of Fish and Wildlife and the United States Department of Fish and Wildlife, which requires that the potential impacts from development on species, habitat, and farmland be considered. A project proponent may pay an in-lieu fee to a lead agency or other designated agency to be used to acquire the required mitigation land or conservation easement. As an approved mitigation agency, the Trust receives mitigation fee revenue from project proponents. These funds may contain certain conditions or restrictions for use of the funding.

Contributed Goods and Services

Contributions of donated noncash assets are recorded at fair value in the period received. Contributions of donated services are recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

TREEPEOPLE LAND TRUST
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Concentration of Credit Risks

The accounts and other receivables balance outstanding at December 31, 2023, consists of government contract receivables due from county, state, and federal granting agencies. Concentration of credit risks with respect to receivables are limited, as the majority of the Trust's receivables consist of earned fees from contract programs granted by governmental agencies.

The Trust holds investments in the form of money market funds and common stocks of publicly held companies. Market values of such investments are routinely reviewed by the Board of Directors.

Income Taxes

The Trust is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code") as a charitable organization whereby only unrelated business income, as defined by Section 512(a)(1) of the Code, is subject to federal income tax. The Trust currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded. The Trust is also exempt under California Revenue and Taxation Code Section 23701(d).

The Trust is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal and California purposes is generally three and four years, respectively.

Functional Allocation of Expenses

The costs of providing the Trust's programs and other activities have been presented in the statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. The Trust uses full-time equivalents to allocate indirect costs.

TREEPEOPLE LAND TRUST
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Assets and liabilities are measured at fair value using a three-level fair value hierarchy that ranks the quality and reliability of the information used to measure fair value. The three levels of inputs used to measure fair value are as follows:

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the report date.
- Level 2 - Pricing inputs are other than quoted prices in active markets included in level 1, which are either directly or indirectly observable as of the reporting date.
- Level 3 - Pricing inputs include significant inputs that are generally unobservable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

An asset's or liability's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. All assets and liabilities for which the fair value measurement is based on significant unobservable inputs or instruments which trade infrequently and, therefore, have little or no price transparency are classified as level 3.

TREEPEOPLE LAND TRUST
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Recently Adopted Accounting Pronouncements

Beginning July 1, 2023, the Trust adopted Accounting Standards Update No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, and its related amendments, which replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss methodology. This ASU requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This ASU also requires the Trust to use forward-looking information to better formulate its credit loss estimates. The adoption of the standard had no significant impact on the Trust's financial statements or disclosures.

Subsequent Events

The Trust has evaluated subsequent events from the statement of financial position date through November 25, 2024, the date the financial statements were available to be issued for the year ended December 31, 2023.

NOTE 3 – Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2023, comprise the following:

Cash and cash equivalents	\$ 1,796,883
Accounts and other receivables	156,874
Investments	<u>1,882,367</u>
	3,836,124
Funds held for insurance proceeds	(282,590)
Donor-imposed restrictions:	
Funds subject to purpose or time restrictions	(1,297,867)
Funds restricted in perpetuity	<u>(1,099,596)</u>
	<u>\$ 1,156,071</u>

TREEPEOPLE LAND TRUST

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

(WITH COMPARATIVE TOTALS FOR 2022)

NOTE 3 – Liquidity and Availability (Continued)

The Trust maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 4 – Investments

Investments measured at fair value consist of the following:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
December 31, 2023				
Debt securities	\$ 1,185,079	\$ -	\$ -	\$ 1,185,079
Marketable equity securities	<u>697,288</u>	<u>-</u>	<u>-</u>	<u>697,288</u>
	<u>\$ 1,882,367</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,882,367</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
December 31, 2022				
Real estate	\$ 40,149	\$ -	\$ -	\$ 40,149
Debt securities	604,393	-	-	604,393
Marketable equity securities	<u>711,710</u>	<u>-</u>	<u>-</u>	<u>711,710</u>
	<u>\$ 1,356,252</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,356,252</u>

