

THE TRUST FOR PUBLIC LAND
AND AFFILIATES
(NOT-FOR PROFIT CORPORATIONS)

MARCH 31, 2017

INDEPENDENT AUDITORS' REPORT,
CONSOLIDATED FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION

The Trust for Public Land and Affiliates
(Not-for-Profit Corporations)

**Independent Auditors' Report, Consolidated Financial Statements and
Supplemental Information**

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Independent Auditors' Report

THE BOARD OF DIRECTORS
THE TRUST FOR PUBLIC LAND
San Francisco, California

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of **THE TRUST FOR PUBLIC LAND and its Affiliates (Not-for-Profit Corporations) (the Trust)**, which comprise the consolidated statement of financial position as of March 31, 2017, and the related consolidated statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Trust as of March 31, 2017, 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.

Report on Summarized Comparative Information

We have previously audited the Trust's March 31, 2016 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated July 20, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2016, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplemental information included on pages 31 through 33 is presented for the purpose of additional analysis and is not a required part of the 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 information has been subjected to the auditing procedures applied in the audit 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Hood & Strong LLP

San Francisco, California
July 20, 2017

The Trust for Public Land and Affiliates
(Not-for-Profit Corporations)

Consolidated Statement of Financial Position
(dollars in thousands)

March 31, 2017 (with summarized comparative information as of March 31, 2016)

	2017	2016
Assets		
Cash and cash equivalents	\$ 5,739	\$ 5,017
Investments	97,331	85,122
Government grants, contracts and escrow receivables, net	13,441	19,255
Contributions receivable, net	20,483	31,699
Notes receivable, net	200	3,000
Deposits on land transactions	668	981
Land holdings	73,797	85,870
Charitable trust assets	63,619	54,525
Property, furniture and equipment, net	818	721
Other assets	564	619
Total assets	\$ 276,660	\$ 286,809
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 17,296	\$ 17,111
Option payments received	1,000	1,227
Refundable advances	4,620	6,071
Mitigation advances	12,877	10,850
Notes payable	20,207	26,518
Liabilities to beneficiaries of charitable trusts	38,109	34,997
Total liabilities	94,109	96,774
Net Assets:		
Unrestricted	25,558	27,769
Temporarily restricted	134,636	144,631
Permanently restricted	22,357	17,635
Total net assets	182,551	190,035
Total liabilities and net assets	\$ 276,660	\$ 286,809

See accompanying notes to financial statements.

The Trust for Public Land and Affiliates
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Consolidated Statement of Activities and Changes in Net Assets
(dollars in thousands)

Year ended March 31, 2017 (with summarized comparative information for the year ended March 31, 2016)

	2017			2016	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Revenues and Additions to Net Assets:					
Contributions of land and easements:					
Fair market value acquired	\$ 184,760			\$ 184,760	\$ 169,811
Less consideration paid	(165,705)			(165,705)	(155,052)
Contributions of land and easement values received					
	19,055	\$ -	\$ -	19,055	14,759
Contributions and grants - other:					
Restricted		51,675	264	51,939	62,844
Unrestricted	39,958			39,958	36,354
Future interests in charitable trusts		21	4,458	4,479	1,346
Change in value of interests in charitable trusts		1,578		1,578	(2,269)
Total contributions and grants - other	39,958	53,274	4,722	97,954	98,275
Total contributions and grants	59,013	53,274	4,722	117,009	113,034
Project fees and other income	26,464			26,464	21,487
Interest income	2,138	231		2,369	2,295
Net realized and unrealized gains (losses) on investments	1,233	412		1,645	(1,753)
Change in value of land holdings	627	(70)		557	(6)
Allowance for uncollectible grants and restricted grants returned to donor		(5,650)		(5,650)	(642)
Total revenues and additions	89,475	48,197	4,722	142,394	134,415
Net assets released from restrictions	58,192	(58,192)		-	-
Total revenues	147,667	(9,995)	4,722	142,394	134,415
Expenses and Reductions to Net Assets:					
Program services:					
Contributions of land and easements to public agencies and other nonprofit organizations:					
Fair market value conveyed	195,300			195,300	146,761
Less consideration received	(137,323)			(137,323)	(117,305)
Contributions of land and easement values made					
	57,977	-	-	57,977	29,456
Open space conservation programs	65,384			65,384	65,470
Total program services	123,361	-	-	123,361	94,926
Support services:					
Development	13,284			13,284	12,725
Management and support services	13,233			13,233	15,223
Total support services	26,517	-	-	26,517	27,948
Total expenses	149,878	-	-	149,878	122,874
Change in Net Assets	(2,211)	(9,995)	4,722	(7,484)	11,541
Net Assets, beginning of year	27,769	144,631	17,635	190,035	178,494
Net Assets, end of year	\$ 25,558	\$ 134,636	\$ 22,357	\$ 182,551	\$ 190,035

See accompanying notes to financial statements.

The Trust for Public Land and Affiliates
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Consolidated Statement of Cash Flows
(dollars in thousands)

Year ended March 31, 2017 (with summarized comparative information for the year ended March 31, 2016)

	2017	2016
Cash Flows from Operating Activities:		
Change in net assets	\$ (7,484)	\$ 11,541
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Fair market value of land and easements acquired	(184,760)	(169,811)
Change in value of land holdings	(557)	6
Net realized and unrealized (gains) losses on investments	(1,645)	1,753
Fair market value of land and easements conveyed to public agencies and other nonprofit organizations	195,300	146,761
Fair market value of land sold to private parties	2,090	3,635
Permanently restricted contributions and income received	(264)	(1,367)
Depreciation and amortization	217	232
Contributed stock	(1,698)	(3,062)
Allowance for uncollectible grants and contribution receivables	5,556	965
Changes in operating assets and liabilities:		
Government grants, contracts and escrow receivables, net	4,922	(4,632)
Contributions receivable	6,552	(13,895)
Deposits on land transactions	313	282
Charitable trust assets	(9,094)	6,470
Other assets	55	24
Accounts payable and accrued expenses	185	(426)
Option payments received	(227)	(825)
Refundable advances	(1,451)	874
Mitigation advances	2,027	8,799
Liabilities to beneficiaries of charitable trusts	3,112	(5,537)
Net cash provided (used) by operating activities	13,149	(18,213)
Cash Flows from Investing Activities:		
Proceeds from maturity and sales of investments	54,571	78,285
Purchases of investments	(63,437)	(59,924)
Payments received from notes receivable	3,660	1,500
Issuance of notes receivable	(860)	(4,500)
Acquisitions of property and equipment	(314)	(116)
Net cash (used) provided by investing activities	(6,380)	15,245
Cash Flows from Financing Activities:		
Proceeds from borrowings for land acquisitions	40,260	37,915
Repayment of borrowings for land acquisitions	(46,571)	(34,484)
Proceeds from permanently restricted contributions and income	264	1,367
Net cash (used) provided by financing activities	(6,047)	4,798
Net Change in Cash and Cash Equivalents	722	1,830
Cash and Cash Equivalents, beginning of year	5,017	3,187
Cash and Cash Equivalents, end of year	\$ 5,739	\$ 5,017
Supplemental Information:		
Interest paid during the year	\$ 885	\$ 702

See accompanying notes to financial statements.

