

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

MARCH 31, 2014

INDEPENDENT AUDITORS' REPORT,
CONSOLIDATED FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION

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

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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, 2014, 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.

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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, 2014, 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, 2013 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated July 24, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2013, 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 17, 2014

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

Consolidated Statement of Financial Position
(dollars in thousands)

March 31, 2014 (with summarized comparative information as of March 31, 2013)

	2014	2013
Assets		
Cash and cash equivalents	\$ 6,683	\$ 3,057
Investments	92,885	84,658
Government grants, contracts and escrow receivables, net	6,738	14,138
Contributions receivable, net	18,043	18,391
Notes receivable, net	247	2,102
Deposits on land transactions	781	708
Land holdings	96,711	120,322
Charitable trust assets	63,069	58,909
Property, furniture and equipment, net	984	1,029
Other assets	475	478
Total assets	\$ 286,616	\$ 303,792
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 12,933	\$ 17,015
Option payments received	227	1,268
Refundable advances	5,161	8,829
Mitigation advances	2,943	2,054
Notes payable	26,345	40,130
Liabilities to beneficiaries of charitable trusts	42,683	41,693
Total liabilities	90,292	110,989
Net Assets:		
Unrestricted	33,956	38,854
Temporarily restricted	149,184	140,802
Permanently restricted	13,184	13,147
Total net assets	196,324	192,803
Total liabilities and net assets	\$ 286,616	\$ 303,792

The accompanying notes are an integral part of this statement.

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

Consolidated Statement of Activities and Changes in Net Assets
(dollars in thousands)

Year ended March 31, 2014 (with summarized comparative information for the year ended March 31, 2013)

	2014			2013	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Revenues and Additions to Net Assets:					
Contributions of land and easements:					
Fair market value acquired	\$ 182,868	\$ 1,321		\$ 184,189	\$ 224,870
Less consideration paid	(156,194)			(156,194)	(210,297)
Contributions of land and easement values received	26,674	1,321		27,995	14,573
Contributions and grants - other:					
Restricted		44,216	\$ 218	44,434	53,912
Unrestricted	48,298			48,298	34,891
Future interests in charitable trusts	5	1,152		1,157	231
Change in value of interests in charitable trusts		2,057		2,057	807
Total contributions and grants - other	48,303	47,425	218	95,946	89,841
Total contributions and grants	74,977	48,746	218	123,941	104,414
Project fees and other income	16,037			16,037	26,375
Interest income	1,264	44	1	1,309	1,224
Net realized and unrealized gains on investments	558	99		657	632
Change in value of land holdings	5,555	36		5,591	1,240
Allowance for uncollectible grants and restricted grants returned to donor		(350)		(350)	(646)
Total revenues and additions	98,391	48,575	219	147,185	133,239
Net assets released from restrictions	40,375	(40,193)	(182)	-	-
Total revenues	138,766	8,382	37	147,185	133,239
Expenses and Reductions to Net Assets:					
Program services:					
Contributions of land and easements to public agencies and other nonprofit organizations:					
Fair market value conveyed	209,292			209,292	213,330
Less consideration received	(135,293)			(135,293)	(161,678)
Contributions of land and easement values made	73,999	-	-	73,999	51,652
Open space conservation programs	46,041			46,041	48,121
Total program services	120,040	-	-	120,040	99,773
Support services:					
Development	10,100			10,100	10,215
Management and support services	13,524			13,524	11,831
Total support services	23,624	-	-	23,624	22,046
Total expenses	143,664	-	-	143,664	121,819
Change in Net Assets	(4,898)	8,382	37	3,521	11,420
Net Assets, beginning of year	38,854	140,802	13,147	192,803	181,383
Net Assets, end of year	\$ 33,956	\$ 149,184	\$ 13,184	\$ 196,324	\$ 192,803

The accompanying notes are an integral part of this statement.