TREEPEOPLE LAND TRUST

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

(WITH COMPARATIVE TOTALS FOR 2022)

NOTE 4 – Investments (Continued)

Net investment return consists of:

	For the Year Ended December 31,	
	2023	2022
Interest and dividend income from investments	\$ 94,847	\$ 69,790
Realized and unrealized gains (losses)	119,904	(456,981)
Fees	(491)	(10,775)
	<u>\$ 214,260</u>	<u>\$ (397,966)</u>

NOTE 5 – Property Held for Sale

Property held for sale at December 31, 2023 consists of the following:

	Acres	Value
Land - Los Angeles County, CA	82.83	\$ 1,210,080

The property is recorded at cost if purchased, or at fair value at the date of donation if donated. The property can be sold and the proceeds would be used towards the Trust's programs or they can be contributed to other organizations.

During 2023, certain land held for sale as of December 31, 2022 was reclassified to property held for conservation, based on obtaining certain restrictions on the land that exclude future development. As a result, the land value was reduced to \$1,000 per parcel, based on the Trust's accounting policies.

TREEPEOPLE LAND TRUST

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

(WITH COMPARATIVE TOTALS FOR 2022)

NOTE 6 – Property and Equipment

Property and equipment at December 31, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Computer equipment and software	\$ 1,077	\$ 1,077
Transportation equipment	<u>1,490</u>	<u>1,490</u>
	2,567	2,567
Less accumulated depreciation and amortization	<u>(2,567)</u>	<u>(2,567)</u>
Property and equipment, net	\$ <u>-</u>	\$ <u>-</u>

Depreciation and amortization expense for the years ended December 31, 2023 and 2022 was \$0 and \$91, respectively.

NOTE 7 – Property Held for Conservation

At December 31, 2023, the Trust held 1,346.29 acres in Los Angeles County that it valued at \$45,000 and \$39,000, respectively, which is restricted for use in its programs and conservation.

Additionally, at December 31, 2023 and 2022, the Trust held the following easements that are restricted for use in its programs:

	<u>Acres</u>	<u>Value</u>
Los Angeles County, CA	897.90	\$ 59
Ventura County, CA	<u>466.83</u>	<u>5</u>
	<u>1,364.73</u>	\$ <u>64</u>

TREEPEOPLE LAND TRUST
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

NOTE 8 – Insurance Proceeds Liability

The Trust sustained significant damages due to a fire in 2016, destroying a building and a bridge. Insurance proceeds were received by the lessor and are required to be used to rebuild the building and bridge, as well as to cover overhead expenses directly related to repairing the fire damage. Funds used during the years ended December 31, 2023 and 2022 totaled \$0 and \$26,327, respectively. As of both December 31, 2023 and 2022, insurance proceeds received, but not yet used, totaled \$282,590 and are considered to be conditional for use of rebuilding after the fire.

NOTE 9 – Commitments and Contingencies

Contracts

The Trust's grants and contracts are subject to inspection and audit by the appropriate governmental funding agency. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, which may result from these governmental audits, cannot be reasonably estimated and, accordingly, the Trust has no provision for the possible disallowance of program costs on its financial statements.

Obligations Under Operating Leases

The Trust has a \$1 per year lease agreement with the City of Calabasas commencing on October 1, 2014, and terminating on September 30, 2024. Additionally, the Trust is granted the right to extend the lease term for one additional period of ten years, until September 30, 2034. No donated contribution, operating lease assets or liabilities have been recorded to reflect the market value of the lease rate as the value of the leased land is not readily determinable.

The Trust is in negotiations with the City of Calabasas regarding the extension of the lease, with no determination yet made through the date of the financial statements.

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DECEMBER 31, 2023
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NOTE 9 – Commitments and Contingencies (Continued)

Litigation

During the normal course of business, the Trust may become a party to litigation. Management believes there are no asserted or unasserted claims or contingencies that would have a significant impact on the financial statements for the Trust as of December 31, 2023.