The Trust for Public Land and Affiliates
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Notes to Consolidated Financial Statements

Note 1 - General:

The Trust for Public Land and affiliates (the “Trust”) are charitable, not-for-profit corporations created to serve the public's need for open space preservation in metropolitan, rural and natural areas. The Trust creates parks and protects land for people, ensuring healthy, livable communities for generations to come.

Note 2 - Summary of Significant Accounting Policies:

a. Principles of Consolidation

The consolidated financial statements include all accounts and operations of The Trust for Public Land and organizations in which The Trust for Public Land has both control and an economic interest, which includes The Trust for Public Land Action Fund (collectively the “Trust”) as of March 31, 2017 and 2016, and Coast Dairies and Land Company, Inc. as of March 31, 2016. During fiscal year 2016, Coast Dairies and Land Company, Inc. was dissolved. During fiscal year 2017, the name of the Trust’s 501(c)(4) affiliate was changed from The Conservation Campaign to The Trust for Public Land Action Fund. Intercompany accounts and transactions have been eliminated in consolidation.

b. Basis of Presentation and Description of Net Assets

The Trust prepares the financial statements using the accrual basis of accounting in conformity with U.S. generally accepted accounting principles. The Trust reports information regarding its financial position and activities according to their classes of net assets: unrestricted, temporarily restricted and permanently restricted.

Unrestricted Net Assets

The portion of net assets that is neither temporarily restricted nor permanently restricted by donor-imposed stipulations. The Trust’s Board of Directors has internally designated the use of a portion of its unrestricted assets. These funds are used for timely but high-risk responses to purchase opportunities of publicly desirable open space, to provide operating reserves, and to function as board designated (quasi) endowment. Internally designated funds available for use at March 31, 2017 and 2016 are \$10,923,000 and \$11,348,000, respectively.

Temporarily Restricted Net Assets

Temporarily restricted net assets represent contributions whose use by the Trust is limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by activities conducted by the Trust pursuant to those stipulations (see Note 9).

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Notes to Consolidated Financial Statements

Permanently Restricted Net Assets

Permanently restricted net assets represent contributions restricted by the donor for investment in perpetuity. The assets consist of both revolving capital funds, which are used for capital investment in land purchases, and endowment funds. The income from the revolving capital funds are generally available for current use, but may also be donor restricted (see Note 10).

The Trust maintains certain revolving funds to be used primarily for direct land acquisition. These funds may be included in either Unrestricted Net Assets (board designated), Temporarily Restricted Net Assets (available for permanent investment in projects), or Permanently Restricted Net Assets (available for temporary use on projects but subject to repayment). Revolving funds are generally restricted to certain geographical areas or types of land.

c. Revenue Recognition

All contributions and grants, whether or not restricted, are recognized as revenue at fair value when received or unconditionally promised to the Trust. The Trust classifies gifts of cash and other assets as temporarily or permanently restricted support if received with donor stipulations that limit the use of the contributions. When such donor restrictions expire, that is, when stipulated or implied time restrictions end or purpose restrictions are accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying Consolidated Statement of Activities and Changes in Net Assets as net assets released from restrictions. Temporarily restricted landowner donations are reported as unrestricted support when the conservation purpose is achieved at the same time as when the contributions are received.

Conditional promises to give are not recorded as contribution revenue until the conditions are substantially met (see Note 15).

The Trust earns unrestricted project fee and other income from a variety of sources, including contract revenues, mitigation funding for land conservation, project reimbursements, landowner fees, and rents (see Note 12). Project fee and other income is reported when earned based upon the contract terms.

Government grants are primarily cost reimbursement grants and are recognized when allowable costs have been incurred. Funds received in advance of when earned are held in refundable advances. Refundable advances are principally comprised of advances from government agencies for conveyance of land into public ownership.

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Notes to Consolidated Financial Statements

d. 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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates included in the Trust's consolidated financial statements are the fair value of investments, land holdings and contributions of land and easements, allowance for uncollectible receivables, and charitable trust assets and liabilities. Actual results could differ from those estimates.

e. Fair Value Measurements

Fair value is defined as the price that would be received to sell 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 on the measurement date.

The Trust classifies its financial assets and liabilities measured at fair value on a recurring basis based on a fair value hierarchy with three levels of inputs. Level 1 values are based on unadjusted quoted prices in active markets for identical securities. Level 2 values are based on significant observable market inputs, such as quoted prices for similar securities and quoted prices in inactive markets. Level 3 values are based on significant unobservable inputs that reflect the Trust's determination of assumptions that market participants might reasonably use in valuing the securities. The valuation levels are not necessarily an indication of the risk or liquidity associated with the assets and liabilities measured at fair value.

f. Cash and Cash Equivalents

Cash and cash equivalents include interest-bearing deposits and short-term investments purchased with maturities of three months or less.

g. Investments

Investments are carried at estimated fair value on the consolidated statement of financial position. Stocks and mutual funds with readily determinable fair value are reported at estimated fair value based on quoted market prices. Debt securities and leveraged loan fund are valued using observable market based inputs or unobservable inputs that are corroborated by market data obtained from pricing services. Investments received through gifts are recorded at estimated fair value at the date of donation.

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Notes to Consolidated Financial Statements

Unrealized gains and losses that result from market fluctuations are recognized in the period such fluctuations occur. Realized gains or losses resulting from sales or maturities are calculated on an adjusted cost basis. Adjusted cost is the estimated fair value of the security at the beginning of the year, or the cost if purchased during the year. Dividend and interest income are accrued when earned.

h. Government Grants, Contracts and Escrow Receivables

The Trust receives grants and contracts from federal, state and local agencies to be used for open space development projects. Most amounts are expected to be received within the next fiscal year. Government grants, contracts and escrow receivables are reported net of an allowance of \$2,790,000 and \$1,912,000 as of March 31, 2017 and 2016.

i. Contributions Receivable

Contributions receivable represent amounts unconditionally committed by donors, foundations and agencies that have not been received by the Trust. Such receivables are recorded at the present value of their estimated future cash flows. The discounts on contributions receivable are computed using the prime rate applicable to the month in which those promises were made. Amortization of the discounts is included in contribution and grants revenue.