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

Consolidated Statement of Cash Flows
(dollars in thousands)

Year ended March 31, 2014 (with summarized comparative information for the year ended March 31, 2013)

	2014	2013
Cash Flows from Operating Activities:		
Change in net assets	\$ 3,521	\$ 11,420
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Fair market value of land and easements acquired	(184,189)	(224,870)
Change in value of land holdings	(5,591)	(1,240)
Net realized and unrealized gains on investments	(657)	(632)
Imputed interest contribution, net of expense	78	90
Fair market value of land and easements conveyed to public agencies and other nonprofit organizations	209,292	213,330
Fair market value of land sold to private parties	2,493	
Permanently restricted contributions and income received	(219)	(2,961)
Depreciation and amortization	189	187
Contributed stock	(4,771)	(4,487)
Changes in operating assets and liabilities:		
Government grants, contracts and escrow receivables, net	7,400	(5,381)
Contributions receivable	348	(5,121)
Deposits on land transactions	(73)	154
Charitable trust assets	(4,160)	(734)
Other assets	3	16
Accounts payable and accrued expenses	(2,407)	2,460
Option payments received	(1,041)	(4,419)
Refundable advances	(3,737)	6,560
Mitigation advances	796	50
Liabilities to beneficiaries of charitable trusts	990	(232)
Net cash provided (used) by operating activities	18,265	(15,810)
Cash Flows from Investing Activities:		
Proceeds from maturity and sales of investments	76,435	54,990
Purchases of investments	(79,141)	(48,370)
Payments received from notes receivable	3,028	3,333
Issuance of notes receivable	(1,173)	(1,232)
Acquisitions of property and equipment	(144)	(74)
Net cash (used) provided by investing activities	(995)	8,647
Cash Flows from Financing Activities:		
Proceeds from borrowings for land acquisitions	55,623	71,397
Repayment of borrowings for land acquisitions	(69,486)	(69,216)
Proceeds from permanently restricted contributions and income	219	1
Net cash (used) provided by financing activities	(13,644)	2,182
Net Change in Cash and Cash Equivalents	3,626	(4,981)
Cash and Cash Equivalents, beginning of year	3,057	8,038
Cash and Cash Equivalents, end of year	\$ 6,683	\$ 3,057
Supplemental Information:		
Interest paid during the year	\$ 783	\$ 950

The accompanying notes are an integral part of this statement.

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

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's principal objective is to facilitate the transfer of privately held land into protective public and not-for-profit ownership.

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 TPL-Mississippi, Inc., Coast Dairies and Land Company, Inc., The California Conservation Trust, and The Conservation Campaign (collectively the "Trust") as of March 31, 2014 and 2013. During fiscal year 2014, TPL-Mississippi, Inc. was legally dissolved. During fiscal year 2013, The California Conservation Trust was legally dissolved. 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 primarily for timely but high-risk responses to purchase opportunities of publicly desirable open space, which would otherwise be lost. Internally designated funds available for use at March 31, 2014 and 2013 are \$7,942,000 and \$9,366,000, 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).

The Trust for Public Land and Affiliates
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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.

The Trust for Public Land and Affiliates
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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. The receivables include a grant from a public agency to be paid by developer fees collected over a 20 year period through the year 2027. The balance at March 31, 2014 and 2013 is \$3,095,000 and \$3,241,000, respectively. These amounts have been reduced by an allowance of \$1,077,000 in both years, to cover the present value discount and potential uncollectible amounts.

The balance of the account at March 31, 2014 consists primarily of amounts due for various project fees and escrow accounts on land transactions, which are expected to be received within the next fiscal year.

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, with various interest rates, ranging from 0% to 6.0%. 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. As of March 31, 2014, the notes receivables have maturity dates of less than one year.

The Trust estimates the allowance for uncollectible notes on an annual basis based on the past collection experience and current conditions. At March 31, 2014, notes receivable was recorded in the amount of \$247,000, with no allowance for uncollectible notes. At March 31, 2013, notes receivable was recorded in the amount of \$2,102,000, net of \$195,000 in 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 2014 and 2013 in the amount of \$1,939,000 and \$529,000, 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, 2014, easements valued at \$52,358,000 were acquired and \$55,294,000 conveyed. During the year ended March 31, 2013, easements valued at \$41,655,000 were acquired and \$50,730,000 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 also 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 5.78% to 7.36% 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 Conservation Campaign, which is classified as a 501(c)(4) organization. Contributions to The Conservation Campaign are not tax deductible.