During the year ended December 31, 2022, the Trust was party to a legal settlement in the amount of \$182,794. Additionally, the Trust was awarded attorney fees of \$1,872,655 related to a quiet title action lawsuit, which was distributed to the law firm that provided professional services for the case. These amounts were included in other income in the accompanying statement of activities for the year ended December 31, 2022.

Other

The Trust and the California Coastal Conservancy (the Conservancy) are working mutually to find a resolution on a disagreement regarding the repayment of a grant provided by the Conservancy in 1984. At the time of this audit, it is unclear how much the Trust may owe to the Conservancy, or if repayment is indeed warranted. In the event that the Conservancy found that the Trust was in violation of the grant agreement, the Conservancy's course of remedy would be the enactment of reversionary interest in four parcels owned by the Trust. With each of these four parcels deed-restricted and valued at \$1,000, the financial implications of this potential liability would be a reduction of \$4,000 to the Trust's assets.

TREEPEOPLE LAND TRUST

NOTES TO THE FINANCIAL STATEMENTS

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(WITH COMPARATIVE TOTALS FOR 2022)

NOTE 10 – Net Assets With Donor Restrictions

Net assets with donor restrictions for time and purpose are restricted for the following:

	December 31,	
	2023	2022
Headwaters Corner facility	\$ 476,176	\$ 499,117
USACE Creekside	176,321	176,321
USACE Valley 2 (Argo Ditch)	164,105	164,461
Native Garden Kit program	94,994	132,033
Other USACE	77,276	77,276
Non-USACE	55,295	57,886
Stewardship and legal defense funds	253,700	65,477
	<u>\$ 1,297,867</u>	<u>\$ 1,172,571</u>

Net assets with donor restrictions that are restricted in perpetuity at December 31, 2023 and 2022 relate to the Trust's endowment funds. (See Note 11.)

NOTE 11 – Endowments

The Trust's endowments consist of funds established by donor-restricted gifts and bequests to an endowment held in perpetuity to provide a permanent source of income to the Trust for stewardship and restoration.

The Trust has interpreted the California Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Trust classifies as donor restricted net assets: (a) the original value of the 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.

TREEPEOPLE LAND TRUST
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 11 – Endowments (Continued)

The Trust has utilized investment and spending policies for endowment assets that attempt to provide a stable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. As a result, the endowment assets are invested in a manner that is intended to produce results that, over the long term, allow it to grow at a rate exceeding expected inflation. This is consistent with the Trust's objective to maintain the purchasing power of the endowment assets held in perpetuity, as well as, to provide additional real growth through new gifts and investment return.

To satisfy its long-term rate-of-return objectives, the Trust relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Trust targets a diversified asset allocation that places a greater emphasis on equity-based investments, diversified between sectors, to achieve its long-term return objectives within prudent risk constraints.

The composition of the endowments at December 31, 2023, consisted of donor-restricted gifts required to be maintained in perpetuity.

There were no changes in endowment assets during the year ended December 31, 2023. Endowment net assets at both December 31, 2023 and 2022 totaled \$1,099,596.

NOTE 12 – Related-Party Transactions

The Trust is a wholly owned subsidiary of TreePeople, Inc. The Trust and TreePeople, Inc. have certain common board members, executives, and employees. During the years ended December 31, 2023 and 2022, costs allocated to the Trust for overhead expenses and management and administrative services provided by TreePeople, Inc. totaled approximately \$81,000 and \$107,000, respectively. At December 31, 2023 and 2022, amounts due to TreePeople, Inc. totaled \$587,092 and \$242,026, respectively.

The Trust receives donations from board members, who are considered related parties to the Trust. The Trust engaged Greenberg Glusker LLP, of which a board member is a partner. Fees paid for these legal services for the years ended December 31, 2023 and 2022 were approximately \$137,000 and \$181,000, respectively.