Marin Agricultural Land Trust

Financial Statements

For the Year Ended

June 30, 2015

With Independent Auditors' Report

REGALIA & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

MARIN AGRICULTURAL LAND TRUST

(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
June 30, 2015

Mission and Core Values

Marin Agricultural Land Trust is a private, member-supported non-profit organization created in 1980 by a coalition of ranchers and environmentalists to permanently preserve Marin County farmland for agricultural use. MALT eliminates the development potential on farmland through the acquisition of conservation easements in voluntary transactions with landowners. MALT also promotes public awareness and encourages policies which support and enhance agriculture.

History

In the early 1970s, increased coastal development and plans for a city with a population of 125,000 people on the shores of Tomales Bay were just some of the ideas being proposed for the future of western Marin County, located about 40 miles north of San Francisco. The developments would have ended a 150-year-old tradition of family farming and permanently degraded many of the natural resource treasures of the area, but change seemed inevitable.

In a unique alliance, Marin ranchers and environmentalists came together to fight the development proposals. Ranching was given a second chance through a combination of restrictive zoning, land use regulations, active support for ranching by County government, and the establishment of Marin Agricultural Land Trust's (MALT) agricultural conservation easement program. "We felt MALT was an opportunity to be part of something really important to the future of Marin County," said MALT founder and dairywoman Ellen Straus, who died in 2002. Since its birth, the organization has permanently preserved nearly 47,000 acres of farmland that might otherwise have been sold or developed.

"What we've learned," adds wetlands biologist and co-founder Phyllis Faber, "is that you can have a vision of what you want the future to look like, and you can make it happen." Former Marin County Supervisor Gary Giacomini, who served on the founding board of directors would agree, "It's glorious to be involved in an effort that lasts forever," he said.

Board of Directors and Executive Management as of June 30, 2015

Name	Position	Name	Position
Chris Kelly	Chair	Ralph Grossi	Director
Janine Guillot	Vice Chair	Steve Kinsey	Director
Sam Dolcini	Secretary	Rick Lafranchi	Director
Neil Rudolph	Treasurer	Peter Martinelli	Director
		Rebecca Patton	Director
Bill Barboni II	Director	Ellie Rilla	Director
Sue Conley	Director	Julie Evans Rossotti	Director
Phyllis Faber	Director Emeritis	Gail Seneca	Director
Mike Gale	Director	John Taylor	Director

Jamison Watts
Executive Director

R&A CPA
Regalia& Associates

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Marin Agricultural Land Trust

We have audited the accompanying financial statements of the Marin Agricultural Land Trust (a California nonprofit organization) which comprise the statements of financial position as of June 30, 2015 and 2014 and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Marin Agricultural Land Trust as of June 30, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters
We have previously audited Marin Agricultural Land Trust's December 31, 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 22 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Regalia & Associates

September 23, 2015
Danville, California

MARIN AGRICULTURAL LAND TRUST

(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
June 30, 2015

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MARIN AGRICULTURAL LAND TRUST
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REGALIA & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

Statements of Financial Position

June 30, 2015 and 2014

Assets

Assets:	2015	2014
Cash and cash equivalents	$ 372,917	$ 1,476,407
Investments	9,691,803	10,628,114
Other current assets	6,453,404	327,172
Property and equipment, net	1,347,908	1,355,653
Other noncurrent assets	5,727,269	539,727
Total assets	$ 23,593,301	$ 14,327,073

Liabilities and Net Assets

Liabilities:		
Accounts payable and accrued liabilities	$ 335,345	$ 354,344
Other liabilities	4,597,500	-
Total liabilities	4,932,845	354,344
Net Assets:		
Unrestricted	4,590,425	5,541,132
Temporarily restricted	9,101,678	3,463,244
Permanently restricted	4,968,353	4,968,353
Total net assets	18,660,456	13,972,729
Total liabilities and net assets	$ 23,593,301	$ 14,327,073

Statements of Activities and Changes in Net Assets

For the Years Ended June 30, 2015 and 2014

	2015	2014
Support and revenue:		
Grants	**$ 2,577,000**	$ 91,500
Contributions	**8,782,529**	2,979,242
Other support and revenue	**134,609**	225,540
Subtotal	**11,494,138**	3,296,282
Other changes in net assets:		
Change in value of charitable gifts	**(62,964)**	45,883
Total support and revenue	**11,431,174**	3,342,165
Expenses:		
Programs:		
Easement acquisition	**4,482,199**	-
Other programs and activities	**1,062,885**	939,495
Total Programs	**5,545,084**	939,495
General and administrative	**504,493**	452,874
Fundraising	**796,949**	781,319
Total expenses	**6,846,526**	2,173,688
Increase in net assets from operating activities before investment return	**4,584,648**	1,168,477
Investment interest and dividends	**191,424**	176,854
Realized gains on investments	**843,321**	53,048
Net unrealized gains (losses) on investments	**(931,666)**	898,086
Total investment return	**103,079**	1,127,988
Increase in net assets	**4,687,727**	2,296,465
Net assets at beginning of year	**13,972,729**	11,676,264
Net assets at end of year	**$ 18,660,456**	$ 13,972,729