The Trust estimates the allowance for uncollectible contributions on an annual basis based on the past collection experience and current economic conditions.

j. Notes Receivable

Notes receivable represents unsecured amounts due from local governmental agencies, non-profits, and other conservation partners. The Trust imputes interest on below-market interest bearing notes with a maturity date of more than one year. The Trust calculates imputed interest income based on the Applicable Federal Rate in effect at the date of issue.

The Trust estimates the allowance for uncollectible notes on an annual basis based on the past collection experience and current conditions. The notes receivable balance at March 31, 2017 and 2016 is \$200,000 and \$3,000,000, respectively. In both years, there was no allowance for uncollectible notes.

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Notes to Consolidated Financial Statements

k. Land Holdings

The Trust accounts for its land holdings at fair value at the date of acquisition. Fair value is determined using one of the following valuation procedures:

- Values are primarily based on independent professional appraisals performed for the Trust or on appraised values determined or adopted by public agencies.
- Where a current appraisal is available from a professionally qualified independent appraiser retained by a third party, such value may be adopted when the Trust is satisfied that the appraisal is reasonable.
- Where neither of the foregoing sources is readily available, the Trust may use the full cash value as established by the local tax assessor, cost if the cash value is minimal, or internal estimates based on staff analyses.

When consideration paid by the Trust for conservation lands is less than the fair market value of land acquired, the difference is recorded as contribution revenue.

Land conveyances are recorded at fair value at the date of conveyance, also determined by one of the valuation methods noted above. Any increase in the value at the time of conveyance is recorded as a change in value of land holdings. When the value of the land conveyed exceeds the consideration received at the time of conveyance, the difference is recorded as contributions of land expense.

The Trust evaluates the carrying value of its land holdings at fiscal year end for impairment using a market approach. If and when the decrease in fair value is material and verifiable based upon information about current economic and market conditions, recent appraisals, option agreements signed, and dedicated funding available for project shortfalls, a write-down of the value is recorded in land holdings and change in value of land holdings. Change in value of land holdings includes impairment in value of land holdings in 2017 and 2016 in the amount of \$0 and \$20,000, respectively.

l. Easements

Easements acquired by the Trust are conservation easements and represent numerous restrictions over the use and development of land not owned by the Trust. These easements generally provide that the land will be maintained unimpaired in its current natural, agricultural, scenic or recreational state. During the year ended March 31, 2017, easements valued at \$61,989,000 were acquired and \$68,423,000 conveyed. During the year ended March 31, 2016, easements valued at \$44,556,000 were acquired and \$55,631,000 conveyed.

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Notes to Consolidated Financial Statements

m. Charitable Trust Assets

Charitable trust assets include the assets of various trusts for which the Trust (TPL) is the trustee, gift annuities and pooled income funds. Charitable trust assets, held by TPL, are invested in a diversified portfolio of mutual funds, stocks, bonds, and an alternative investment. The alternative investment component is comprised of an offshore marketable alternative fund of funds. Mutual funds and stocks with readily determinable fair value are reported at estimated fair value based on quoted market prices. Debt securities are valued using observable market based inputs or unobservable inputs that are corroborated by market data obtained from pricing services. The valuation of the alternative investment is based on the net asset value (“NAV”) per share reported by the fund manager under the “practical expedient” guideline. This guideline allows net asset value per share to represent fair value for reporting purposes when the criteria for using this method are met.

The ultimate liquidation of such investment is restricted to certain time periods, and is limited to sale to the fund manager. Due to the inherent uncertainty of valuation of such investment, the estimated value may differ significantly from the value that would have been used had a ready market for the securities existed and the differences could be material.

Charitable trust assets also include the fair value of TPL’s remainder interest receivable in certain trusts where TPL is not the trustee. The fair value of these trusts is measured based upon the estimated net present value of amounts to be received using investment values reported from the trustees less liabilities to beneficiaries calculated using the valuation technique as described in Note 2r.

n. Property, Furniture and Equipment

Property, furniture and equipment are recorded at cost. Depreciation and amortization are computed by the straight-line method over the estimated useful lives of the assets or lease term, whichever is shorter. Useful lives range from 5 to 15 years.

o. Option Payments Received

Option payments received represent option consideration tendered to the Trust, subject to an option agreement or other legal contract to sell the land.

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Notes to Consolidated Financial Statements

p. Mitigation Advances

Mitigation advances include cash received by the Trust generally from court ordered consent decrees, or settlements reached by parties involved in environmental litigation. If the terms of the specific award permit using the mitigation funds to advance the Trust's conservation mission, the advances are recorded as project fees and other income at the time the funds are used to support a Trust project. Until such time as the Trust or another organization utilizes the funds, mitigation advances are reflected as a liability on the accompanying Consolidated Statement of Financial Position.

q. Notes Payable

Notes payable are carried at cost less discount, if any. The Trust imputes interest on below-market interest bearing notes with a maturity date of more than one year. The Trust calculates imputed interest expense based on the Applicable Federal Rate in effect at the date of issue. Imputed interest discount is amortized throughout the term of the note.

r. Liabilities to Beneficiaries of Charitable Trusts

At the time charitable trust assets are received, liabilities to beneficiaries of charitable trusts are recorded at fair value, based on present value of liabilities due to primary beneficiaries and unrelated secondary beneficiaries of the irrevocable trusts for which the Trust is both trustee and a secondary beneficiary (see Note 6). In periods subsequent to initial recognition, the Trust amortizes the discount associated with the obligation and adjusts for changes in life expectancies.

The liabilities are actuarially determined by a third party actuarial specialist using investment returns consistent with the composition of the asset portfolios ranging from 6.65% to 7.65% or the required payout rate, life expectancies from the 1983 Table "a" for gifts prior to July 1, 1998, and life expectancies from the Annuity 2000 Mortality Table for all other trusts, as well as for the pooled income fund and all gift annuities, in the determination of single and joint life expectancies (see Note 6). The discount rate for determining the present value of a remainder interest is determined by the Internal Revenue Service Applicable Federal Rate table for the month during which the gift is received (ranging from 1% - 10%). Management evaluates the reasonableness of the assumptions and inputs used on an annual basis.

s. Tax Exempt Status

The Internal Revenue Service has classified the Trust as a publicly supported, tax-exempt organization under section 501(c)(3) of the Internal Revenue Code. Contributions to the Trust are deductible as allowed under Section 170(b)(1)(A)(vi) of the Code. All affiliated organizations of the Trust are also qualified under section 501(c)(3) of the IRS Code with the exception of The Trust for Public Land Action Fund (formerly known as The Conservation Campaign), which is classified as a 501(c)(4) organization. Contributions to The Trust for Public Land Action Fund are not tax deductible.