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Notes to Consolidated Financial Statements

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. With few exceptions, the Trust is no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for tax years before 2010.

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, 2013, 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, 2016. Early adoption is not permitted. The Trust will evaluate the impact that this standard will have on the consolidated financial statements.

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Notes to Consolidated Financial Statements

In April 2013, the FASB issued the Accounting Standards Update No. 2013-06 – Not-for-Profit Entities (Topic 958) – *Services Received from Personnel of an Affiliate*. The amendments require a recipient not-for-profit entity to recognize all services received from personnel of an affiliate that directly benefit the recipient not-for-profit entity. Those services should be measured at the cost recognized by the affiliate for the personnel providing those services. However, if measuring such service at cost will significantly overstate or understate the value of the service received, the recipient not-for-profit entity may elect to recognize that service at either: (a) the cost recognized by the affiliate for the personnel providing that service, or (b) the fair value of that service. This guidance is effective prospectively for annual periods, beginning after June 15, 2014. The Trust does not believe that the adoption of this update will have a material impact on its financial statements.

In October 2012, FASB issued the Accounting Standards Update No. 2012-05 – Statement of Cash Flows (Topic 230) *Not-for-Profit Entities – Classifications of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows*. The update requires a not-for-profit entity to classify sale proceeds of donated financial assets consistent with cash donations as an operating activity, if such assets were converted nearly immediately into cash, unless the donor restricted the use of the proceeds to long-term purposes, in which case those cash receipts should be classified as a financing activity. If those assets were not immediately converted to cash, the proceeds upon sale should be classified as an investing activity. This guidance is effective prospectively for annual periods, beginning after June 15, 2013. The Trust is currently evaluating the effect that the adoption of this guidance may have on the Trust’s Consolidated Statement of Cash Flows.

w. Subsequent Events

The Trust has evaluated subsequent events through July 17, 2014, the date these financial statements were available to be issued. Except as described in Note 5, there were no material subsequent events that required recognition or additional disclosure in these financial statements.

The Trust for Public Land and Affiliates
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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, 2014 and 2013:

<i>(Dollars in thousands)</i>	2014	2013
Mutual funds – domestic stocks	\$ 6,630	\$ 1,971
Mutual funds – international stocks	3,951	1,120
Mutual funds – domestic real estate	1,602	504
Mutual funds – international real estate	990	316
Mutual funds – domestic bonds	5,315	1,921
Mutual funds – international bonds	1,235	414
Leveraged loan fund	10,243	-
Debt securities:		
U.S. treasury	17,054	19,127
U.S. government agency	1,544	2,621
Mortgage backed	10,477	7,795
Asset backed	7,002	9,536
Corporate	23,486	29,204
Municipal	3,356	10,129
Total investments	\$ 92,885	\$ 84,658

Note 4 - Contribution Receivables:

Contributions receivable as of March 31, 2014 and 2013 are due as follows:

<i>(Dollars in thousands)</i>	2014	2013
Less than one year	\$ 15,298	\$ 12,945
One to five years (net of discount of \$312 and \$461, respectively)	3,978	6,730
Greater than five years (net of discount of \$30 and \$33, respectively)	54	58
Subtotal	19,330	19,733
Less: Allowance for uncollectible amounts	(1,287)	(1,342)
Net contributions receivable	\$ 18,043	\$ 18,391

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

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, 2014 and 2013 exceeds the consideration paid for these land holdings by \$1,477,000 and \$1,609,000, 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, 2014, 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, 2014. 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 at March 31, 2014 and 2013, amount to \$935,000 and \$209,000, respectively.

In April, 2014, Coast Dairies and Land Company (CDLC), a subsidiary of The Trust for Public Land, donated 5,843 acres of land in Santa Cruz County, California, to a federal agency for conservation. The donated property was valued at \$34,660,000. This transaction decreases the Trust's consolidated land holdings and temporarily restricted net assets by \$34,660,000 in April 2014, and has no impact on the Trust's cash position. The Trust acquired the property in 1998. Various interests in the property were conveyed in prior years. After the April, 2014 transaction, the Trust continues to hold 740 acres valued at \$2,040,000.