Statements of Cash Flows

For the Years Ended June 30, 2015 and 2014

	2015 Total	2014 Total
Cash flows from operating activities:		
Increase in net assets	$ 4,687,727	$ 2,296,465
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	75,938	62,928
Change in discount related to present value of receivables	1,837	6,468
Net realized and unrealized gains on investments	88,345	(951,134)
Change in value of charitable gifts	62,964	(45,883)
Changes in:		
Receivables	(6,107,490)	203,519
Inventory	(947)	3,602
Prepaid expenses and other assets	(19,632)	(29,730)
Land held in fee, temporarily	(5,300,000)	-
Conservation easements and options	49,493	(50,495)
Accounts payable and accrued liabilities	(15,905)	34,002
Deferred revenue	3,172	15,631
Obligation to Sponsored Project	(38,565)	(336,390)
Accrued payroll liabilities	32,299	12,893
Refundable deposits	702,500	-
Net cash provided by (used for) operating activities	(5,778,264)	1,221,876
Cash flows from investing activities:		
Purchases, acquisitions and rollovers of investments	(7,979,049)	(16,904,525)
Proceeds from sales and maturities of investments	8,827,016	16,695,444
Acquisition of property and equipment	(68,193)	(29,220)
Net cash provided by (used for) investing activities	779,774	(238,301)
Cash flows from financing activities:		
Borrowings under note payable	3,895,000	-
Net cash provided by financing activities	3,895,000	-
Increase (decrease) in cash and cash equivalents	(1,103,490)	983,575
Cash and cash equivalents at beginning of year	1,476,407	492,832
Cash and cash equivalents at end of year	$ 372,917	$ 1,476,407
Interest paid	$ -	$ -
Taxes paid	$ 1,910	$ 1,357

Statement of Functional Expenses

For the Year Ended June 30, 2015

(with Comparative Financial Information for the Year Ended June 30, 2014)

	Programs	General and Admin-istrative	Fund-raising	2015 Total	2014 Total
Salaries	$ 524,313	$ 310,128	$ 387,886	**$ 1,222,327**	$ 1,177,291
Payroll taxes	40,611	24,021	30,044	**94,676**	93,559
Contract services - office	-	1,430	-	**1,430**	4,511
Employee benefits	70,122	55,882	57,514	**183,518**	167,417
Accounting	-	13,169	-	**13,169**	14,850
Advertising	33,277	822	-	**34,099**	3,179
Conferences and training	7,522	3,527	889	**11,938**	11,702
Consultants	23,284	32,337	96,484	**152,105**	126,261
Cost of merchandise sold	2,799	1,656	2,071	**6,526**	19,893
Depreciation	33,824	18,016	24,098	**75,938**	62,928
Direct mail	-	-	15,549	**15,549**	11,781
Dues and subscriptions	45,223	2,887	13,750	**61,860**	50,434
Easement acquisition	4,482,199	-	-	**4,482,199**	-
Insurance	15,108	7,313	9,146	**31,567**	27,569
Legal	-	-	-	**-**	4,167
Lobbying	20,000	-	-	**20,000**	12,000
Occupancy	9,835	5,817	7,276	**22,928**	21,503
Office supplies (and equipment)	13,841	8,187	10,581	**32,609**	30,117
Other (credit card and bank fees)	4,952	5,466	6,836	**17,254**	18,540
Other project expenses	21,626	-	-	**21,626**	1,627
Outreach programs	48,261	-	-	**48,261**	43,650
Postage	2,053	3,080	15,804	**20,937**	17,210
Printing	1,630	2,470	62,046	**66,146**	82,568
Special events (includes capital campaign)	8,561	1,856	50,878	**61,295**	69,615
Sponsorships	8,725	-	1,850	**10,575**	21,750
Stewardship Assistance Program	105,000	-	-	**105,000**	50,000
Telephone	2,288	1,353	1,693	**5,334**	7,789
Travel	20,030	5,076	2,554	**27,660**	21,777
	$ 5,545,084	$ 504,493	$ 796,949	**$ 6,846,526**	$ 2,173,688

Notes to Financial Statements
June 30, 2015

1. Organization

Marin Agricultural Land Trust (MALT) was established as a California nonprofit corporation in 1980 by a coalition of local ranchers and environmentalists to help save Marin County's agricultural land. MALT acquires, in voluntary transactions with landowners, agricultural conservation easements. After the easements are recorded, landowners are bound by its terms in perpetuity. MALT stewardship staff monitor and enforce each easement annually. Some of the Bay Area's most highly acclaimed dairy products and organic crops are produced on farmland protected by MALT conservation easements, which total 46,804 acres on 74 family farms and ranches. Additionally, MALT encourages public policies in support of agriculture, and conducts hikes, tours, and lectures relating to agriculture.

2. Summary of Significant Accounting Policies

Basis of Accounting
The financial statements of MALT and have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and, accordingly, reflect all significant receivables, payables, accrued assets, accrued liabilities, and net asset accounts.

Basis of Presentation
Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958.205, *Presentation of Financial Statements of Not-for-Profit Entities*. Under ASC 958.205, MALT is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. MALT has also adopted the provisions of ASC 958.205.55.31 thru 958.205.55.53, *Presentation of Financial Statements – Endowment Disclosures* (which incorporated the previously issued FASB Staff Position No. FAS 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classifications of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*).

Revenue Recognition
MALT records contributions in accordance with the recommendations of ASC 958.605, *Revenue Recognition of Not-for-Profit Entities*. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

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

2. Summary of Significant Accounting Policies *(continued)*

Cash and Cash Equivalents

MALT considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. MALT maintains its cash balances in high quality financial institutions, which at times may exceed federally insured limits. MALT has not experienced any losses in such accounts.