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Management evaluated the Trust's tax positions and concluded that the Trust had maintained its tax-exempt status and had not taken uncertain tax positions that required adjustment to the financial statements. Therefore, no provision or liability for income taxes has been included in the consolidated financial statements.

t. Functional Expense Allocations

Expenses, such as salaries and benefits, rent and office expense, and general professional services have been allocated among program services, development, and management and support services classifications based primarily on employee ratios and on estimates made by the Trust's management.

u. Comparative Information

The accompanying consolidated financial statements include certain comparative information for which the prior year information is summarized in total. In particular, prior year information is not disclosed by net asset class on the accompanying Consolidated Statement of Activities and Changes in Net Assets. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Trust's consolidated financial statements for the year ended March 31, 2016, from which the summarized information is derived.

v. Recent Accounting Pronouncements

In May 2014, as part of its ongoing efforts to assist in the convergence of U.S. GAAP and International Financial Reporting Standards (IFRS), the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, related to revenue recognition. The new guidance sets forth a new five-step revenue recognition model which replaces the prior revenue recognition guidance in its entirety and is intended to eliminate numerous industry-specific pieces of revenue recognition guidance that have historically existed in U.S. GAAP. The underlying principle of the new standard is that a business or other organization will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects what it expects in exchange for the goods or services. The standard also requires more detailed disclosures and provides additional guidance for transactions that were not addressed completely in the prior accounting guidance. The ASU provides alternative methods of initial adoption and is effective for annual periods beginning after December 15, 2017. Early adoption is permitted. The Trust will evaluate the impact that this standard will have on the consolidated financial statements.

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On August 18, 2016, the FASB issued ASU 2016-04 Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities. The amendments in this update are designed to improve the current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's (NFP's) liquidity, financial performance, and cash flows. The amendments in this Update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017. Early application is permitted. Amendments should be applied on a retrospective basis in the year the update is first applied. Management is currently evaluating the impact the amendments in this ASU will have on its financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. Under the new guidance, lessees will be required to recognize, at commencement date, a lease liability representing the lessee's obligation to make payments arising from the lease and a right-of-use asset representing the lessee's right to use, or control the use of, a specified asset for the lease term. The guidance is effective for fiscal years beginning after December 15, 2019. The impact of adopting this guidance on subsequent periods has not yet been determined.

w. Subsequent Events

The Trust has evaluated subsequent events from March 31, 2017 through July 20, 2017, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

x. Change of Fiscal Year End

The board of directors has approved a change to the fiscal year end for the Trust in future periods from March 31 to June 30. To accommodate this change, the board approved a 15 month budget for the period from April 1, 2017 to June 30, 2018.

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Notes to Consolidated Financial Statements

Note 3 - Investments:

Investments are reflected at estimated fair value, and consist of the following at March 31, 2017 and 2016:

<i>(Dollars in thousands)</i>	2017	2016
Mutual funds – domestic stocks	\$ 9,693	\$ 7,560
Mutual funds – international stocks	5,852	4,578
Mutual funds – domestic real estate	2,150	1,834
Mutual funds – international real estate	1,332	1,125
Mutual funds – domestic bonds	6,374	5,892
Mutual funds – international bonds	1,372	1,350
Leveraged loan fund	11,443	10,685
Debt securities:		
U.S. treasury	5,682	6,433
U.S. government agency	4,962	554
Mortgage backed	1,694	3,064
Asset backed	11,653	10,175
Corporate	30,173	28,977
Municipal	4,951	2,895
Total investments	\$ 97,331	\$ 85,122

Note 4 - Contribution Receivables:

Contributions receivable as of March 31, 2017 and 2016 are due as follows:

<i>(Dollars in thousands)</i>	2017	2016
Less than one year	\$ 15,924	\$ 21,932
One to five years (net of discount of \$426 and \$753, respectively)	5,750	11,636
Greater than five years (net of discount of \$43 and \$50, respectively)	131	161
Subtotal	21,805	33,729
Less: Allowance for uncollectible amounts	(1,322)	(2,030)
Net contributions receivable	\$ 20,483	\$ 31,699

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Notes to Consolidated Financial Statements

Note 5 - Land Holdings:

The Trust acquires land from willing landowners and then conveys it to public agencies, land trusts, or other groups for protection. In some instances, the Trust helps protect the land through conservation easements, which restrict development but permit traditional uses such as farming and ranching.

Unrestricted and temporarily restricted net assets include donations of land received by the Trust. These donations are realized from outright donations of land to the Trust, as well as from transactions where the fair market value of land received exceeds the cost of land acquired. The fair market value of land acquired and held at March 31, 2017 and 2016 exceeds the consideration paid for these land holdings by \$25,720,000 and \$27,792,000, respectively.

In line with its mission, the Trust intends to convey its land holdings into protective public and not-for-profit ownership. In many cases, land will be conveyed at a price less than fair market value, resulting in a contribution of land value to the grantee. At March 31, 2017, with the exception of properties accounted for using the deposit method, the Trust had no legal obligations to third parties to convey land holdings.

As part of its normal operations, the Trust was involved in various stages of negotiation for the purchase of real property at March 31, 2017. Purchase and Sale Agreements were executed with various contingencies for inspection period, seller requirements, and other conditions for closing. In addition, Purchase Options had been exercised, again dependent on various contingencies. Some of these negotiations resulted in completed acquisitions in the following fiscal year.

Occasionally, the Trust acquires or receives real estate and land parcels with minimal conservation or protection value. These are sold in the open market to provide funds for the Trust to carry out its conservation work. The carrying value of these properties included in land holdings on March 31, 2017 and 2016 was \$690,000 and \$935,000, respectively.

The Trust for Public Land and Affiliates
(Not-for-Profit Corporations)

Notes to Consolidated Financial Statements

Note 6 - Charitable Trust Assets and Liabilities to Beneficiaries of Charitable Trusts:

Charitable trust assets include charitable remainder unitrusts, charitable remainder annuity trusts, assets attributable to a charitable gift annuity program, and assets within a pooled income fund.

Charitable trust assets consist of the following for the years ended March 31, 2017 and 2016:

<i>(Dollars in thousands)</i>	2017	2016
Charitable remainder unitrusts - TPL as Trustee	\$ 55,496	\$ 46,649
Charitable remainder unitrusts - outside Trustees	4,427	4,107
Charitable remainder annuity trusts - TPL as Trustee	783	763
Charitable gift annuities	2,705	2,801
Pooled income funds	208	205
<hr/>		
Charitable trust assets	\$ 63,619	\$ 54,525

Each charitable trust requires periodic distributions to designated primary beneficiaries over a period of time. Accordingly, such liabilities to beneficiaries of charitable trusts in which the Trust is both trustee and secondary beneficiary have been reflected as liabilities to beneficiaries of charitable trusts. Such liabilities have been determined based upon an actuarial analysis of the expected income to be generated by the assets of each charitable trust, the life expectancies of the primary beneficiaries of each trust, and the distribution rates established by the charitable trust agreements. As of March 31, 2017 and 2016, liabilities to beneficiaries of charitable trusts approximate \$38,109,000 and \$34,997,000, respectively.