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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, 2014 and 2013:

<i>(Dollars in thousands)</i>	2014	2013
Charitable remainder unitrusts - TPL as Trustee	\$ 55,509	\$ 53,061
Charitable remainder unitrusts - outside Trustees	3,564	1,798
Charitable remainder annuity trusts - TPL as Trustee	852	814
Charitable gift annuities	2,853	2,924
Pooled income funds	291	312
Charitable trust assets	\$ 63,069	\$ 58,909

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, 2014 and 2013, liabilities to beneficiaries of charitable trusts approximate \$42,683,000 and \$41,693,000, 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.

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Notes to Consolidated Financial Statements

Charitable trust assets portfolio consists of the following:

<i>(Dollars in thousands)</i>	2014	2013
Charitable Trust Investments – Held by TPL:		
Cash and cash equivalents	\$ 580	\$ 410
Mutual funds – domestic stocks	17,630	17,420
Mutual funds – international stocks	13,123	12,351
Mutual funds – domestic real estate	1,822	1,743
Mutual funds – international real estate	369	354
Mutual funds – domestic bonds	10,956	10,726
Mutual funds – international bonds	640	569
Mutual funds – commodities	3,604	3,481
Stocks – small cap	2,422	2,530
U.S. treasury	482	513
Alternative investments:		
Multi-strategy fund of funds	7,877	7,014
Charitable Trust Receivable – Outside Trustee	3,564	1,798
	<hr/>	<hr/>
Charitable trust assets	\$ 63,069	\$ 58,909

At March 31, 2014 and 2013, 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, 2014.

Note 7 - Property, Furniture and Equipment:

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

<i>(Dollars in thousands)</i>	2014	2013
Buildings and leasehold improvements	\$ 3,155	\$ 3,089
Furniture and fixtures	240	399
Office equipment	1,875	2,174
	<hr/>	<hr/>
Total	5,270	5,662
Less accumulated depreciation and amortization	(4,286)	(4,633)
	<hr/>	<hr/>
Property, furniture and equipment, net	\$ 984	\$ 1,029

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

Note 8 - Notes Payable:

At March 31, 2014, 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% (4.0% at March 31, 2014), or an optional 1, 3 or 6-month fixed rate based on London Interbank Offered Rate (LIBOR) plus 1.50% (1.75% at March 31, 2014). As of March 31, 2014, only the optional fixed rate based on LIBOR (1.75%) was utilized for funds drawn on the line of credit. Additionally, the line incurs an unused commitment fee of 0.25%. The line requires annual renewal and currently expires on April 1, 2015. At March 31, 2014, \$8,500,000 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, 2014.

The second \$40,000,000 unsecured bank line of credit bears interest at either a variable rate of LIBOR plus 1.5% (1.69% at March 31, 2014), or an optional variable rate of prime rate minus 1.00% (2.25% at March 31, 2014). The line requires annual renewal and currently expires on March 31, 2015. It bears an unused commitment fee of 0.25%. At March 31, 2014, \$11,191,000 of this line of credit was being utilized.

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>	2014	2013
Banks (1.69% to 4% with maturities through April, 2020)	\$ 19,691	\$ 27,468
Foundations and trusts (0% to 2% interest with maturities through October 2017. Discount is based on imputed interest rates of 2.27% to 2.82%)	5,270	11,349
Unamortized discount	(23)	(100)
Loans from sellers of land (0% to 0.21% interest with maturities through February 2015. Discount is based on imputed interest rate of 7.16%)	1,407	1,414
Unamortized discount		(1)
Total notes payable	\$ 26,345	\$ 40,130

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Notes to Consolidated Financial Statements

The notes are payable as follows:

Year ending March 31,	<i>(Dollars in thousands)</i> Amount
2015	\$ 22,731
2016	2,081
2017	123
2018	1,228
2019	126
Thereafter	56
Total notes payable	\$ 26,345

At March 31, 2014, notes payable include \$25,432,000 in recourse loans and \$913,000 in non-recourse loans. The non-recourse loans are secured, collateralized by land and buildings valued at \$913,000 at March 31, 2014. Of the recourse loans, \$24,531,000 are unsecured, and \$901,000 are secured, collateralized by land valued at \$975,000. Certain of these loan agreements have debt covenants including minimum cash requirements, liability ratios, and limits on pledged collateral. As of March 31, 2014, management believes the Trust was in compliance with the terms of such debt covenants. Interest expense was \$771,000 and \$965,000 for the years ended March 31, 2014 and 2013, respectively.