Investments and Endowment

MALT follows the provisions of *Accounting Standards Update (ASU) 2011-04, Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in US GAAP and IFRSs* and has estimated the fair value of its investments using available market information and other valuation methodologies. Accordingly, the estimates presented are not necessarily indicative of the amounts that MALT could realize in a current market exchange. The use of different assumptions and/or estimation methods may have a material effect on the estimated fair value amounts. The estimates are based on pertinent information available to management as of June 30, 2015. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, current estimates of fair value may differ significantly from the statements presented.

Investments include money market funds, certificates of deposit, and mutual funds. Purchased investments are initially stated at cost. Investments received by gift are recorded by utilizing the "market approach" (in accordance with ASC 320) at the date of contribution. Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with gains and losses included on the statements of activities and changes in net assets.

MALT's endowment consists of a diverse mixture of funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by ASC 958.320, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. MALT has interpreted the 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, MALT classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as either temporarily restricted net assets or unrestricted net assets until those amounts are appropriated for expenditure by MALT in a manner consistent with the standard of prudence prescribed by UPMIFA (and SPMIFA, the State Prudent Management of Institutional Funds Act which California has adopted).

Inventory

Inventory includes various boutique items which are recorded at the lower of cost or market value using the first in-first out (FIFO) method and amounted to $56,238 and $55,291 at June 30, 2015 and 2014, respectively.

2. Summary of Significant Accounting Policies *(continued)*

Property, Equipment, and Improvements

Property and equipment are valued at cost or, if donated, at fair market value on the date of donation. Depreciation is provided by use of the straight-line method over the estimated useful lives of the assets. The cost of property and equipment which benefit future periods is capitalized and depreciated over the estimated useful life of each class of depreciable asset.

Contributed Services and Costs

Contributed services and costs are reflected at the fair value of the contribution received. The contributions of services and costs are recognized if they (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Net Assets

In accordance with accounting principles generally accepted in the United States of America, financial statements must present classes of net assets based on the following categories: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Grants and contributions are classified in the appropriate net asset category based on the absence or existence of donor-imposed restrictions that limit the use of the donated assets if they are designated as support for future periods or future projects when they are received.

MALT reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets or if they are designated as support for future periods. When a donor's intended purpose is met or a time restriction expires, the temporarily restricted net asset is transferred to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Donor-restricted contributions where restrictions are met in the same reporting period in which they are contributed are reported as unrestricted support.

Permanently restricted net assets include those net assets that must be maintained in perpetuity in accordance with donor restrictions (see Note 14). The investment return from such assets may be used for purposes as specified by the donor or, if the donor has not specified a purpose, the income from such investments is not restricted and is included in unrestricted net assets. Permanently restricted net assets were created by gifts from donors who stipulated that their contributions be used to perpetuate the operating and program activities of MALT.

Unrestricted net assets include all of those donated assets that have no restrictions or limitations imposed on their use. The Board of Directors may elect certain unrestricted funds to be set aside as Board designated funds, which may not be spent without approval by the Board.

Reclassifications

Certain reclassifications have been made to the 2014 financial statements in order to conform to the presentation used in 2015.

Advertising

Advertising costs are incurred by MALT to promote its programs and are expensed as incurred. Advertising expense amounted to $34,099 and $3,179 for the years ended June 30, 2015 and 2014, respectively, and such costs are reflected on the statement of functional expenses.

2. Summary of Significant Accounting Policies *(continued)*

Conservation Easements

Conservation Easements reflect legally enforceable land preservation agreements between landowners and MALT and were created specifically for the purposes of land conservation. MALT's policy is to assign each easement a nominal value of $1 because it is the intention of MALT to hold such easements in perpetuity. During the year of acquisition, grants and contributions received for the acquisition of conservation easements are recorded as revenue while the related expenditures are recorded as expenses of the Land Preservation Fund (which is part of the unrestricted activities of the organization).

Mandatory Agricultural Use (MAU) Amendments

Mandatory Agricultural Use (MAU) Amendments are legally enforceable agreements to amend conservation easements acquired prior to August 2011. MALT's MAU provision states that land must remain in commercial agricultural use in perpetuity regardless of ownership. This provision is added to the easement in exchange for a price which is recorded as a conservation easement expense. Conservation easements acquired in August 2011 and after include an MAU provision as part of the easement transaction, and the value is included in the price of the easement.

Contributions

Contributions received and unconditional promises to give are measured at their fair values and are reported as increases in unrestricted net assets, unless they are restricted in accordance with donor instructions, in which case such amounts are reflected as either temporarily or permanently restricted contributions (as indicated under *"Net Assets"* on page 8).

Functional Allocation of Expenses

The costs of providing MALT's various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

Financial statement presentation follows the recommendations of ASC 740, *Income Taxes*. Under ASC 740, MALT is required to report information regarding its exposure to various tax positions taken by MALT and requires a two-step process that separates recognition from measurement. The first step is determining whether a tax position has met the recognition threshold; the second step is measuring a tax position that meets the recognition threshold. Management believes that MALT has adequately evaluated its current tax positions and has concluded that as of June 30, 2015, MALT does not have any uncertain tax positions for which a reserve or an accrual for a tax liability would be necessary.