The discounted remainder values of any new interests in charitable trusts are recorded as future interests in charitable trusts. Changes in life expectancies, investment income projections, and other actuarial assumptions are shown as a change in value of interests in charitable trusts.

Various states regulate the issuance of charitable gift annuities. In the state of California, charitable gift annuities are regulated by the Department of Insurance because an annuity is considered an insurance product. California has specific reserve and investment requirements, and it requires reserves to be held in a separate account. Management believes that it is in conformity with compliance requirements in California, and with all of those states where it has established gift annuities.

The Trust for Public Land and Affiliates
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Notes to Consolidated Financial Statements

Charitable trust assets portfolio consists of the following:

<i>(Dollars in thousands)</i>	2017	2016
Charitable Trust Investments – Held by TPL:		
Cash and cash equivalents	\$ 751	\$ 2,817
Mutual funds – domestic stocks	16,520	13,212
Mutual funds – international stocks	15,614	12,705
Mutual funds – domestic real estate	2,347	1,801
Mutual funds – international real estate	770	415
Mutual funds – domestic bonds	7,646	5,802
Mutual funds – international bonds	948	648
Mutual funds – balanced	3,253	2,879
Stocks – small cap	2,426	1,819
U.S. treasury	104	98
U.S. agency	364	395
Alternative investments:		
Multi-strategy fund of funds	8,449	7,827
Charitable Trust Receivable – Outside Trustee	4,427	4,107
Charitable trust assets	\$ 63,619	\$ 54,525

At March 31, 2017 and 2016, the alternative investment consists of a multi-strategy fund of funds, which is an off-shore feeder fund that invests in a master fund to employ various strategies including long/short equity, event driven, relative value, and global asset allocation. Redemptions are permitted on a quarterly basis with a 65-day redemption notice period. The Trust has no unfunded commitments to the alternative investment as of March 31, 2017.

The Trust for Public Land and Affiliates
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Notes to Consolidated Financial Statements

Note 7 - Property, Furniture and Equipment:

Property, furniture and equipment as of March 31 consist of the following:

<i>(Dollars in thousands)</i>	2017	2016
Buildings and leasehold improvements	\$ 3,048	\$ 3,048
Furniture and fixtures	257	257
Office equipment	2,094	1,800
<hr/>		
Total	5,399	5,105
Less accumulated depreciation and amortization	(4,581)	(4,384)
<hr/>		
Property, furniture and equipment, net	\$ 818	\$ 721

Note 8 - Notes Payable:

At March 31, 2017, the Trust has two \$40,000,000 unsecured bank line of credit agreements for use nationally. One of the lines of credit bears interest at either a variable rate of prime rate plus 0.75% (4.75% at March 31, 2017), or an optional 1, 3 or 6-month fixed rate based on applicable London Interbank Offered Rate (LIBOR) plus 1.50% (2.28% at March 31, 2017). Additionally, the line incurs an unused commitment fee of 0.25%. The line requires annual renewal and currently expires on April 1, 2018. At March 31, 2017, \$6,622,000 of the line of credit was being utilized. The line also includes a Letter of Credit sub-feature wherein the bank agrees to issue Letters of Credits not to exceed \$10,000,000 in the aggregate. No Letters of Credit were utilized during the year ended March 31, 2017.

The second \$40,000,000 unsecured bank line of credit bears interest at either a variable rate of applicable LIBOR plus 1.5% (2.50% at March 31, 2017), or an optional variable rate of prime rate minus 1.00% (3.0% at March 31, 2017). The line requires annual renewal and currently expires on December 29, 2017. It bears an unused commitment fee of 0.25%. At March 31, 2017, \$3,415,000 of this line of credit was being utilized.

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Notes to Consolidated Financial Statements

All of the above mentioned borrowings are included in the table below as notes payable to banks.

Notes payable (and current terms):

<i>(Dollars in thousands)</i>	2017	2016
Banks (2.28% to 4.75% with maturities through April, 2018)	\$ 10,037	\$ 21,453
Foundations and trusts (0% to 2% interest with maturities through November 2019.	8,170	4,417
Loan from seller of land (0% interest with maturity October 2017)	2,000	648
Total notes payable	\$ 20,207	\$ 26,518

The notes are payable as follows:

Twelve months ending March 31,	<i>(Dollars in thousands)</i> Amount
2018	\$ 13,037
2019	670
2020	6,500
Total notes payable	\$ 20,207

At March 31, 2017, notes payable include \$17,537,000 in recourse loans and \$2,670,000, in non-recourse loans. All non-recourse loans are secured, collateralized by land valued at \$4,070,000 at March 31, 2017. All recourse loans are unsecured. Certain of these loan agreements have debt covenants including minimum cash requirements, liability ratios, and limits on pledged collateral. As of March 31, 2017, management believes the Trust was in compliance with the terms of such debt covenants. Interest expense was \$908,000 and \$641,000 for the years ended March 31, 2017 and 2016, respectively.

The Trust for Public Land and Affiliates
(Not-for-Profit Corporations)

Notes to Consolidated Financial Statements

Note 9 - Temporarily Restricted Net Assets and Net Assets Released from Restrictions:

Temporarily restricted net assets and temporarily restricted net assets released from restrictions consist of the following:

Temporarily restricted net assets as of March 31 were as follows:

<i>(Dollars in thousands)</i>	2017	2016
Restricted for project and program expenses	\$ 36,523	\$ 32,251
Restricted for acquisition of land	59,894	67,497
With time restrictions	38,219	44,883
Total temporarily restricted net assets at end of year	\$ 134,636	\$ 144,631

Temporarily restricted net assets released from restrictions during the year ended March 31 were as follows:

<i>(Dollars in thousands)</i>	2017	2016
Restricted for project and program expenses	\$ 36,138	\$ 38,509
Restricted for acquisition of land	21,894	14,045
With time restrictions	160	143
Total net assets released from restrictions	\$ 58,192	\$ 52,697

Note 10 - Permanently Restricted Net Assets:

Permanently restricted net assets consist of the following:

<i>(Dollars in thousands)</i>	2017	2016
Capital revolving funds - income unrestricted	\$ 8,041	\$ 8,041
Capital revolving funds - income permanently restricted	726	726
Endowment funds - income temporarily restricted	13,590	8,868
Total permanently restricted net assets	\$ 22,357	\$ 17,635

In 2016, donors removed permanent restrictions on previously capital revolving funds resulting in a release of \$108,000 of permanently restricted net assets.