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>	2014	2013
Restricted for project and program expenses	\$ 26,064	\$ 17,956
Restricted for acquisition of land	86,749	90,724
With time restrictions	36,371	32,122
Total temporarily restricted net assets at end of year	\$ 149,184	\$ 140,802

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Notes to Consolidated Financial Statements

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

<i>(Dollars in thousands)</i>	2014	2013
Restricted for project and program expenses	\$ (24,967)	\$ (21,462)
Restricted for acquisition of land	(14,429)	(14,772)
With time restrictions	(797)	(999)
Total net assets released from restrictions	\$ (40,193)	\$ (37,233)

Note 10 - Permanently Restricted Net Assets:

Permanently restricted net assets consist of the following:

<i>(Dollars in thousands)</i>	2014	2013
Capital revolving funds - income unrestricted	\$ 9,318	\$ 9,443
Capital revolving funds - income permanently restricted	726	724
Endowment funds - income temporarily restricted	3,140	2,980
Total permanently restricted net assets	\$ 13,184	\$ 13,147

In 2014 and 2013, donors removed permanent restrictions on previously capital revolving funds resulting in a release of \$182,000 and \$560,000, respectively, of permanently restricted net assets.

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).

The Trust for Public Land and Affiliates

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Notes to Consolidated Financial Statements

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.

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.

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Notes to Consolidated Financial Statements

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.

Due to the low endowment value excluding outstanding pledges at the end of the previous fiscal year, no accumulated earnings were appropriated for current operations in the years ending March 31, 2014 and March 31, 2013.

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. Were there to be such a deficiency, 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.

Endowment net assets composition by type of fund as of March 31, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds		\$ 109	\$ 3,140	\$ 3,249
Board designated funds	\$ 2,546			2,546
Endowment funds	\$ 2,546	\$ 109	\$ 3,140	\$ 5,795

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Notes to Consolidated Financial Statements

Changes in endowment net assets for the year ended March 31, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets, beginning of year	\$ 2,367	\$ -	\$ 2,980	\$ 5,347
Contributions	15		160	175
Interest and dividends, net of expense	69	30		99
Realized gains	32	2		34
Unrealized gains	116	77		193
Appropriations				-
Transfers	(53)			(53)
Net assets, end of year	\$ 2,546	\$ 109	\$ 3,140	\$ 5,795

The Trust's endowment funds amount to \$5,795,000 as of March 31, 2014, which include an outstanding pledge receivable of \$1,000,000. The Trust's endowment funds consisted of \$5,347,000 as of March 31, 2013, which included an outstanding pledge receivable of \$2,960,000, net of present value discount of \$40,000.

Note 12 - Project Fees and Other Income:

Project fees and other income consist of the following:

<i>(Dollars in thousands)</i>	2014	2013
Project reimbursements	\$ 6,759	\$ 11,773
Landowner fees	4,911	5,260
Contract revenue	3,188	2,958
Mitigation funding	151	5,694
Rents	376	375
Other sources	652	315
Total project fees and other income	\$ 16,037	\$ 26,375

Project fees and other income also include proceeds from the sale of non-conservation properties on the open market. Open market sales for 2014 and 2013 were \$2,674,000 and \$0, respectively. Gains associated with these open market sales were \$181,000 in fiscal year 2014.