MALT has received notification from the Internal Revenue Service and the State of California that it qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. The exemptions are subject to periodic review by the federal and state taxing authorities and management is confident that MALT continues to satisfy all federal and state statutes in order to qualify for continued tax exemption status. MALT could potentially receive unrelated business income in the future (such as program advertising or sub-lease rental income) requiring MALT to file separate tax returns under federal and state statutes. If such conditions exist, MALT will calculate and accrue the applicable taxes.

Notes to Financial Statements

3. Cash and Cash Equivalents

Cash and cash equivalents include all funds in banks (checking, savings, and certificates of deposit) at the time of purchase that have a maturity date of three months or less. The components of cash and cash equivalents are as follows at June 30, 2015 and 2014:

	2015	2014
Checking (noninterest-bearing)	$ 366,637	$1,470,236
Money market (interest-bearing)	5,905	5,896
Cash on hand	275	275
Total cash and cash equivalents	$ 372,817	$1,476,407

MALT attempts to limit its credit risk associated with cash equivalents by utilizing highly rated financial institutions. Funds in money market accrue interest at 0.10% per annum at June 30, 2015.

4. Receivables

Receivables consist of the following at June 30, 2015 and 2014:

	2015	2014
Accounts receivable	$ 39,588	$ -
Pledges Receivable	84,692	160,464
Grants Receivable	-	10,000
Bequests Receivable	6,150,000	-
Discount on long-term pledges receivable	(698)	(2,535)
Total receivables	$ 6,273,582	$ 167,929

Receivables are expected to be collected as follows at June 30, 2015:

Year ending June 30, 2016	$ 6,216,288
Year ending June 30, 2017	35,851
Year ending June 30, 2018	17,713
Year ending June 30, 2019	4,428
Subtotal	6,274,280
Less: Allowance for uncollectible amounts **	-
Less: Unamortized discount	(698)
Subtotal	6,273,582
Long-term receivables (net)	(57,992)
Receivables due within one year	$ 6,215,590

Pledges receivable due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 4% per annum. The change in the value of the long-term receivables during the years ended June 30, 2015 and 2014 amounted to ($1,837) and ($6,468), respectively, and is reflected as a component of changes in temporarily restricted net assets.

** MALT uses the direct write-off method with regards to receivables deemed uncollectible. There were no bad debts for the year ended June 30, 2015. Management has evaluated the receivables as of June 30, 2015 and determined that such amounts are fully collectible based on the financial health of the donors involved. During the year ended June 30, 2014, MALT recognized $200 in bad debts.

Notes to Financial Statements

5. Investments

Investments consist of the following at June 30, 2015 and 2014:

	2015	2014
Money market accounts and certificates of deposit	**$ 1,392,381**	$ 2,512,832
Mutual funds principally invested in bonds	**2,875,908**	2,492,547
Mutual funds principally invested in equity securities	**5,423,514**	5,439,195
Commodity linked derivatives	**-**	183,540
Total investments	**$ 9,691,803**	$ 10,628,114

Investment composition by type of fund is summarized as follows as of June 30, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Money market accounts and certificates of deposit	$ 1,383,687	$ -	$ 8,694	$ 1,392,381
Mutual funds principally invested in bonds	999,323	-	1,876,585	2,875,908
Mutual funds principally invested in equity securities	538,682	-	4,884,832	5,423,514
Total investments	$ 2,921,692	$ -	$ 6,770,111	$ 9,691,803

6. Endowment

Changes in endowment net assets for the year ended June 30, 2015 and net asset composition by type of fund at June 30, 2015 is summarized as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets-beginning of year	$ 1,151,990	$ 1,773,019	$ 4,968,353	**$ 7,893,362**
Investment return:				
Investment income	23,872	-	-	**23,872**
Investment income–Perm Restricted Fund	-	155,123	-	**155,123**
Realized/unrealized gain-Interfund	(2,848)	-	-	**(2,848)**
Realized/unrealized gain-Perm Restricted	-	(85,930)	-	**(85,930)**
Total investment return	21,024	69,193	-	**90,217**
Contributions	8,421	799,500	-	**807,921**
Appropriation of endowment assets	(35,711)	(5,446)	-	**(41,157)**
Transfers to operating fund	(264,055)	-	-	**(264,055)**
Endowment net assets by type of fund:				
Donor-restricted endowment funds	-	2,636,266	4,968,353	**7,604,619**
Board-designated endowment funds	881,669	-	-	**881,668**
Endowment net assets-end of year	$ 881,669	$ 2,636,266	$ 4,968,353	**$ 8,486,288**

During the years ended June 30, 2015 and 2014, earnings on investments were reinvested. Net realized gains amounted to $843,321 and $53,048 for the years ended June 30, 2015 and 2014, respectively. Net unrealized gains (losses) amounted to ($931,666) and $898,086 for the years ended June 30, 2015 and 2014, respectively. All realized and unrealized gains (losses) are reflected as components of investment return on the statements of activities and changes in net assets.

6. Endowment *(continued)*

MALT has an Investment Committee which has the responsibility for establishing MALT's return objectives (generally lower rates of return associated with more stable and safer investments) and to define the risk parameters. The committee routinely oversees investment performances and reviews cash flows necessary to sustain MALT's operating activities.