The Trust for Public Land and Affiliates
(Not-for-Profit Corporations)

Notes to Consolidated Financial Statements

Note 11 – Endowment Funds:

Relevant Law and Standards

The Trust has adopted FASB ASC Topic 958-205-50-1A and 1B, *Reporting Endowment Funds*. The state of California adopted a version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as its State Prudent Management of Institutional Funds Act (SPMIFA).

Interpretation of Relevant Law

The Board of Directors of the Trust has interpreted SPMIFA 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 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 of 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 temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Trust considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- the duration and preservation of the funds
- the purpose of the Trust and donor-restricted endowment funds
- general economic conditions
- the possible effects of inflation and deflation
- the expected total return from income and the appreciation of investments
- other resources of the Trust
- the investment policies of the Trust

The management and Board of Directors do not consider the permanently restricted capital revolving funds to be endowment because the use of the principal of these funds is at the direction of the Trust and capital flows in and out for program related purposes.

The Trust for Public Land and Affiliates

(Not-for-Profit Corporations)

Notes to Consolidated Financial Statements

Endowment Investment and Spending Policies

The Trust has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by the endowment funds while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Trust must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a diversified portfolio to preserve the long-term purchasing power of endowed funds and to earn an average annual real return, after inflation and expense that produces spendable income of at least 4 percent each year. To satisfy its long-term 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 assets are diversified among asset classes and among sectors and industries, quality, market capitalization, and investment strategy with each class to achieve its long-term return objectives within prudent risk constraints.

It is the policy of the Trust to pool its endowment funds for purposes of investment and management. For pooled endowment funds, gains and losses are shared equally on a unit basis (allocated per pro-rated percentages), recalculated quarterly.

The amount of endowment income appropriated for distribution each year is established by the Finance Committee of the Board through its adoption of an annual endowment spending rate and spending rate base to be included in the Trust's budget proposal submitted to the Board. In establishing this spending policy, the Trust considers the long-term expected return on its endowment. Accordingly, over the long-term, the Trust expects the spending policy to allow its endowment 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 or for a specified term as well as to provide additional real growth through new gifts and investment return.

\$233,000 was appropriated for distribution in the year ending March 31, 2017, and \$184,000 was appropriated for distribution in the year ending March 31, 2016.

Disclosures for Deficiencies in Endowment Funds

SPMIFA requires disclosure of any deficiencies in permanently restricted endowment funds for which the fair market value is less than the amount stipulated by donor or applicable law ("underwater funds"). The Trust currently has no such deficiencies in its endowment funds. Were the Trust to have any such deficiencies, it is the policy of the Trust to reduce Unrestricted Net Assets to the extent necessary to maintain the fund balance as stipulated by donor or applicable law.

The Trust for Public Land and Affiliates
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Notes to Consolidated Financial Statements

Endowment net assets composition by type of fund as of March 31, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds		\$ 650	\$ 9,132	\$ 9,782
Board designated funds	\$ 4,187			4,187
Endowment funds	\$ 4,187	\$ 650	\$ 9,132	\$ 13,969

Changes in endowment net assets for the year ended March 31, 2017 and 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets, March 31, 2015	\$ 2,806	\$ 282	\$ 7,501	\$ 10,589
Contributions	607		1,367	1,974
Interest and dividends, net of expense	140	220		360
Realized losses	(27)	(53)		(80)
Unrealized losses	(177)	(191)		(368)
Appropriations	(96)	(88)		(184)
Net assets, March 31, 2016	\$ 3,253	\$ 170	\$ 8,868	\$ 12,291
Contributions	701		264	965
Interest and dividends, net of expense	114	198		312
Realized gains	38	6		44
Unrealized gains	184	406		590
Appropriations	(103)	(130)		(233)
Net assets, March 31, 2017	\$ 4,187	\$ 650	\$ 9,132	\$ 13,969

The Trust's endowment funds amount to \$13,969,000 and \$12,291,000 as of March 31, 2017 and 2016, respectively. The Trust's endowment funds include \$2,378,000 and \$3,344,000 in pledges receivable as of March 31, 2017 and 2016, respectively.

The Trust for Public Land and Affiliates
(Not-for-Profit Corporations)

Notes to Consolidated Financial Statements

Note 12 - Project Fees and Other Income:

Project fees and other income consist of the following:

<i>(Dollars in thousands)</i>	2017	2016
Project reimbursements	\$ 14,241	\$ 9,859
Landowner fees	6,258	4,484
Contract revenue	4,563	5,662
Mitigation funding	146	420
Rents	621	588
Other sources	635	474
<hr/>		
Total project fees and other income	\$ 26,464	\$ 21,487

Project fees and other income also include proceeds from the sale of non-conservation properties on the open market. Open market sales for 2017 and 2016 were \$2,089,000 and \$3,645,000, respectively. Losses associated with these open market sales were \$46,000 in fiscal year 2017.

The Trust for Public Land and Affiliates
(Not-for-Profit Corporations)

Notes to Consolidated Financial Statements

Note 13 - Fair Value Measurements:

Recurring Measurements:

The valuation methodologies used for instruments measured at fair value on a recurring basis are described in Note 2. The table below summarizes assets measured at fair value on a recurring basis:

(Dollars in thousands)

	2017			Total
	Level 1	Level 2	Level 3	
Investments (Note 3)				
Mutual funds – domestic stocks	\$ 9,693			\$ 9,693
Mutual funds – international stocks	5,852			5,852
Mutual funds – domestic real estate	2,150			2,150
Mutual funds – international real estate	1,332			1,332
Mutual funds – domestic bonds	6,374			6,374
Mutual funds – international bonds	1,372			1,372
Leveraged loan fund		\$ 11,443		11,443
Debt securities:				
U.S. treasury	5,682			5,682
Government and agency		4,962		4,962
Mortgage backed		1,694		1,694
Asset backed		11,653		11,653
Corporate		30,173		30,173
Municipal		4,951		4,951
Charitable Trust Investments (Held by TPL) (Note 6)				
Cash and cash equivalents	751			751
Mutual funds – domestic stocks	16,520			16,520
Mutual funds – international stocks	15,614			15,614
Mutual funds – domestic real estate	2,347			2,347
Mutual funds – international real estate	770			770
Mutual funds – domestic bonds	7,646			7,646
Mutual funds – international bonds	948			948
Mutual funds – commodities	3,253			3,253
Stocks – small cap	2,426			2,426
U.S. treasury notes	104			104
U.S. agency notes	364			364
Alternative investments:				
Multi-strategy fund of funds			\$ 8,449	8,449
Charitable Trust Receivable (Outside Trustee) (Note 6)				
			4,427	4,427
Total	\$ 83,198	\$ 64,876	\$ 12,876	\$ 160,950