The Trust for Public Land and Affiliates
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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)

	2014			Total
	Level 1	Level 2	Level 3	
Investments (Note 3)				
Mutual funds – domestic stocks	\$ 6,630			\$ 6,630
Mutual funds – international stocks	3,951			3,951
Mutual funds – domestic real estate	1,602			1,602
Mutual funds – international real estate	990			990
Mutual funds – domestic bonds	5,315			5,315
Mutual funds – international bonds	1,235			1,235
Leveraged loan fund		\$ 10,243		10,243
Debt securities:				
U.S. treasury	17,054			17,054
Government and agency		1,544		1,544
Mortgage backed		10,477		10,477
Asset backed		7,002		7,002
Corporate		23,486		23,486
Municipal		3,356		3,356
Charitable Trust Investments (Held by TPL) (Note 6)				
Cash and cash equivalents	580			580
Mutual funds – domestic stocks	17,630			17,630
Mutual funds – international stocks	13,123			13,123
Mutual funds – domestic real estate	1,822			1,822
Mutual funds – international real estate	369			369
Mutual funds – domestic bonds	10,956			10,956
Mutual funds – international bonds	640			640
Mutual funds – commodities	3,604			3,604
Stocks – small cap	2,422			2,422
U.S. treasury notes	482			482
Alternative investments:				
Multi-strategy fund of funds			\$ 7,877	7,877
Charitable Trust Receivable (Outside Trustee) (Note 6)				
			3,564	3,564
Total	\$ 88,405	\$ 56,108	\$ 11,441	\$ 155,954

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

Notes to Consolidated Financial Statements

<i>(Dollars in thousands)</i>	2013			Total
	Level 1	Level 2	Level 3	
Investments (Note 3)				
Mutual funds – domestic stocks	\$ 1,971			\$ 1,971
Mutual funds – international stocks	1,120			1,120
Mutual funds – domestic real estate	504			504
Mutual funds – international real estate	316			316
Mutual funds – domestic bonds	1,921			1,921
Mutual funds – international bonds	414			414
Debt securities:				
U.S. treasury	19,127			19,127
Government and agency		\$ 2,621		2,621
Mortgage backed		7,795		7,795
Asset backed		9,536		9,536
Corporate		29,204		29,204
Municipal		10,129		10,129
Charitable Trust Investments (Held by TPL) (Note 6)				
Cash and cash equivalents	410			410
Mutual funds – domestic stocks	17,420			17,420
Mutual funds – international stocks	12,351			12,351
Mutual funds – domestic real estate	1,743			1,743
Mutual funds – international real estate	354			354
Mutual funds – domestic bonds	10,726			10,726
Mutual funds – international bonds	569			569
Mutual funds – commodities	3,481			3,481
Stocks – small cap	2,530			2,530
U.S. treasury notes	513			513
Alternative investments:				
Multi-strategy fund of funds			\$ 7,014	7,014
Charitable Trust Receivable (Outside Trustee) (Note 6)				
			1,798	1,798
Total	\$ 75,470	\$ 59,285	\$ 8,812	\$ 143,567

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

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

	Investments	Charitable Trust Investments (Held by TPL)	Charitable Trust Receivable (Outside Trustee)	Total
Fair value at March 31, 2012	\$ 164	\$ 6,535	\$ 1,546	\$ 8,245
New charitable trust gifts			178	178
Total sales	(317)			(317)
Total realized and unrealized gains	153	479	74	706
Fair value at March 31, 2013	-	7,014	1,798	8,812
New charitable trust gifts			1,147	1,147
Total realized and unrealized gains		863	619	1,482
Fair value at March 31, 2014	\$ -	\$ 7,877	\$ 3,564	\$ 11,441

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, 2014 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.

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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, 2023. Lease costs were \$2,713,000 and \$2,546,000 for the years ended March 31, 2014 and 2013, respectively. Future minimum lease payments under non-cancelable long-term leases are as follows:

Year ending March 31,	<i>(Dollars in thousands)</i> Amount
2015	\$ 2,671
2016	2,129
2017	2,091
2018	1,900
2019	1,728
Thereafter	6,486
	<hr/>
	\$ 17,005

Contract Commitments

The Trust had future construction contract commitments for parks and playgrounds of approximately \$4,314,000 and \$3,605,000 as of March 31, 2014 and 2013, 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.