Funds with Deficiencies
From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires MALT to retain as a fund of perpetual duration. In accordance with ASC 958.205.55.31, there are no deficiencies of this nature that are required to be reported in unrestricted net assets at June 30, 2015 and 2014. Such future deficiencies could result from unfavorable market fluctuations occurring after the investment of new restricted contributions and continued appropriation for certain programs which are deemed prudent by the Board of Directors. MALT's investments may decline below their original basis due to market fluctuations and unrealized losses which are beyond the control of MALT's management. Deficiencies of this nature are reported in unrestricted net assets.

Return Objectives and Risk Parameters
MALT has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that MALT must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Investment Committee and the Board of Directors, the endowment assets are invested in a manner that is intended to (1) produce results that approximate the price and yield results of the general market conditions (2) subject MALT to a moderate level of investment risk and (c) maintain sufficient liquidity to meet planned expenditures.

Strategies Employed for Achieving Objectives
To satisfy its long-term rate-of-return objectives, MALT 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). MALT targets a diversified asset allocation that places a greater emphasis on equity-based investments (mutual funds) to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy
MALT has a policy of appropriating for distribution an amount equal to or less than 4.5% of the average value of the total fund investments for the most recent twelve calendar quarters. Unrestricted funds may be transferred for expenditure monthly; amounts from permanently restricted funds in excess of their original, fixed value may be transferred for expenditure semi-annually or as otherwise directed by the donor. The Board may direct the transfer of unrestricted funds in excess of a target balance to other MALT purposes. Distributions from permanently restricted funds in excess of 7% of the fair market value of the fund, calculated on the basis of market values determined at least quarterly and averaged over a period of not less than three years immediately preceding the year in which the appropriation for expenditure is made, are ordinarily deemed imprudent.

Notes to Financial Statements

6. Investments and Endowment *(continued)*

Spending Policy and How the Investment Objectives Relate to Spending Policy *(continued)*
In accordance with this policy, MALT appropriated $264,055 and $331,626 (reflected as transfers to operating fund) which represented the board-approved budgeted draw from its investment portfolio for the years ended June 30, 2015 and 2014, respectively. The appropriation requires approval of the investment committee. In establishing this policy, MALT considered the long-term expected return on the investments in its endowment fund. Accordingly, over the long term, MALT expects the current spending policy to allow its endowment fund assets to grow at a moderate rate annually. This is consistent with MALT's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

7. Fair Value Measurements

Composition of assets utilizing fair value measurements at June 30, 2015 is as follows:

	Totals	Level 1	Level 2	Level 3
Investments	$ 9,691,803	$ 9,691,803	$ -	$ -
Receivables	6,273,582	3,750,000	2,523,582	-
Inventory	56,238	16,688	-	39,550
Beneficial interest in charitable gifts	426,195	-	-	426,195
Conservation easements and options	1,074	-	-	1,074
Totals	$ 16,448,892	$13,458,491	$2,523,582	$ 466,819

Fair value measurements establish a fair value hierarchy that prioritizes the input used to measure fair value. This hierarchy consists of three broad levels: (a) Level 1 measurement reflects the value of the investments at quoted prices in active markets for identical assets, generally without any adjustments, (b) Level 2 assets and liabilities are valued based on "observable inputs" other than quoted active market prices, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, and interest rates and yield curves, and (c) Level 3 assets and liabilities are valued based on "unobservable inputs," such as a company's own estimates and pricing models.

Assets Classified as Level 3

The significant unobservable inputs used in the fair value measurement of the entity's asset-backed gifts are the estimated future values of the underlying assets. The income approach uses valuation techniques to convert future amounts (for example, cash flows or earnings) to a single present amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. Those valuation techniques principally include present value formulas which incorporate certain rate of return assumptions. Conservation easements are valued by management at a nominal $1 per easement. Options are valued using original cost basis. Inventory is based on original cost data.

Notes to Financial Statements

8. Beneficial Interest in Charitable Gifts

MALT was named the long-term beneficiary of two irrevocable charitable remainder trusts (CRTs) and five irrevocable charitable gift annuities (CGAs) in prior years whereby donors have contributed assets in exchange for annual distributions to named individuals. These distributions are based on the value of the gift instruments' underlying assets and the earnings thereon. Following the passing of the specified individuals, a percentage of the remaining principal will be distributed to MALT, with the remaining funds earmarked for other charities.

The CRTs are maintained by third-party trustees, while the CGAs are managed by independent foundations. The amount recorded on the books represents the projected future fair value of MALT's vested interest in the underlying asset (instrument) which is discounted to net present value using an interest rate of 5.5% per annum. On an annual basis, MALT revalues its beneficial interest in each instrument based on applicable life expectancy tables published by the Internal Revenue Service and the Centers for Disease Control. Since there is an implied time restriction, the beneficial interests are classified as temporarily restricted.

For the years ended June 30, 2015 and 2014, the interest in all of the life annuities was adjusted for changes in fair value of the assets held in the trusts. Management has determined that the fair values reflected on the statements of financial position as of June 30, 2015 and 2014 amounted to $426,195 and $489,160, respectively. These assets are classified as Level 3 under fair value hierarchy. The change in the value of the life annuities as reflected on the statements of activities and changes in net assets amounted to ($62,964) and $45,883 for the years ended June 30, 2015 and 2014, respectively.