The Trust for Public Land and Affiliates
(Not-for-Profit Corporations)

Notes to Consolidated Financial Statements

<i>(Dollars in thousands)</i>	2016			Total
	Level 1	Level 2	Level 3	
Investments (Note 3)				
Mutual funds – domestic stocks	\$ 7,560			\$ 7,560
Mutual funds – international stocks	4,578			4,578
Mutual funds – domestic real estate	1,834			1,834
Mutual funds – international real estate	1,125			1,125
Mutual funds – domestic bonds	5,892			5,892
Mutual funds – international bonds	1,350			1,350
Leveraged loan fund		\$ 10,685		10,685
Debt securities:				
U.S. treasury	6,433			6,433
Government and agency		554		554
Mortgage backed		3,064		3,064
Asset backed		10,175		10,175
Corporate		28,977		28,977
Municipal		2,895		2,895
Charitable Trust Investments (Held by TPL) (Note 6)				
Cash and cash equivalents	2,817			2,817
Mutual funds – domestic stocks	13,212			13,212
Mutual funds – international stocks	12,705			12,705
Mutual funds – domestic real estate	1,801			1,801
Mutual funds – international real estate	415			415
Mutual funds – domestic bonds	5,802			5,802
Mutual funds – international bonds	648			648
Mutual funds – balanced	2,879			2,879
Stocks – small cap	1,819			1,819
U.S. treasury notes	98			98
U.S. agency	395			395
Alternative investments:				
Multi-strategy fund of funds			\$ 7,827	7,827
Charitable Trust Receivable (Outside Trustee) (Note 6)			4,107	4,107
Total	\$ 71,363	\$ 56,350	\$ 11,934	\$ 139,647

The Trust for Public Land and Affiliates
(Not-for-Profit Corporations)

Notes to Consolidated Financial Statements

The following is a rollforward of the Level 3 assets (in thousands):

	Charitable Trust Investments (Held by TPL)	Charitable Trust Receivable (Outside Trustee)	Total
Fair value at March 31, 2015	\$ 8,435	\$ 3,643	\$ 12,078
New charitable trust gifts		593	593
Total realized and unrealized losses	(608)	(129)	(737)
Fair value at March 31, 2016	7,827	4,107	11,934
New charitable trust gifts			
Total realized and unrealized gains	622	320	942
Fair value at March 31, 2017	\$ 8,449	\$ 4,427	\$ 12,876

Non-Recurring Measurements:

Non-recurring fair value measurements of financial instruments included in the Trust's Consolidated Statement of Financial Position as of March 31, 2017 relate to cash equivalents, government grants, contracts and escrow receivables, contributions receivable, notes receivable, accounts payable, notes payable, and liabilities to beneficiaries of charitable trusts. For cash equivalents, government grants, contracts and escrow receivables, contributions receivable and accounts payable, the carrying amounts represent a reasonable estimate of the corresponding fair values.

Liabilities to beneficiaries of charitable trusts approximate fair value at initial recognition using methodologies described in Note 2 and are amortized in subsequent periods. Management believes that the carrying values of the notes receivable and notes payable are not materially different from estimates of the corresponding fair values.

See Land Holdings (Note 2) regarding fair value measurement of assets on non-recurring basis.

The Trust for Public Land and Affiliates
(Not-for-Profit Corporations)

Notes to Consolidated Financial Statements

Note 14 - Commitments and Contingencies:

Commitments

The Trust leases office space and equipment for the operation of a national headquarters office, and thirty-three field or project offices. Lease commitments expire at various dates through March 31, 2027. Lease costs were \$3,144,000 and \$2,845,000 for the years ended March 31, 2017 and 2016, respectively. Future minimum lease payments under non-cancelable long-term leases are as follows:

Twelve months ending March 31,	<i>(Dollars in thousands)</i> Amount
2018	\$ 3,070
2019	2,834
2020	2,708
2021	2,351
2022	2,351
Thereafter	4,427
	<hr/>
	\$ 17,741

Contract Commitments

The Trust had future construction contract commitments for parks and playgrounds of approximately \$15,313,000 and \$6,451,000 as of March 31, 2017 and 2016, respectively. The Trust funds its park and playground work through cost reimbursement contracts and restricted operating grants.

See Land Holdings (Note 5) regarding real property transaction commitments at year end.

Contingencies

The Trust is a party to various litigations arising out of the normal conduct of its operations. Management believes the ultimate resolution of these matters will not materially affect the financial position, changes in net assets, or cash flows of the Trust.

In addition, the Trust receives funds from various federal and state government funded programs, which are subject to audit by government agencies. Management believes that the Trust has complied with the terms of all agreements and that the results of such audit will not have a significant effect on the consolidated financial position or consolidated changes in net assets of the Trust.

The Trust for Public Land and Affiliates
(Not-for-Profit Corporations)

Notes to Consolidated Financial Statements

Note 15 - Conditional Promises to Give:

The Trust has received the following conditional promises to give that are not recognized as contribution revenue in the accompanying consolidated financial statements as of March 31:

<i>(Dollars in thousands)</i>	2017	2016
Conditional promises to give upon identification of land holdings available for acquisition	\$ 11,087	\$ 12,971
Conditional promises to give upon obtaining matching unconditional promises to give	495	674
Other conditional promises to give	7,210	12,046
	<hr/>	
Total conditional promises to give	\$ 18,792	\$ 25,691

Note 16 - Retirement Plan:

The Trust maintains a defined contribution retirement plan (the “Plan”) under Section 403(b) of the Internal Revenue Code. The Plan covers all employees who normally work twenty or more hours per week. The Plan provides for voluntary salary deferrals within certain limits and, after one year of service, the Trust provides matching employer contributions for eligible employees who contribute a certain minimum percentage of their compensation. The Trust contributed \$791,000 and \$766,000 to the Plan during the years ended March 31, 2017 and 2016, respectively.

Note 17 - Concentration of Credit Risk

Financial instruments that potentially subject the Trust to credit risk consist primarily of cash equivalents, investments, federal grants, contracts and escrow receivables, contributions receivable, and notes receivable. The Trust maintains cash equivalents and investments with commercial banks and other major financial institutions. The Trust manages credit risk by establishing minimum credit standards for financial institutions and limiting the amount of credit exposure with any one institution. The Trust’s investments have been placed with major institutions.