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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>	2014	2013
Conditional promises to give upon identification of land holdings available for acquisition	\$ 13,229	\$ 19,707
Conditional promises to give upon obtaining matching unconditional promises to give	1,435	973
Other conditional promises to give	7,452	1,961
Total conditional promises to give	\$ 22,116	\$ 22,641

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 \$686,000 and \$605,000 to the Plan during the years ended March 31, 2014 and 2013, respectively.

Note 17 - Grants from Related Parties:

In September 2004, the Trust approved The Stenning on Lake Geneva Conservancy Society (“The Stenning”) as a supporting organization under section 509(a)(3) of the Internal Revenue Code. The Stenning’s Articles of Incorporation and By-Laws, as amended in 2004, designate the Trust’s President, or his or her designee, as a Stenning trustee. The designation does not result in the Trust exercising control of The Stenning. However, additional provisions in the amended Articles result in the Trust having an economic interest in The Stenning. Since the Trust does not have both control and economic interest in The Stenning, it is not consolidated as part of these financial statements. During the years ended March 31, 2014 and 2013, The Stenning made grants to the Trust of \$150,000 and \$55,000, respectively. Effective January 1, 2014, The Stenning is no longer a supporting organization but instead is a private foundation.

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

Note 18 - 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.

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

Year ended March 31, 2014 (with summarized comparative information for the year ended March 31, 2013)

	2014			2013	
	Program Services	Development	Management and Support Services	Total	Total
Contributions of Land and Easement Values Made, net	\$ 73,999			\$ 73,999	\$ 51,652
Operating Expenses:					
Salaries and benefits	20,163	\$ 6,785	\$ 8,191	35,139	33,728
Design and construction services	8,511			8,511	13,828
Other professional services	4,410	1,011	2,025	7,446	6,937
Rent and office	3,244	1,087	1,326	5,657	5,856
Grants and contributions	4,805	9	22	4,836	1,302
Travel and meetings	1,279	801	530	2,610	2,253
Other operating expense	1,009	154	605	1,768	2,369
Appraisal services	1,195			1,195	1,336
Furniture, fixtures and equipment	139	126	583	848	806
Interest	730		41	771	965
Insurance	376	127	152	655	641
Legal services	180		49	229	146
Total operating expenses	46,041	10,100	13,524	69,665	70,167
Total	\$ 120,040	\$ 10,100	\$ 13,524	\$ 143,664	\$ 121,819

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, 2014 and 2013

	As of March 31, 2014					As of March 31, 2013				
	Trust for Public Land	Coast Dairies	The Conservation Campaign	Eliminating Entries	Total	Trust for Public Land	Coast Dairies	The Conservation Campaign	Eliminating Entries	Total
Assets										
Cash and cash equivalents	\$ 4,756	\$ 1,081	\$ 846		\$ 6,683	\$ 1,206	\$ 1,123	\$ 728		\$ 3,057
Investments	92,885				92,885	84,658				84,658
Escrow accounts and other receivables, net	8,561	27	371	\$ (2,221)	6,738	15,670	54	922	\$ (2,508)	14,138
Contributions receivable, net	17,993		50		18,043	18,391				18,391
Notes receivable	247				247	2,077		25		2,102
Deposits on land transactions	781				781	708				708
Land holdings	60,187	36,524			96,711	82,156	38,166			120,322
Charitable trust assets	63,069				63,069	58,909				58,909
Property, furniture and equipment, net	984				984	1,029				1,029
Other assets	471		4		475	476		2		478
Investment in affiliates	36,780			(36,780)	-	38,748			(38,748)	-
Total assets	\$ 286,714	\$ 37,632	\$ 1,271	\$ (39,001)	\$ 286,616	\$ 304,028	\$ 39,343	\$ 1,677	\$ (41,256)	\$ 303,792
Liabilities and Net Assets										
Liabilities:										
Accounts payable and accrued expenses	\$ 13,192	\$ 1,526	\$ 436	\$ (2,221)	\$ 12,933	\$ 17,403	\$ 1,449	\$ 671	\$ (2,508)	\$ 17,015
Option payments received	227				227	1,268				1,268
Refundable advances	5,000	23	138		5,161	8,677	20	132		8,829
Mitigation advances	2,943				2,943	2,054				2,054
Notes payable	26,345				26,345	40,130				40,130
Liabilities to beneficiaries of charitable trusts	42,683				42,683	41,693				41,693
Total liabilities	90,390	1,549	574	(2,221)	90,292	111,225	1,469	803	(2,508)	110,989
Net Assets:										
Unrestricted	33,956	(2,869)	252	2,617	33,956	38,854	(1,116)	490	626	38,854
Temporarily restricted	149,184	38,952	445	(39,397)	149,184	140,802	38,990	384	(39,374)	140,802
Permanently restricted	13,184				13,184	13,147				13,147
Total net assets	196,324	36,083	697	(36,780)	196,324	192,803	37,874	874	(38,748)	192,803
Total liabilities and net assets	\$ 286,714	\$ 37,632	\$ 1,271	\$ (39,001)	\$ 286,616	\$ 304,028	\$ 39,343	\$ 1,677	\$ (41,256)	\$ 303,792