9. Property and Equipment

Property and equipment consist of the following at June 30, 2015 and 2014:

	2015	2014
Land	**$ 462,582**	$ 462,582
Office building and improvements	**1,045,213**	1,012,973
Furnishings and equipment	**127,768**	125,634
Website and software	**123,601**	123,601
Vehicles	**50,106**	18,000
Less accumulated depreciation	**(461,362)**	(387,136)
Total property and equipment (net)	**$ 1,347,908**	$ 1,355,653

Total depreciation expense amounted to $75,938 and $62,928 for the years ended June 30, 2015 and 2014, respectively, and is reflected on the statement of functional expenses. During the year ended June 30, 2015, MALT disposed of certain partially depreciated equipment with accumulated depreciation of $1,712. There were no disposals during the year ended June 30, 2014. MALT owns and occupies the land and building in which its headquarters is based.

Notes to Financial Statements

10. Land Held in Fee (Temporarily)

On October 30, 2015, MALT acquired fee title to Millerton Creek Ranch for a price of $5,300,000. The financing of the purchase was accomplished by (1) utilizing proceeds from a loan in the amount of $3,895,000 from The David and Lucile Packard Foundation (see Note 16), (2) utilizing a down payment deposit in the amount of $702,500 made by the tenant, Millerton Creek Ranch LLC (MCR), and (3) utilizing MALT's financial resources, including certain investments and cash reserves. In connection with the transaction, MCR entered into a four-year lease requiring them to remit monthly rental payments to MALT. All of the operating costs such as property taxes, insurance, and other assessments levied against the property are the responsibility of the tenants in accordance with the terms of the lease. At the conclusion of the lease, the tenants intend to purchase the property from MALT.

11. Conservation Easements

MALT purchased conservation easements totaling $4,482,199 during the year ended June 30, 2015 which are reflected on the statement of functional expenses. In September 2014, MALT acquired a conservation easement on a local ranch in Chileno Valley for a purchase price of $1,807,000. In November 2014, MALT closed escrow on a conservation easement on a farm in Bolinas for $2,500,000. In addition, MALT entered into a Mandatory Agricultural Use Amendment to an existing easement on a ranch in Tomales, California for a price of $69,509. Other expenditures related to conservation easement activities (such as project expenses, reports, legal fees, easement closing costs, etc.) amounted to $105,690. There were no purchases of conservation easements for the year ended June 30, 2014.

12. Related Party Transactions

Collectively, certain MALT board members made monetary contributions totaling $144,059 and $132,786 during the years ended June 30, 2015 and 2014, respectively. Pledges receivable due from certain board members amounted to $8,929 and $83,714 at June 30, 2015 and 2014, respectively.

13. Retirement Plans

MALT offers eligible employees the opportunity to participate in a Simplified Employee Retirement Plan ("SEP IRA") which is qualified under the Internal Revenue Code. Employees of MALT, regardless of earnings, are eligible to participate in the Plan after two years of service. Employer contributions are discretionary and subject to the approval of the Board of Directors. Contributions are based on a percentage of each employee's eligible compensation, provided that the contribution does not exceed the statutory maximum of pre-tax deferrals set by the Internal Revenue Service. Employer contributions amounted to $35,437 and $39,047 for the years ended June 30, 2015 and 2014, respectively. MALT has also established a 403(b)(7) Retirement Plan by which individual employees may, through salary reduction payments, make "pre-tax" contributions to a self-directed custodial account in which dividends, interest, capital gain, and other earnings accumulate on a tax-deferred basis.

Notes to Financial Statements

14. Compensated Absences (Accrued Payroll and Related Benefits)

Financial statement presentation follows the recommendations of ASC 710.25, *Compensated Absences*. Under ASC 710.25, MALT is required to record a liability for the estimated amounts of compensation and related benefits under existing employment laws. Employees are permitted to accrue a specific number of hours of vacation which is payable upon termination of the employee. Sick leave is not paid upon termination. Annual leave accruals are recorded in the financial statements as an accrued liability on the statements of financial position based on employee compensation rates. Accrued payroll liabilities amounted to $88,731 and $56,432 at June 30, 2015 and 2014, respectively.

15. Obligation to the Marin Carbon Project

The Marin Carbon Project (MCP) is a collaboration between UC Berkeley, UC Davis, UC Cooperative Extension, Marin Organic, MALT, Marin Resource Conservation District, the USDA Natural Resources Conservation Service, and Nicasio Native Grass Ranch. MCP is also supported by the Marin County Agriculture Commissioner and the Environmental Defense Fund. In connection with its support of the MCP, MALT holds a balance of $161,246 and $199,811 in funds which are reflected as a liability on the statements of financial position at June 30, 2015 and 2014, respectively.

16. Note Payable

Note payable in the amount of $3,895,000 at June 30, 2015 is payable to The David and Lucile Packard Foundation (see Note 9). The note bears interest at the fixed rate of 1.0% per annum, is secured by the real estate property identified as "Miller Creek Ranch," and is due and payable on or before October 22, 2018, or earlier if the property is transferred to a conservation buyer.