The Trust for Public Land and Affiliates
(Not-for-Profit Corporations)

Supplemental Schedule of Functional Expenses
(dollars in thousands)
See Independent Auditors' Report

Year ended March 31, 2017 (with summarized comparative information for the year ended March 31, 2016)

	2017			2016	
	Program Services	Development	Management and Support Services	Total	Total
Contributions of Land and Easement Values Made, net	\$ 57,977			\$ 57,977	\$ 29,456
Operating Expenses:					
Salaries and benefits	22,750	\$ 8,759	\$ 8,662	40,171	39,917
Design and construction services	20,905			20,905	18,911
Other professional services	5,848	1,743	1,298	8,889	10,302
Rent and office	3,507	1,350	1,335	6,192	6,313
Grants and contributions	5,648	47	17	5,712	8,351
Travel and meetings	1,684	1,015	521	3,220	3,847
Other operating expense	2,356	193	450	2,999	2,033
Appraisal services	1,204			1,204	1,310
Furniture, fixtures and equipment	42	11	736	789	802
Interest	908			908	641
Insurance	430	166	163	759	796
Legal services	102		51	153	195
Total operating expenses	65,384	13,284	13,233	91,901	93,418
Total	\$ 123,361	\$ 13,284	\$ 13,233	\$ 149,878	\$ 122,874

The Trust for Public Land and Affiliates
(Not-for-Profit Corporations)

Supplemental Consolidating Statement of Financial Position
(dollars in thousands)
See Independent Auditors' Report

March 31, 2017 and 2016

	As of March 31, 2017				As of March 31, 2016			
	Trust for Public Land	Trust for Public Land Action Fund	Eliminating Entries	Total	Trust for Public Land	The Conservation Campaign	Eliminating Entries	Total
Assets								
Cash and cash equivalents	\$ 5,230	\$ 509		\$ 5,739	\$ 4,619	\$ 398		\$ 5,017
Investments	97,331			97,331	85,122			85,122
Govt. grants, contracts, & escrow receivables	13,791	216	\$ (566)	13,441	19,849	660	\$ (1,254)	19,255
Contributions receivable, net	20,483			20,483	31,699			31,699
Notes receivable	200			200	3,000			3,000
Deposits on land transactions	668			668	981			981
Land holdings	73,797			73,797	85,870			85,870
Charitable trust assets	63,619			63,619	54,525			54,525
Property, furniture and equipment, net	818			818	721			721
Other assets	560	4		564	615	4		619
Investment in affiliates	234		(234)	-	300		(300)	-
Total assets	\$ 276,731	\$ 729	\$ (800)	\$ 276,660	\$ 287,301	\$ 1,062	\$ (1,554)	\$ 286,809
Liabilities and Net Assets								
Liabilities:								
Accounts payable and accrued expenses	\$ 17,499	\$ 363	\$ (566)	\$ 17,296	\$ 17,756	\$ 609	\$ (1,254)	\$ 17,111
Option payments received	1,000			1,000	1,227			1,227
Refundable advances	4,488	132		4,620	5,918	153		6,071
Mitigation advances	12,877			12,877	10,850			10,850
Notes payable	20,207			20,207	26,518			26,518
Liabilities to beneficiaries of charitable trusts	38,109			38,109	34,997			34,997
Total liabilities	94,180	495	(566)	94,109	97,266	762	(1,254)	96,774
Net Assets:								
Unrestricted	25,558	177	(177)	25,558	27,769	148	(148)	27,769
Temporarily restricted	134,636	57	(57)	134,636	144,631	152	(152)	144,631
Permanently restricted	22,357			22,357	17,635			17,635
Total net assets	182,551	234	(234)	182,551	190,035	300	(300)	190,035
Total liabilities and net assets	\$ 276,731	\$ 729	\$ (800)	\$ 276,660	\$ 287,301	\$ 1,062	\$ (1,554)	\$ 286,809

The Trust for Public Land and Affiliates
(Not-for-Profit Corporations)

Supplemental Consolidating Statement of Activities
(dollars in thousands)
See Independent Auditors' Report

Years Ended March 31, 2017 and 2016

	2017				2016				
	Trust for Public Land	Trust for Public Land Action Fund	Eliminating Entries	Total	Trust for Public Land	Coast Dairies	The Conservation Campaign	Eliminating Entries	Total
Revenues and Additions to Net Assets:									
Contributions of land and easements:									
Fair market value acquired	\$ 184,760			\$ 184,760	\$ 169,811				\$ 169,811
Less consideration paid	(165,705)			(165,705)	(155,052)				(155,052)
Contributions of land and easement values received	19,055			19,055	14,759				14,759
Contributions and grants - other:									
Restricted	51,818	\$ 243	\$ (122)	51,939	62,601		\$ 438	\$ (195)	62,844
Unrestricted	39,920	195	(157)	39,958	36,314		502	(462)	36,354
Future interests in charitable trusts	4,479			4,479	1,346				1,346
Change in value of interests in charitable trusts	1,578			1,578	(2,269)				(2,269)
Total contributions and grants - other	97,795	438	(279)	97,954	97,992	\$ -	940	(657)	98,275
Total contributions and grants	116,850	438	(279)	117,009	112,751		940	(657)	113,034
Project fees and other income	26,355	109		26,464	21,216	157	114		21,487
Interest income	2,369			2,369	2,294	1			2,295
Net realized and unrealized gains on investments	1,645			1,645	(1,753)				(1,753)
Change in value of land holdings	557			557	(6)				(6)
Allowance for uncollectible grants and restricted grants returned to donor	(5,650)			(5,650)	(642)				(642)
Equity in net activities of affiliates	(66)		66	-	(1,791)			1,791	-
Total revenues	142,060	547	(213)	142,394	132,069	158	1,054	1,134	134,415
Expenses and Reductions to Net Assets:									
Program services:									
Contributions of land and easements to public agencies and other nonprofit organizations:									
Fair market value conveyed	195,300			195,300	146,761				146,761
Less consideration received	(137,323)			(137,323)	(117,305)				(117,305)
Contributions of land and easement values made	57,977	-	-	57,977	29,456	-	-	-	29,456
Open space conservation programs	65,096	567	(279)	65,384	63,206	1,979	942	(657)	65,470
Total program services	123,073	567	(279)	123,361	92,662	1,979	942	(657)	94,926
Support services:									
Development	13,284			13,284	12,719	5	1		12,725
Management and support services	13,187	46		13,233	15,147	11	65		15,223
Total support services	26,471	46	-	26,517	27,866	16	66	-	27,948
Total expenses	149,544	613	(279)	149,878	120,528	1,995	1,008	(657)	122,874
Change in Net Assets	\$ (7,484)	\$ (66)	\$ 66	\$ (7,484)	\$ 11,541	\$ (1,837)	\$ 46	\$ 1,791	\$ 11,541