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, 2014 and 2013

	2014					2013					
	Trust for Public Land	Coast Dairies	The Conservation Campaign	Eliminating Entries	Total	Trust for Public Land	Coast Dairies	The Conservation Campaign	California Conservation Trust	Eliminating Entries	Total
Revenues and Additions to Net Assets:											
Contributions of land and easements:											
Fair market value acquired	\$ 184,114	\$ 75			\$ 184,189	\$ 224,870					\$ 224,870
Less consideration paid	(156,119)	(75)			(156,194)	(210,297)					(210,297)
Contributions of land and easement values received	27,995	-			27,995	14,573					14,573
Contributions and grants - other:											
Restricted	43,973		\$ 571	\$ (110)	44,434	53,029	\$ 260	\$ 738		\$ (115)	53,912
Unrestricted	48,192	32	335	(261)	48,298	34,734	20	410		(273)	34,891
Future interests in charitable trusts	1,157				1,157	231					231
Change in value of interests in charitable trusts	2,057				2,057	807					807
Total contributions and grants - other	95,379	32	906	(371)	95,946	88,801	280	1,148		(388)	89,841
Total contributions and grants	123,374	32	906	(371)	123,941	103,374	280	1,148		(388)	104,414
Interest income	1,308	1			1,309	1,223	1				1,224
Net realized and unrealized gains on investments	657				657	632					632
Change in value of land holdings	7,233	(1,642)			5,591	1,240					1,240
Allowance for uncollectible grants and restricted grants returned to donor	(350)				(350)	(646)					(646)
Project fees and other income	15,979	39	19		16,037	25,584	42	749			26,375
Equity in net activities of affiliates	(1,968)			1,968	-	276				(276)	-
Total revenues	146,233	(1,570)	925	1,597	147,185	131,683	323	1,897		(664)	133,239
Expenses and Reductions to Net Assets:											
Program services:											
Contributions of land and easements to public agencies and other nonprofit organizations:											
Fair market value conveyed	209,217	75			209,292	213,330					213,330
Less consideration received	(135,218)	(75)			(135,293)	(161,678)					(161,678)
Contributions of land and easement values made	73,999				73,999	51,652					51,652
Open space conservation programs	45,272	161	979	(371)	46,041	46,691	138	1,680		(388)	48,121
Total program services	119,271	161	979	(371)	120,040	98,343	138	1,680		(388)	99,773
Support services:											
Development	10,090		10		10,100	10,209		6			10,215
Management and support services	13,351	60	113		13,524	11,710	33	87	\$ 1		11,831
Total support services	23,441	60	123	-	23,624	21,919	33	93	1	-	22,046
Total expenses	142,712	221	1,102	(371)	143,664	120,262	171	1,773	1	(388)	121,819
Change in Net Assets	\$ 3,521	\$ (1,791)	\$ (177)	\$ 1,968	\$ 3,521	\$ 11,421	\$ 152	\$ 124	\$ (1)	\$ (276)	\$ 11,420