Estimated principal and interest payments for subsequent years is estimates as follows at June 30, 2015:

	Principal	Interest
Year ending June 30, 2016	$ -	$ 38,950
Year ending June 30, 2017	-	38,950
Year ending June 30, 2018	-	38,950
Year ending June 30, 2019	3,895,000	12,983
Totals	$ 3,895,000	$ 129,833

Notes to Financial Statements

17. Net Assets

Unrestricted Net Assets

Unrestricted net assets consist of the following at June 30, 2015 and 2014:

	2015	2014
Unrestricted cumulative operating activities	**$ 1,985,957**	$ 1,529,499
Unrestricted for land preservation	**1,722,799**	2,859,644
Designated by the Board of Directors for endowment fund	**881,669**	1,151,989
Total unrestricted net assets	**$ 4,590,425**	$ 5,541,132

Temporarily Restricted Net Assets

Temporarily restricted net assets are summarized as follows for the year ended June 30, 2015:

Restricted For:	Beginning	Additions	Reductions	Ending
Charitable Gift Annuities and Trusts	$ 489,160	$ * 1,726	$ * 64,690	**$ 426,196**
Distaff Thistle management	28,095	-	8,489	**19,606**
Easement acquisition	1,139,641	8,019,572	3,622,881	**5,536,332**
Feasibility study:				
Tax issues for easement properties	4,425	-	-	**4,425**
General support for future periods	19,000	453,200	29,367	**442,833**
Radio advertising campaign	-	27,000	-	**27,000**
Others	9,904	-	884	**9,020**
Stewardship Endowment	1,773,019	** 868,693	5,446	**2,636,266**
Balance	$ 3,463,244			**$ 9,101,678**

* Represents the change in the calculated values of the charitable gifts. The net change of ($62,964) has been reflected as an "other change in net assets" under temporarily restricted on the statements of activities and changes in net assets for the year ended June 30, 2015. ** Includes investment return on the stewardship endowment in the amount of $69,193, and an allocation of a bequest receivable $799,500.

Permanently Restricted Net Assets

Permanently restricted net assets consist of the following at June 30, 2015 and 2014:

	2015	2014
Gifts received and restricted for endowment programs	**$ 4,968,353**	$ 4,968,353

There were no contributions to permanently restricted net assets during the years ended June 30, 2015 or June 30, 2014. All of the endowment funds, classified as permanently restricted net assets, represent donor contributions which are subject to restrictions of gift instruments requiring that the principal balances be maintained in perpetuity. The income generated from these instruments is to be used for the perpetual monitoring and enforcement of MALT's conservation easement properties. By law, MALT is permitted to transfer all interest and realized/unrealized gains to unrestricted net assets. During the years ended June 30, 2015 and 2014, MALT utilized investment earnings generated by assets classified as permanently restricted (see Note 5).

18. Other Commitments and Contingencies

In the normal course of business there are outstanding various commitments and contingent liabilities, such as commitments to enter into contracts and future program activities, which are not reflected in the financial statements. Such commitments and contingencies also include risks associated with various economic and operating factors, which include (a) Grant restrictions and donor conditions which obligate MALT to fulfill certain requirements as set forth in grant instruments, (b) Funding levels which vary based on factors beyond MALT's control, such as generosity of donors and general economic conditions, and (c) Financial risks associated with funds on deposit at bank and investment brokerage accounts. Management believes that such commitments or contingencies have been properly addressed, appropriate amounts have been accrued (where necessary), and there will not be any resolution with a material adverse effect on the financial statements. Certain of the grants and contracts (including current and prior costs) are subject to audit and final acceptance by the granting agencies.

19. Subsequent Events

In compliance with ASC 855, *Subsequent Events*, MALT has evaluated subsequent events through September 23, 2015, the date the financial statements were available to be issued.

On August 21, 2015, MALT received a check in the amount of $3,750,000 as an initial distribution on a bequest. The full bequest is reflected on the statement of financial position and statement of activities and changes in net assets in the amount of $6,150,000, which is the amount that can be reasonably estimated to be received during the fiscal year ending June 30, 2016.

In September 2015, MALT acquired a conservation easement on a local ranch in Tomales Valley for a purchase price of $825,000.

In the opinion of management there are no other subsequent events which need to be disclosed.

Statement of Financial Position

June 30, 2015

(with Summarized Financial Information for June 30, 2014)

Assets

	Unrestricted				Tempo-rarily	Perman-ently	2015	2014
Total Assets:	Operating	Land Preservation	Board Designated	Total	Restricted	Restricted	Total	Total
Cash and cash equivalents	$ 147,891	$ 225,026	$ -	$ 372,917	$ -	$ -	**$ 372,917**	$ 1,476,407
Investments	688,636	1,324,030	909,026	2,921,692	-	6,770,111	**9,691,803**	10,628,114
Receivables	-	39,588	-	39,588	6,233,994	-	**6,273,582**	167,929
Inventory	56,238	-	-	56,238	-	-	**56,238**	55,291
Prepaid expenses and other assets	73,696	49,888	-	123,584	-	-	**123,584**	103,952
Interfund receivables (payables)	8,053	(589,878)	(57,906)	(639,731)	2,441,489	(1,801,758)	**-**	-
Property and equipment, net	1,320,019	-	27,889	1,347,908	-	-	**1,347,908**	1,355,653
Beneficial interest in charitable gifts	-	-	-	-	426,195	-	**426,195**	489,160
Land held in fee (temporarily)	-	5,300,000	-	5,300,000	-	-	**5,300,000**	-
Conservation easements and options	-	1,074	-	1,074	-	-	**1,074**	50,567
Total assets	$2,294,533	$6,349,728	$ 879,009	$9,523,270	$9,101,678	$4,968,353	**$23,593,301**	$14,327,073

Liabilities and Net Assets

	Operating	Land Preservation	Board Designated	Total	Temporarily Restricted	Permanently Restricted	2015 Total	2014 Total
Liabilities:								
Accounts payable and accrued liabilities	$ 24,024	$ 29,429	$ (2,660)	$ 50,793	$ -	$ -	**$ 50,793**	$ 66,698
Deferred revenue	34,575	-	-	34,575	-	-	**34,575**	31,403
Obligation to Sponsored Project	161,246	-	-	161,246	-	-	**161,246**	199,811
Accrued payroll liabilities	88,731	-	-	88,731	-	-	**88,731**	56,432
Refundable deposits	-	702,500	-	702,500	-	-	**702,500**	-
Note payable	-	3,895,000	-	3,895,000	-	-	**3,895,000**	-
Total liabilities	308,576	4,626,929	(2,660)	4,932,845	-	-	**4,932,845**	354,344
Net Assets:								
Unrestricted	1,985,957	1,722,799	881,669	4,590,425	-	-	**4,590,425**	5,541,132
Temporarily restricted	-	-	-	-	9,101,678	-	**9,101,678**	3,463,244
Permanently restricted	-	-	-	-	-	4,968,353	**4,968,353**	4,968,353
Total net assets	1,985,957	1,722,799	881,669	4,590,425	9,101,678	4,968,353	**18,660,456**	13,972,729
Total liabilities and net assets	$2,294,533	$6,349,728	$ 879,009	$9,523,270	$9,101,678	$4,968,353	**$23,593,301**	$14,327,073

Statement of Activities and Changes in Net Assets

For the Year Ended June 30, 2015

(with Summarized Financial Information for the Year Ended June 30, 2014)

	Unrestricted				Tempo-rarily	Perman-ently	2015	2014
	Operating	Land Preservation	Board Designated	Total	Restricted	Restricted	Total	Total
Support and revenue:								
Grants	$ 20,000	$ -	$ -	$ 20,000	$2,557,000	$ -	**$ 2,577,000**	$ 91,500
Contributions	2,003,784	-	-	2,003,784	594,109	-	**2,597,893**	2,559,318
Bequests and memorials	-	-	2,975	2,975	6,150,000	-	**6,152,975**	419,924
In-kind contributions	31,661	-	-	31,661	-	-	**31,661**	22,631
Net assets released from restrictions	30,251	3,631,370	5,446	3,667,067	(3,667,067)	-	**-**	-
Special events	93,356	-	-	93,356	-	-	**93,356**	100,445
Special events - expense	(37,628)	-	-	(37,628)	-	-	**(37,628)**	(39,461)
Outreach program	42,974	-	-	42,974	-	-	**42,974**	42,157
Merchandise sales	8,666	-	-	8,666	-	-	**8,666**	21,142
Special projects	17,703	-	-	17,703	-	-	**17,703**	73,399
Fiscal sponsor fee	11,375	-	-	11,375	-	-	**11,375**	11,695
Subtotal	2,222,142	3,631,370	8,421	5,861,933	5,634,042	-	**11,495,975**	3,302,750
Other changes in net assets:								
Change in value of charitable gifts	-	-	-	-	(62,964)	-	**(62,964)**	45,883
Change in value of pledges receivable	-	-	-	-	(1,837)	-	**(1,837)**	(6,468)
Total support and revenue	2,222,142	3,631,370	8,421	5,861,933	5,569,241	-	**11,431,174**	3,342,165
Expenses:								
Programs								
Easement Acquisition	-	4,482,199	-	4,482,199	-	-	**4,482,199**	-
Other Program	891,591	150,383	20,911	1,062,885	-	-	**1,062,885**	939,495
Total Programs	891,591	4,632,582	20,911	5,545,084	-	-	**5,545,084**	939,495
General and administrative	504,493	-	-	504,493	-	-	**504,493**	452,874
Fundraising	728,688	56,247	12,014	796,949	-	-	**796,949**	781,319
Total expenses	2,124,772	4,688,829	32,925	6,846,526	-	-	**6,846,526**	2,173,688
Increase (decrease) in net assets from operating activities before investment return	97,370	(1,057,459)	(24,504)	(984,593)	5,569,241	-	**4,584,648**	1,168,477
Investment interest and dividends	322	12,107	23,872	36,301	155,123	-	**191,424**	176,854
Realized gains on investments	-	1,759	64,229	65,988	777,333	-	**843,321**	53,048
Net unrealized gains (losses) on investments	-	(1,324)	(67,079)	(68,403)	(863,263)	-	**(931,666)**	898,086
Total investment return	322	12,542	21,022	33,886	69,193	-	**103,079**	1,127,988
Increase (decrease) in net assets	97,692	(1,044,917)	(3,482)	(950,707)	5,638,434	-	**4,687,727**	2,296,465
Net assets at beginning of year	1,529,498	2,859,644	1,151,990	5,541,132	3,463,244	4,968,353	**13,972,729**	11,676,264
Interfund transfers	358,767	(91,928)	(266,839)	-	-	-	**-**	-
Net assets at end of year	**$1,985,957**	**$1,722,799**	**$ 881,669**	**$4,590,425**	**$9,101,678**	**$4,968,353**	**$18,660,456**	$13,972,729